

SEPTEMBER 24, 2019  
CHICO, CA



CONTRACTORS STATE LICENSE BOARD

# Board Meeting







## **NOTICE OF PUBLIC BOARD MEETING**

**Tuesday, September 24, 2019, 9:00 a.m. – 1:00 p.m. (or until the conclusion of business)**  
**California State University, Chico**  
**Bell Memorial Union, Room 203**  
**400 W. 1<sup>st</sup> Street, Chico, CA 95929**

Meetings are open to the public except when specifically noticed otherwise in accordance with the Open Meeting Act. All times when stated are approximate and subject to change without prior notice at the discretion of the board, unless listed as “time certain.” Items may be taken out of order to maintain a quorum, accommodate a speaker, or for convenience. Action may be taken on any item listed on this agenda, including information-only items. The meeting may be canceled without notice.

Members of the public can address the board during the public comment session. Public comments will also be taken on agenda items at the time the agenda item is heard and prior to CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the board chair.

### **MEETING AGENDA**

- A. Call to Order, Roll Call, Establishment of Quorum and Chair’s Introduction
- B. Presentation of Certificates of Recognition – May Include Oral Presentations Commemorating Achievements and Service of CSLB Staff and Butte County District Attorneys
- C. Public Comment Session for Items Not on the Agenda and Future Agenda Item Requests  
*(Note: Individuals may appear before the board to discuss items not on the agenda; however, CSLB’s board can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).*
- D. Executive
  - 1. Review and Possible Approval of June 6-7, 2019 Board Meeting Minutes and August 5, 2019, Executive Committee Meeting Summary Report
  - 2. Budget Update
    - a. CSLB Budget Update and Overview
    - b. Review, Discussion, and Possible Action on Strategies to Reduce Budget Expenditures and Increase Revenue
      - i. Administration
      - ii. Licensing and Testing
      - iii. Public Affairs
      - iv. Enforcement
    - c. Review, Discussion, and Possible Action on Proposed Fee Increases
      - i. Discussion and Possible Action to Initiate an Emergency Rulemaking, Adopt a Finding of Emergency, and Possibly Initiate a Regular Rulemaking to Amend Title 16, California Code of Regulations (CCR) Section 811 Regarding Increasing Renewal Fees

- ii. Discussion and Possible Action to Pursue Legislation to Increase CSLB License and Renewal Fees
  - 3. Information Technology Update
    - a. Update and Discussion of Information Technology 2019-21 Strategic Plan Objectives
  - 4. Administration Update Regarding Personnel and Facilities
    - a. Update and Discussion of Administration 2019-21 Strategic Plan Objectives
  - 5. Registrar's Report
    - a. Tentative Board Meeting Schedule
- E. Enforcement
- 1. CSLB Disaster Response
    - a. Presentation from Keith Woods, Chief Executive Officer, North Coast Builders Exchange
    - b. Update on CSLB Enforcement Disaster Response
  - 2. Enforcement Program Update
    - a. Staff Vacancy Update
    - b. Consumer Investigation Highlights
    - c. General Complaint-Handling Statistics
    - d. Statewide Investigative Fraud Team Highlights and Statistics
    - e. Joint Enforcement Strike Force Update
  - 3. Update on CSLB Solar Task Force and State Agency Partnerships
  - 4. Review and Discussion of 2018 Consumer Satisfaction Survey Results
  - 5. Review and Discussion of Enforcement 2019-21 Strategic Plan Objectives
- F. Licensing
- 1. Review and Possible Approval of August 6, 2019 Licensing Committee Meeting Summary Report
  - 2. Update and Presentation on use of CSLB Construction Management Education Account Funds
  - 3. Licensing Program Update
    - a. Application Processing Statistics
    - b. Renewal Processing Statistics
    - c. Workers' Compensation Recertification Statistics
    - d. Fingerprinting/Criminal Background Unit Statistics
    - e. Experience Verification Statistics
    - f. Licensing Information Center Statistics
    - g. Judgment Unit Statistics
  - 4. Testing Program Update
    - a. Examination Administration Unit Update
    - b. Examination Development Unit Update

5. Review, Discussion, and Possible Action to Amend Licensing 2019-21 Strategic Plan Objectives

#### G. Legislation

1. Review, Discussion, and Possible Approval of August 6, 2019, Legislative Committee Meeting Summary Report
  - a. Status Update on Legislative Committee Meeting Motion Regarding Appropriate Classification(s) to Install Battery Energy Storage Systems
2. Update on Previously Considered 2019-20 Pending or Enacted Legislation
  - a. AB 193 (Patterson) Professions and Vocations
  - b. AB 544 (Brough) Profession and Vocations: Inactive License Fees and Accrued and Unpaid Renewal Fees
  - c. AB 613 (Low) Professions and Vocations: Regulatory Fees
  - d. AB 1024 (Fazier) Home Inspectors: Licensing: Contractors State License Board
  - e. AB 1545 (Obernolte) Civil Penalty Reduction Policy
  - f. AB 1551 (Daly) Property Assessed Clean Energy Program
  - g. SB 144 (Mitchell and Hertzberg) Criminal Fees
  - h. SB 556 (Pan) Professional Land Surveyors and Engineers
  - i. AB 1076 (Ting) Criminal Records: Automatic Relief
  - j. SB 53 (Wilk) Open Meetings
  - k. SB 255 (Bradford) Women, Minority, Disabled Veteran, and LGBT Business Enterprise Procurement: Electric Service Providers: Energy Storage System Companies: Community Choice Aggregators
  - l. SB 601 (Morrell) State Agencies: Licenses: Fee Waiver
  - m. SB 610 (Glazer) Contractors: Licensing and Regulation
3. Review, Discussion, and Possible Action to Pursue Legislation to Enact a Residential Remodeling and Home Improvement License Classification
4. Review, Discussion, and Possible Action to Pursue Legislation to Increase the Minor Work Licensure Exemption for Contracting (Currently Under \$500 for Labor and Materials)
5. Review, Discussion, and Possible Action to Pursue Legislation to Amend Business and Professions Code Section 7141.5 (Retroactive Renewals)
6. Discussion and Possible Action to Consider Changes to Previously Proposed Text and Reauthorization of a Regular Rulemaking to Make Changes to Text at Title 16, CCR sections 868, 869, and 869.9 (Criteria to Aid in Determining if Crimes or Acts Are Substantially Related to Contracting Business, Criteria for Rehabilitation, and Criteria to Aid in Determining Earliest Date a Denied Applicant May Reapply for Licensure), Section 868.1 (Criteria to Aid in Determining if Financial Crimes Are Directly and Adversely Related to Fiduciary Qualifications, Functions, or Duties of a Licensee or Registrant for the Purpose of Considering Denials of Applications) and Section 869.5 (Inquiry into Criminal Convictions)
7. Review, Discussion, and Possible Action to Amend Legislative 2019-21 Strategic Plan Objectives

#### H. Public Affairs

1. Public Affairs Program Update
  - a. Online Highlights
  - b. Video/Digital Services

- c. Social Media Highlights
- d. Media Relations Highlights
- e. Publications/Graphic Design Highlights
- f. Industry/Licensee Outreach Highlights
- g. Consumer/Community Outreach Highlights
- h. Intranet/Employee Relations

## 2. Update and Discussion of Public Affairs 2019-21 Strategic Plan Objectives

### I. Adjournment

**Note:** The board intends to provide a live webcast of the meeting. The webcast can be located at [www.cslb.ca.gov](http://www.cslb.ca.gov). Webcast availability cannot, however, be guaranteed due to limitations on resources or technical difficulties. The meeting will continue even if the webcast is unavailable. If you wish to participate or have a guaranteed opportunity to observe, please plan to attend the physical meeting location.

The meeting is accessible to those needing special accommodation. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Phyliz Jones at (916) 255-4000, or [phyliz.jones@cslb.ca.gov](mailto:phyliz.jones@cslb.ca.gov), or Phyliz Jones, 9821 Business Park Drive, Sacramento, CA, 95827. Providing your request at least five business days prior to the meeting will help ensure availability of the requested accommodation.



# CONTRACTORS STATE LICENSE BOARD

## TABLE OF CONTENTS

### Table of Contents

#### **Contractors State License Board Meeting Tuesday, September 24, 2019 9:00 a.m. – 1:00 p.m. (or upon adjournment)**

A. Call to Order, Roll Call, Establishment of Quorum and Chair’s Introduction .....	1
B. Presentation of Certificates of Recognition – May Include Oral Presentations Commemorating Achievements and Service of CSLB Staff and Butte County District Attorneys .....	3
C. Public Comment Session for Items Not on the Agenda and Future Agenda Item Requests .....	5
D. Executive .....	7
1. Review and Possible Approval of June 6-7, 2019 Board Meeting Minutes and August 5, 2019, Executive Committee Meeting Summary Report.....	9
2. Budget Update.....	49
a. CSLB Budget Update and Overview	
b. Review, Discussion, and Possible Action on Strategies to Reduce Budget Expenditures and Increase Revenue	
i. Administration	
ii. Licensing and Testing	
iii. Public Affairs	
iv. Enforcement	
c. Review, Discussion, and Possible Action on Proposed Fee Increases	
i. Discussion and Possible Action to Initiate an Emergency Rulemaking, Adopt a Finding of Emergency, and Possibly Initiate a Regular Rulemaking to Amend Title 16, California Code of Regulations (CCR) Section 811 Regarding Increasing Renewal Fees	
ii. Discussion and Possible Action to Pursue Legislation to Increase CSLB License and Renewal Fees	
3. Information Technology Update .....	69



# CONTRACTORS STATE LICENSE BOARD

## TABLE OF CONTENTS

a. Update and Discussion of Information Technology 2019-21 Strategic Plan Objectives	
4. Administration Update Regarding Personnel and Facilities .....	79
a. Update and Discussion of Administration 2019-21 Strategic Plan Objectives	
5. Registrar's Report .....	89
a. Tentative Board Meeting Schedule	
E. Enforcement .....	91
1. CSLB Disaster Response .....	93
a. Presentation from Keith Woods, Chief Executive Officer, North Coast Builders Exchange	
b. Update on CSLB Enforcement Disaster Response	
2. Enforcement Program Update .....	101
a. Staff Vacancy Update	
b. Consumer Investigation Highlights	
c. General Complaint-Handling Statistics	
d. Statewide Investigative Fraud Team Highlights and Statistics	
e. Joint Enforcement Strike Force Update	
3. Update on CSLB Solar Task Force and State Agency Partnerships.....	109
4. Review and Discussion of 2018 Consumer Satisfaction Survey Results .....	115
5. Review and Discussion of Enforcement 2019-21 Strategic Plan Objectives.....	135
F. Licensing .....	139
1. Review and Possible Approval of August 6, 2019 Licensing Committee Meeting Summary Report.....	141
2. Update and Presentation on use of CSLB Construction Management Education Account Funds .....	149
3. Licensing Program Update .....	153
a. Application Processing Statistics	
b. Renewal Processing Statistics	
c. Workers' Compensation Recertification Statistics	
d. Fingerprinting/Criminal Background Unit Statistics	





# CONTRACTORS STATE LICENSE BOARD

## TABLE OF CONTENTS

e. Experience Verification Statistics	
f. Licensing Information Center Statistics	
g. Judgment Unit Statistics	
4. Testing Program Update.....	169
a. Examination Administration Unit Update	
b. Examination Development Unit Update	
5. Review, Discussion, and Possible Action to Amend Licensing 2019-21 Strategic Plan Objectives.....	173
G. Legislation .....	177
1. Review, Discussion, and Possible Approval of August 6, 2019, Legislative Committee Meeting Summary Report .....	179
a. Status Update on Legislative Committee Meeting Motion Regarding Appropriate Classification(s) to Install Battery Energy Storage Systems	
2. Update on Previously Considered 2019-20 Pending or Enacted Legislation.....	217
a. AB 193 (Patterson) Professions and Vocations	
b. AB 544 (Brough) Profession and Vocations: Inactive License Fees and Accrued and Unpaid Renewal Fees	
c. AB 613 (Low) Professions and Vocations: Regulatory Fees	
d. AB 1024 (Fazier) Home Inspectors: Licensing: Contractors State License Board	
e. AB 1545 (Obernolte) Civil Penalty Reduction Policy	
f. AB 1551 (Daly) Property Assessed Clean Energy Program	
g. SB 144 (Mitchell and Hertzberg) Criminal Fees	
h. SB 556 (Pan) Professional Land Surveyors and Engineers	
i. AB 1076 (Ting) Criminal Records: Automatic Relief	
j. SB 53 (Wilk) Open Meetings	
k. SB 255 (Bradford) Women, Minority, Disabled Veteran, and LGBT Business Enterprise Procurement: Electric Service Providers: Energy Storage System Companies: Community Choice Aggregators	
l. SB 601 (Morrell) State Agencies: Licenses: Fee Waiver	
m. SB 610 (Glazer) Contractors: Licensing and Regulation	
3. Review, Discussion, and Possible Action to Pursue Legislation to Enact a Residential Remodeling and Home Improvement License Classification.....	381



# CONTRACTORS STATE LICENSE BOARD

## TABLE OF CONTENTS

4. Review, Discussion, and Possible Action to Pursue Legislation to Increase the Minor Work Licensure Exemption for Contracting (Currently Under \$500 for Labor and Materials) .....	387
5. Review, Discussion, and Possible Action to Pursue Legislation to Amend Business and Professions Code Section 7141.5 (Retroactive Renewals).....	391
6. Discussion and Possible Action to Consider Changes to Previously Proposed Text and Reauthorization of a Regular Rulemaking to Make Changes to Text at Title 16, CCR sections 868, 869, and 869.9 (Criteria to Aid in Determining if Crimes or Acts Are Substantially Related to Contracting Business, Criteria for Rehabilitation, and Criteria to Aid in Determining Earliest Date a Denied Applicant May Reapply for Licensure), Section 868.1 (Criteria to Aid in Determining if Financial Crimes Are Directly and Adversely Related to Fiduciary Qualifications, Functions, or Duties of a Licensee or Registrant for the Purpose of Considering Denials of Applications) and Section 869.5 (Inquiry into Criminal Convictions) .	395
7. Review, Discussion, and Possible Action to Amend Legislative 2019-21 Strategic Plan Objectives .....	409
H. Public Affairs .....	413
1. Public Affairs Program Update.....	415
a. Online Highlights	
b. Video/Digital Services	
c. Social Media Highlights	
d. Media Relations Highlights	
e. Publications/Graphic Design Highlights	
f. Industry/Licensee Outreach Highlights	
g. Consumer/Community Outreach Highlights	
h. Intranet/Employee Relations	
2. Update and Discussion of Public Affairs 2019-21 Strategic Plan Objectives .....	427
I. Adjournment.....	431

## AGENDA ITEM A

# Call to Order, Roll Call, Establishment of Quorum and Chair's Introduction

Roll is called by the Board Chair or, in his/her absence, by the Board Vice Chair or, in his/her absence, by a Board member designated by the Board Chair.

Eight members constitute a quorum at a CSLB Board meeting, per Business and Professions Code section 7007.

### Board Member Roster

KEVIN J. ALBANESE	SUSAN GRANZELLA
FRANK ALTAMURA, JR.	MIKE LAYTON
AGUSTIN BELTRAN	MARLO RICHARDSON
DAVID DE LA TORRE	JOHNNY SIMPSON
DAVID DIAS	NANCY SPRINGER





## AGENDA ITEM B

Presentation of Certificates of Recognition  
– May Include Oral Presentations  
Commemorating Achievements and  
Service of CSLB Staff and Butte County  
District Attorneys





## AGENDA ITEM C

# Public Comment Session - Items Not on the Agenda

(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)). Public comments will be taken on agenda items at the time the item is heard and prior to the CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the Board Chair.

### BOARD AND COMMITTEE MEETING PROCEDURES

To maintain fairness and neutrality when performing its adjudicative function, the Board should not receive any substantive information from a member of the public regarding matters that are currently under or subject to investigation, or involve a pending administrative or criminal action.

- (1) If, during a Board meeting, a person attempts to provide the Board with substantive information regarding matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the person shall be advised that the Board cannot properly consider or hear such substantive information and the person shall be requested to refrain from making such comments.
- (2) If, during a Board meeting, a person wishes to address the Board concerning alleged errors of procedure or protocol or staff misconduct involving matters that are currently under or subject to investigation or involve a pending administrative or criminal action:
  - (a) The Board may designate either its Registrar or a board employee to review whether the proper procedure or protocol was followed and to report back to the Board once the matter is no longer pending; or,
  - (b) If the matter involves complaints against the Registrar, once the matter is final or no longer pending, the Board may proceed to hear the complaint in accordance with the process and procedures set forth in Government Code section 11126(a).
- (3) If a person becomes disruptive at the Board meeting, the Chair will request that the person leave the meeting or be removed if the person refuses to cease the disruptive behavior.







# AGENDA ITEM D

## Executive





## AGENDA ITEM D-1

# Review and Possible Approval of June 6-7, 2019 Board Meeting Minutes and August 5, 2019, Executive Committee Meeting Summary Report





# CONTRACTORS STATE LICENSE BOARD

## BOARD MEETING MINUTES

### Board Meeting Minutes

#### DAY 1

#### A. CALL TO ORDER, ROLL CALL, ESTABLISHMENT OF QUORUM AND CHAIR'S INTRODUCTION

Board Chair Marlo Richardson called the meeting of the Contractors State License Board (CSLB) to order at 1:00 p.m., Thursday, June 6, 2019, at the Lake Tahoe Resort Hotel, 4130 Lake Tahoe Blvd., South Lake Tahoe, CA 96150.

Board Member Johnny Simpson led the board in the pledge of allegiance. A quorum was established.

#### Board Members Present

Marlo Richardson, Chair  
Johnny Simpson, Vice Chair  
Kevin Albanese  
Frank Altamura, Jr.  
Augie Beltran  
David De La Torre

David Dias  
Susan Granzella  
Joan Hancock  
Michael Layton  
Frank Schetter  
Nancy Springer

#### CSLB Staff Present

David Fogt, Registrar  
Tonya Corcoran, Chief Deputy Registrar  
Kevin Durawa, Public Affairs Staff  
Michael Jamnetski, Chief of Legislation

Phyliz Jones, Executive Staff  
Rick Lopes, Chief of Public Affairs  
Justin Paddock, Chief of Licensing  
Missy Vickrey, Chief of Enforcement

#### DCA Staff Present

Karen Nelson, DCA Assistant Deputy Director  
Kristy Schieldge, Legal Counsel

#### Public Visitors

Beverly Car, Politico Group  
Martin Herzfeld, contractor  
Kathy Jett  
Richard Markuson, Pacific Advocacy

Rick Pires, Basic Crafts  
Phil Vermeulen, Contractors License Center



**B. PRESENTATION OF CERTIFICATES OF RECOGNITION – MAY INCLUDE ORAL PRESENTATIONS COMMEMORATING ACHIEVEMENTS AND SERVICE OF BOARD MEMBERS JOAN HANCOCK AND FRANK SCHETTER**

Board Chair Marlo Richardson recognized board member Frank Schetter. She noted that Governor Brown appointed Mr. Schetter and that he has served on the board for eight years. He is a licensed electrical contractor, serving as a specialty contractor on the board. He sat on the Licensing Committee for eight years, chairing for two years; the Enforcement Committee for seven years, and the Public Affairs Committee for one year. Mr. Schetter received a plaque for his service and contributions. Board members and staff expressed words of gratitude and farewell to Mr. Schetter.

Board Chair Richardson recognized board member Joan Hancock. Ms. Hancock, a licensed “B” general contractor, was appointed by Governor Schwarzenegger and has served nearly 12 years on the board. She served for seven years on the Public Affairs Committee seven years, chairing two years; the Legislative Committee seven years, chairing one year; the Licensing Committee for three years, chairing two years; one year on the Enforcement Committee; and four years on the Executive Committee, including serving as board Chair from 2013-2014. Board members expressed words of gratitude and Ms. Hancock gave a few parting words to the board and staff. She was presented a plaque for her service and dedication.

**C. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA AND FUTURE AGENDA ITEM REQUESTS**

There was no public comment.

Board Member Comment:

Board member Kevin Albanese noted that it was the 75th anniversary of D-Day; he thanked board members Augie Beltran and Nancy Springer for their service and the veterans that fought that day.

**D. PUBLIC AFFAIRS**

Public Affairs Committee Chair Joan Hancock thanked the Public Affairs staff for all their efforts and the committee members for their commitment and support.



### **1. Committee Chair Update on May 13, 2019, Public Affairs Committee Meeting**

Public Affairs Committee Chair Joan Hancock reported highlights from the May 13, 2019 Public Affairs Committee meeting.

### **2. Public Affairs Program Update**

Chief of Public Affairs Rick Lopes reported that applications are being received for a TV Specialist position. The new Public Affairs studio is under construction. He provided highlights from the CSLB website, noting the Find my Licensed Contractor search receives about 80,000 hits a month. Facebook Live is being used to live stream some public meetings as well as workshops. The new social media coordinator, Kevin Durawa, is integrating informational graphics in the social media videos, which has resulted in over 67 percent more engagement from participants. He reported that the latest newsletter will be available online this week. 2019 marks CSLB's 90th anniversary, and staff is including interviews and materials on the Intranet page to acknowledge the anniversary.

#### Board Member Comment:

Board Chair Marlo Richardson asked about the duties of the TV Specialist. Mr. Lopes replied that the TV Specialist will enhance the quality and number of videos that CSLB produces and that they will work on the webcasts, premade videos, and podcasts.

Board Member Nancy Springer mentioned that Twitter is a great way to get information to the public, and she appreciates being able to share what is posted to the social media pages. Mr. Lopes mentioned that CSLB's social media platforms also receive numerous questions, which Public Affairs staff answer or direct to staff that can assist them; if the numbers of questions increases more staff may be needed to handle the workload.

### **3. Review and Discussion of Public Affairs 2019-21 Strategic Plan Objectives**

Public Affairs Committee Chair Joan Hancock reported that during the May 13, 2019, Public Affairs Committee meeting, items 4.2, 4.4, and 4.6 were covered.

Elements from item 4.2 will be included in the formal Disaster Response Plan by Public Affairs and Enforcement staff. The following elements will be included: team assignments and responsibilities; staff cross-training; partnership development; assistance center staffing; media outreach; rebuilding workshops; and enforcement efforts, including sweeps and stings.



Board Member Comment:

Board member Joan Hancock asked about cross-training staff. Mr. Lopes explained that the goal is to have employees ready to staff assistance centers in the event of future disasters to absorb the increased workload. Most staff members come from Enforcement, but may be pulled from different units who should be prepared since the duties may vary from what they currently do.

Ms. Hancock asked what occurs during the rebuilding workshops. Mr. Lopes replied that there are two different workshops, one for licensees and one for survivors. The survivor workshop guides consumers about how to hire a contractor and provides information about what to look for in a contract. The licensee workshop helps contractors understand workers' compensation and how to add classifications, and provides an overview of issues that result in the most complaints to help contractors avoid future problems. He mentioned that local building officials also speak at the workshops, since each area has different requirements and rules.

A draft of the plan is expected by the end of the month.

For item 4.4, Public Affairs and Enforcement have discussed identifying opportunities to increase publicity of enforcement action and relaunching CSLB's Most Wanted feature. Public Affairs will issue press releases after each sting operation, and publicize Enforcement cases and consumer alerts on an as-needed basis. Both Enforcement and Public Affairs are committed to renewing the Most Wanted feature. The feature was launched in 2008, and 18 suspects were caught in the first six years; since 2015, only one suspect has been caught. A new suspect has been added to the site and one is in the process of being added. The feature is expected to be relaunched this fall.

Item 4.6 is specific to outreach efforts for industry and licensees. Public Affairs and IT are reconstructing the website to include more content that specifically targets licensees and applicants. The departure of the IT Chief may delay launch of the new website, but staff hopes to launch by the end of June 2019.

## **E. LICENSING**

### **1. Committee Chair Update on May 13, 2019, Licensing Committee Meeting**

Licensing Committee Chair Frank Schetter reported that the May 13, 2019 Licensing Committee meeting was productive and resulted in moving a number of items forward for full board consideration.

Board Member Comment:

Board Member Joan Hancock asked as part of the tree care legislation if the fifteen-foot limit would apply to tree planting. Chief of Licensing Justin Paddock responded that the fifteen-foot limit that will be discussed in detail later in the agenda.



### **a. Status Update on Development of Possible Remodeling and Home Improvement License Classification**

Chief of Licensing Justin Paddock reported that a stakeholders meeting was held along with various meetings with company representatives of the remodeling industry. Staff continues to collect data internally from applicant experience reviews and externally. Staff's goal is to determine if there is a need for a remodeling classification and, if so, its appropriate scope.

#### Board Member Comment:

Board Member Frank Schetter suggested that the new classification should be required to have workers' compensation insurance.

Board Member Nancy Springer asked how many people attended the stakeholders meeting. Mr. Paddock replied that the meeting was advertised to approximately 30 industry representatives, but only five attended,. Ms. Springer suggested using another type of contact method to engage more interest. Chief Deputy Registrar Tonya Corcoran suggested distributing a survey to elicit more feedback.

## **2. Licensing Program Update**

Chief of Licensing Justin Paddock reported an increase in received applications, reaching 1,400 in April. He thanked Dana Donofrio and her team in the Application Exams unit for their efforts in processing applications by working overtime, successfully processing 2,900 applications in April. He noted that in March, original application exams had a processing time of three weeks, but with overtime it is down to just over two weeks. Certified license history is processing at three weeks, but the division hopes to bring it down soon. The number of renewals has increased but the workload is manageable. There were no significant changes with workers' compensation, and the classification with the largest number of exemptions is B-general building. There was no significant change to fingerprinting or judgment statistics. Pending applications were high late in 2018, but have since decreased. Call Center wait times are at approximately 1.5 minutes; Licensing plans to simplify the phone prompt for consumers to reach a live person.

#### Board Member Comment:

Board Member Nancy Springer asked about the 6:38 minutes call center wait time for April. Mr. Paddock replied that while that is the longest wait time, it is not the average, and that since April, wait times have declined and should average 1:30 minute to 1:45 minute.





Board Member David Dias mentioned that in his communication with the California Energy Commission (CEC) various groups have commented about the need to expand the scope of the C-20 classification, and he felt the issue should be brought to the board's attention. Registrar David Fogt noted that CSLB is working with the CEC on Responsible Contractor Policy and would like David Dias to participate. He noted that CSLB wants to ensure the regulatory classification language aligns with their proposal.

Board Member Susan Granzella asked about the technical issue that caused renewal numbers to go up. Mr. Paddock said he may have misspoken, as there has not been a technical change or issue causing the numbers to change. Ms. Granzella asked how the renewal unit accommodates fluctuating workload without compromising processing times. Mr. Paddock responded that staff can be pulled from other units to process renewals when numbers are high.

Board Member Frank Schetter asked how the current number of active licensees compares to the number before the recession. Mr. Paddock replied that he has not reviewed the numbers that far back, but since he started at CSLB the number of licensees has increased, and with the increase in applications received the numbers should be significantly higher by the next board meeting.

### **3. Testing Program Update**

Chief of Licensing Justin Paddock reported that exam numbers have also increased and that Natalie Chernich, a valued long-time member of the Testing division has accepted a position at the Department of Consumer Affairs (DCA) Testing Services. Ms. Chernich oversaw the eight testing centers; Testing is in the process of hiring her replacement. He mentioned for Exam Development four exams are undergoing occupational analysis and seven exams have item bank updates.

#### Board Member Comment:

Board Member Nancy Springer asked about criteria for picking experts who develop the question banks. Mr. Paddock responded that volunteer subject matter experts are used to develop questions, but he did not have the specific criteria used to pick experts. Ms. Corcoran mentioned that one of the criteria is that experts must be a licensee in the classification for which the exam questions are being developed. Registrar Fogt added that CSLB wants to expand the pool of experts and is requesting the contact information of any potential experts. Ms. Springer noted the importance of defining how experts are vetted. Mr. Paddock mentioned that that issue is on the strategic plan. Ms. Granzella added that both new and veteran licensees should be polled to be experts.

### **4. Review, Discussion and Possible Action on Whether to Enter into a Reciprocity Agreement with North Carolina and Oregon for the "B" General Contractor License and Research Legislative Options for Trade Exam Waivers**



Chief of Licensing Justin Paddock reported that staff does not recommend entering a reciprocity agreement with North Carolina at this time because North Carolina uses both their state trade exam and the NASCLA exam and did not want to have reciprocity with only licensees that have passed the NASCLA exam. The North Carolina state exam has not been evaluated to determine if it is similar to California's exam requirements. CSLB's Testing Division is involved in the occupational analysis of the NASCLA exam and will be aware of any future changes to the exam.

Mr. Paddock also reported that staff does not recommend entering a reciprocity agreement with Oregon at this time because Oregon does not have a trade exam.

Board Member Comment:

Board Member Augie Beltran said he does not want CSLB to enter into an agreement or grant waivers to states that do not match California standards; it would be unfair to California's employers and contactors. Board Member Frank Schetter clarified that the motion grants waivers to individuals who pass the NASCLA exam who have been licensed in another state in good standing for at least five years. The individual would only have a waiver for the trade exam but would still have to pass the law and business exam.

Legal Counsel Comment:

Kristy Schieldge clarified the laws related to the trade exam waivers do not allow the board to accept or grant a waiver if it or the registrar cannot determine if the license qualifications are the same or greater than California. Staff could not determine if North Carolina's state exam met the same or greater requirements as California and recommends not pursuing reciprocity at this time. Reciprocity can still be addressed at a later time.

Board Member Comment:

Board Member Frank Schetter asked if the NASCLA exam is equivalent to the California exam. Mr. Paddock answered that the board concluded they are equivalent at the April 2018 board meeting.

**MOTION:** To direct staff not to enter into an agreement with North Carolina or Oregon at this time but explore the feasibility of a legislative proposal to make eligible for a CSLB "B" General Building trade exam waiver to any individual in the United States who passed the NASCLA exam and has five years of good standing as a licensed general contractor in another state. Staff would report its finding to the Licensing Committee. This is a fully formed motion from the Licensing Committee. The motion carried unanimously, 12-0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.



**NAY:** None

## **5. Update and Discussion of Licensing 2019-21 Strategic Plan Objectives**

Chief of Licensing Justin Paddock reported on items 1.1-1.12 of the Licensing Strategic Plan.

Item 1.1: The asbestos open book exam is now available online. There were minor technical issues that are currently being rectified, especially through the efforts of Andrea Sisto. The asbestos exam was recently updated with the assistance of the California Air Resources Board and the Department of Occupational Safety and Health (DOSH). The exam is available online and in print; the online results are automatically processed.

Item 1.2: The Licensing Classifications Deputy Hal Clay is taking the lead on developing and plans to release two industry bulletins soon; one bulletin will address debris removal and the other brush clearing.

Item 1.3 on a possible remodeling classification was addressed earlier in the agenda.

Item 1.4: Since including this objective, legislation on criminal background reviews has been adopted and its implementation will address the requirements of the objective.

Item 1.5: Staff is reviewing multiple qualifier responsibilities and bond requirements. The Legislature requested CSLB research bonding requirements for the Sunset Bill, for which former Board Member Linda Clifford has lent her assistance.

Item 1.6: A cost benefit analysis is being finalized and will be reviewed by staff. Testing staff will provide feedback, which will be presented at the September 2019 board meeting when staff will request further direction from the board.

Item 1.7: Licensing is working with Public Affairs and Information Technology (IT) staff to have the licensing applications available online. IT is developing an interface that will guide applicants through each question, similar to the style of TurboTax. This new interface is expected to decrease the error rate so fewer applications are returned for corrections. The long-term goal is to have all functions available online.

Item 1.8: Licensing has not begun researching the feasibility of continuing education or online testing for license renewals but plans to begin this fall.

Item 1.9: Licensing has not begun work to create online courses and educational content for licensees; this is in collaboration with Public Affairs and Enforcement, and is expected to start this fall.



Item 1.10: This is an ongoing objective; a workgroup was formed with IT and Public Affairs to make more items available online.

Item 1.11: A manual is being developed and the Call Center will be temporarily shut down, or staff redirected, on two different days to hold a comprehensive training with staff for consistency and accuracy when speaking with consumers.

Item 1.12: Staff is reviewing the subject matter experts' selection process; work for this objective is set to begin in the fall.

## **F. ENFORCEMENT**

### **1. Committee Chair Update on May 13, 2019, Enforcement Committee Meeting**

Enforcement Committee Chair Kevin Albanese reported that at the May 13th Enforcement Committee meeting, the adoption of new prioritization guidelines for the Enforcement Division was discussed and an update on enforcement activities and the partnering with JESF agencies was presented.

### **2. Enforcement Program Update**

Enforcement Committee Chair Kevin Albanese highlighted a few consumer investigations noting a case involving a PACE Funding solar investigation and a case where the subject was apprehended at an airport by TSA agents. He reported on a sting operation in San Diego, and on tree care service companies. Sixteen contractors placed bids for work that required a tree service license; resulting in 22 notices to appear and two DA referrals.

Chief of Enforcement Missy Vickrey highlighted statistics from Case Management noting that CSLB is now settling citations through informal settlement conferences. Due to concern regarding Attorney General's costs CSLB will be tracking the success of the settlement conferences. SWIFT conducted 57 sting operations and 248 sweep days between July 2018 and March 2019. The Joint Enforcement Strike Force (JESF) continues to support mandatory workers compensation for additional classifications. Registrar Fogt presented at a JESF meeting on April 11 and CSLB attended a meeting with the State Compensation Insurance Fund on April 2 discussing mandating workers compensation for additional classifications.

### **3. Review, Discussion, and Possible Action on Guidelines for Allocation and Prioritization of CSLB Enforcement Staff Resources**

Enforcement Committee Chair Kevin Albanese reported these guidelines were in response to questions from the Sunset Review process; the Legislature questioned how



enforcement cases are prioritized, what are the prioritization policies, and how do the guidelines align with DCA's complaint prioritization guidelines for health care agencies.

Chief of Enforcement Missy Vickrey reported that the prioritization matrix adopted in 2013 needed to be updated to reflect the Board's current priorities and include other complaint categories. The new prioritization chart uses four categories and color coding to indicate rank and prioritization. Based on the new ranking system the complaint will be categorized by the highest violation that should be addressed.

Board Member Comment:

Board member Frank Schetter mentioned that the chart lists bonds as low priority and asked what bonds are included. Ms. Vickrey mentioned this relates to license bonds, if the bonding company makes a claim and Enforcement must validate the claim; a license can be placed on suspension if the contractor has not paid back the bond.

**MOTION:** To adopt the proposed Complaint Prioritization Guidelines chart. This is a fully formed motion from the Enforcement Committee. The motion carried unanimously, 12-0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**4. Update and Discussion of Enforcement 2019-21 Strategic Plan Objectives**

Chief of Enforcement Missy Vickrey reported on items 2.1-2.9 of the Enforcement Strategic Plan Objectives, found on pages 93-94 of the meeting packet.

Item 2.1: In preparation for the 2019 wildfires, a Disaster Relief Task Force was created and they plan to meet soon. Chuy Ibarra's duties now include serving as CSLB's Disaster Response Coordinator; ensuring there are resources and staffing available. Tracking systems are established for expenditures and resource expenditures so that hours are logged in each disaster area.

Item 2.2: Staff is updating the automatic response that is sent when a consumer files a complaint. The update will include more detailed information on the complaint process and other ways to seek financial recourse. This is tentatively scheduled for release July 30, 2019.

Item 2.5: Beginning July 2019, supervisors will submit monthly reports on staff recognition which may be included in the Registrar's report or Enforcement bulletin. This is to recognize staff statewide for their achievements.



**The Board recessed at 2:28 p.m.**

**The Board reconvened at 3:38 p.m.**

**G. LEGISLATION**

**1. Committee Chair Update on May 13, 2019, Legislative Committee Meeting**

Legislative Committee Chair Susan Granzella gave a brief overview of the Committee's meeting and the twelve legislative bills discussed at the May 13th Legislative Committee meeting. She referenced additional handouts that were provided to the members at the meeting and that the Board should be referencing during the discussion: (1) the legislative analysis for Senate Bill 144, and (2) an update on pending legislation in a table format.

**a. Status Update on Future Meetings Regarding Appropriate License Classification(s) to Install Energy Storage Systems**

Legislative Committee Chair Susan Granzella reported that on March 21, 2019 the Board adopted the following motion "To consider battery energy storage system size, complexity, voltage and potential risk. Draft a proposed regulatory package for board consideration that would prohibit or restrict certain contractor classifications from performing the installation of battery energy storage systems. Assign this to the appropriate board committee or committees and provide updates at each board meeting." Currently four classifications are authorized to install energy storage system (ESS) with certain restrictions: "A" General Engineering, "B" General Building, C-10 Electrical, and C-46 Solar. CSLB intends to meet with the Department of Finance, Public Utilities Commission, Governor's Office of Business and Economic Development, California Building Industry Association, and the California Building Officials Association to engage feedback on restricting or prohibiting any of the listed classifications from installing ESS.

In May, CSLB met with leading representatives of the electrical, solar, and new home building industries to get their insight on the development of the proposed regulatory language. It was recommended that staff also meet with the California Energy Commission, State Fire Marshall, and the Office of Planning and Research, Housing and Community Development, and the Building Standards Commission. A summary of the meeting is available on the CSLB website under the ESS page.

Staff will schedule meetings with the different entities throughout June and July 2019. A separate Legislative Committee meeting is scheduled for July or August to present the proposed regulatory language. Further information will be available on the Board's web site under the "Energy Storage Systems" page.



**2. Review, Discussion, and Possible Action on 2019-20 Pending Legislation**

**a. SB 601 (Morrell) State Agencies: Licenses: Fee Waiver**

Chief of Legislation Mike Jamnetski mentioned the bill allows but does not require the CSLB to waive certain fees for licensees impacted by disaster areas.

**MOTION:** To support SB 601 (Morrell). This is a fully formed motion from the Legislative Committee. The motion carried unanimously, 12-0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**b. SB 610 (Glazer) Contractors: Licensing and Regulation**

Chief of Legislation Mike Jamnetski mentioned this is CSLB's Sunset bill, and that staff is currently discussing three amendments to the bill, which are as follows: 1) that only Board meetings should be webcast, not all CSLB meetings; 2) the time to complete the bond study be reduced from 2024 to 2021; and 3) provide that the twenty dollar C-10 fee related to electrician certification be assessed on license renewals as opposed to new applications. Additionally, a cleanup bill was suggested for the cash deposit bill.

**MOTION:** To support the bill and adopt the three amendments as outlined by staff for SB 610 (Glazer). Kevin Albanese moved; Augie Beltran seconded. The motion carried unanimously, 12-0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**c. AB 613 (Low) Professions and Vocations: Regulatory Fees**

Chief of Legislation Mike Jamnetski presented the staff recommended amendment to maintain authority to raise fees by regulation or statute as well as remove the "notwithstanding any other law" provision. The author's office agrees with the amendment, but it is not currently in print.



Legal Counsel Comment:

Kristy Schieldge suggested since the amendment is not in print the Board may want to consider accepting the Legislative Committee’s recommendation and then make another motion to delegate an individual the authority to change the Board’s position should the amendment be included.

**MOTION:** To support if amended AB 613 (Low). This is a fully formed motion from the Legislative Committee. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**MOTION:** To authorize the Registrar to change the Board’s position to full support on AB 613 (Low) if amended to address the Board’s concern. Kevin Albanese moved; Augie Beltran seconded. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**d. AB 193 (Patterson) Professions and Vocations**

This is a two-year bill and there was no additional information to provide.

**MOTION:** To watch AB 193 (Patterson). This is a fully formed motion from the Legislative Committee. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**e. AB 1024 (Frazier) Home Inspectors: Licensing: Contractors State License Board**





This is a two-year bill and there was no additional information to provide.

**MOTION:** To watch AB 1024 (Frazier). This is a fully formed motion from the Legislative Committee. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**f. AB 1551 (Daly) Property Assessed Clean Energy Program**

This is a two-year bill and there was no additional information to provide.

**MOTION:** To watch AB 1551 (Daly). This is a fully formed motion from the Legislative Committee. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**g. SB 255 (Bradford) Women, Minority, Disabled Veteran, and LGBT Business Enterprise Procurement: Electric Service Providers: Energy Storage System Companies: Community Choice Aggregators**

Chief of Legislation Mike Jamnetski reported this bill will require CSLB to identify those who are licensed to install distributed energy resource systems; however, the bill focuses on systems that release emissions which does not include battery energy storage systems.

**MOTION:** To watch SB 255 (Bradford). This is a fully formed motion from the Legislative Committee. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None



**h. SB 556 (Pan) Professional Land Surveyors and Engineers**

Chief of Legislation Mike Jamnetski reported that the bill will require any individuals that perform land surveying apply for certification with the Board of Professional Engineers, Land Surveyors and Geologists; the bill has some relevance to engineering contractors and B contractors that may calculate elevations in the pre-construction phases of building construction.

Board Member Comment:

Board member Kevin Albanese asked if this bill was dead or progressing. Board member Augie Beltran noted that the bill was heavily amended and should not impact employers; and that the bill focuses on unlicensed land surveyors.

**MOTION:** To watch SB 556 (Pan). This is a fully formed motion from the Legislative Committee. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**i. SB 144 (Mitchell and Hertzberg) Criminal Fees**

Chief of Legislation Mike Jamnetski mentioned that this is a 250-page bill that amends approximately 100 sections of the California State Law. The bill is attempting to alleviate the various administrative fees imposed on individuals going through the criminal justice system; however, it amends four sections of the contractors' state license law that relate to fraud committed in a disaster area. The author submitted changes to address these concerns, but the appropriations committee did not make the requested changes. The author understands the Board's opposition and is trying to remove the impacted law sections.

**MOTION:** To oppose unless amended SB 144 (Mitchell and Hertzberg). Kevin Albanese moved; Johnny Simpson seconded. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None



**MOTION:** To delegate to the Registrar the authority to pull the Board's Opposition if amendments are made to address the Board's concern. Augie Beltran moved; David Dias seconded. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**j. AB 544 (Brough) Profession and Vocations: Inactive License Fees and Accrued and Unpaid Renewal Fees**

Chief of Legislation Mike Jamnetski reported the opposition to the bill was due to it resulting in a \$300,000 financial impact on the Board each year. However, the bill failed to pass the appropriations committee and has since become a two-year bill.

Legal Counsel Comment:

Kristy Schieldge recommended voting on the Legislative Committee's recommendation to secure the CSLB's position in the event that the bill does end up moving out of the Appropriations Committee.

**MOTION:** To oppose AB 544 (Brough). This is a fully formed motion from the Legislative Committee. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**k. AB 1076 (Ting) Criminal Records: Automatic Relief**

Chief of Legislation Mike Jamnetski mentioned the bill prevents the Department of Justice from disclosing certain arrests for misdemeanors and felonies that meet specified criteria. There is also language within the bill that conflicts with last year's AB 2138.

**MOTION:** To oppose AB 1076 (Ting). This is a fully formed motion from the Legislative Committee. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.



**NAY:** None

**I. AB 1545 (Obernolte) Civil Penalty Reduction Policy**

Chief of Legislation Mike Jamnetski mentioned the bill requires reducing civil penalties on small businesses which conflicts with one of the Board’s Legislative strategic objectives. This bill failed to pass the appropriations committee.

**MOTION:** To oppose AB 1545 (Obernolte). This is a fully formed motion from the Legislative Committee. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**m. SB 53 (Wilk) Open Meetings**

Chief of Legislation Mike Jamnetski reported the bill will subject 2-person advisory committees to the Open Meeting Act; which could slow progress as these committees are meant to research facts and not set policy. This would hamper the Board’s efforts to perform basic functions. This bill has passed the legislature numerous times but was vetoed by Governor Brown each time.

**MOTION:** To oppose SB 53 (Wilk). This is a fully formed motion from the Legislative Committee. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**Board Member Comment:**

Board member Kevin Albanese requested a letter of strong opposition on this bill be sent to the Governor.



### **3. Review, Discussion, and Possible Action on Legislative Proposal to Seek Continuous Appropriation for Construction Management Education Account**

Chief of Legislation Mike Jamnetski reported that the legislative proposal will allow CSLB to maintain funds for the Construction Management Education Account (CMEA) out of the reserve. This proposal may be included in the Sunset bill.

#### Staff Comment:

Chief of Legislative Mike Jamnetski mentioned he does not plan to write an opposition letter for bills that will likely die. Kristy Schieldge stated that there is no point of in taking a position if it's not communicated to the Legislature. Staff can determine how long and how detailed the letter is, but staff is expected to communicate the Board's position. Board member Augie Beltran suggested writing a letter to make sure the bills die.

Chief Deputy Registrar Tonya Corcoran clarified that continuous appropriations allows for flexibility with the amounts distributed. If there is an influx in funds, the CMEA committee can adjust the amounts granted.

#### Board Member Comment:

Board member Susan Granzella asked if this is a change in policy or merely clarifying existing policy. Mr. Jamnetski mentioned it would change the law.

#### Legal Counsel Comment:

Kristy Schieldge expressed concern with including the proposal in the Sunset bill. From her experience, continuous appropriation bills can be seen as a red flag for some administrations; it is unknown how the current Governor will perceive this proposal. Mr. Jamnetski noted that CSLB advanced a similar continuous appropriation proposal from a few years ago that was not received favorably by the Legislature. Ms. Corcoran added that the current proposal is different because the reserve insures the fund will not drop below \$50,000. DCA and the Department of Finance also believe this proposal is the appropriate method to maintain the fund.

#### Board Member Comment:

Board member Augie Beltran agreed with Kristy Schieldge to not include the proposal in the Sunset bill. The proposal should wait until after the current legislative season to see what direction the Governor is going.



**MOTION:** To direct staff to seek continuous appropriation from the Legislature for the Construction Management Education Account that will allow CSLB to spend all but \$50,000 of the CMEA annually. This is a fully formed motion from the Legislative Committee. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**4. Review, Discussion, and Possible Action to Initiate Rulemaking to Add Title 16, California Code of Regulations (16 CCR) Section 832.49 and Amend 16 CCR Section 832 to Create a New License Classification (C-49) for Tree and Palm Contractors**

Chief of Legislation Mike Jamnetski reported that the Legislative committee recommendation has been slightly adjusted to address the request at the May 2019 legislative committee meeting that the proposed tree regulation address the 15-foot tree requirement in existing law and to clarify the regulation. Currently, state law says that only nursery persons and gardeners are exempt from the license requirement and may legally work on trees under 15 feet without a license. Including the 15-foot tree exclusion in the regulation would make anyone working on trees less than 15 feet exempt from existing contractors' law, as opposed to just nursery persons and gardeners. The problem with including that language is that it expands the law (to all people as opposed to just nursery persons and gardeners, as prescribed by existing state law) which is not authorized through regulation. This is why two motions are being proposed here. Counsel and staff are recommending the Board slightly alter the regulatory language proposed by the Legislative Committee. Option 2 is recommended, which is on page 254 of the packet.

**Board Member Comment:**

Board member Frank Altamura Jr. asked if this regulation requires having a license to plant small trees. Ms. Schieldge referenced page 250 of the packet, which restates the current law. She clarified that the law considers you a contractor if an individual is removing trees, pruning, removing stumps or performing tree or limb cabling/guying; the exemption applies to nursery persons and gardeners who are pruning or trimming trees that are less than 15 ft in height or lower once planted. Unless you are a nursery person or gardener you must be a contractor to do this type of work, which includes planting. The Board cannot create a classification that is inconsistent with the statutes.



**MOTION:** To reject the Legislative Committee motion and make a new motion approving the draft regulatory text for Sections 832 and 832.49 using Option 2. Augie Beltran moved; David Dias seconded. The motion carried, 11–0–1 abstention.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**ABSTAIN:** Joan Hancock

Board Member Comment:

Board member Joan Hancock asked for the motion to be re-read. Ms. Schiedge clarified that the motion is written in this manner because the Office of Administrative Law (OAL) wants to confirm that the Board, who is the policy making body, approved the text and authorized its staff to begin the rulemaking process. This includes taking the necessary steps to seek approval from the different control agencies, and to set the matter for a hearing, as well as to make non-substantive changes so that later minor typographical corrections do not need to be brought back for Board approval. Chair Susan Granzella recommended adding further context and explanation for the wording of motions in the packet for the members in the future.

**MOTION:** To submit the proposed text to the Director of the Department of Consumer Affairs and the Business, Consumer Services, and Housing Agency for review and, if no adverse comments are received, authorize the Registrar to take all steps necessary to initiate the rulemaking process, make any nonsubstantive changes to the package, and set the matter for a hearing. Augie Beltran moved; Kevin Albanese seconded. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

## **5. Update and Discussion of Legislative 2019-21 Strategic Plan Objectives**

Chief of Legislative Mike Jamnetski reported on items 3.2 and 3.3 of the Legislative Strategic Plan Objectives, found on pages 257 of the meeting packet.

Item 3.2: Staff is requesting a new target date, due to mandated workers compensation not being included in the Sunset bill. The stakeholder meetings were not complete at the time of the Sunset bill and the item requires more time to finish.



Item 3.3: The hazardous substances certification requirements are outdated and should be broadened, due to more prioritized legislation, this item needs more time be completed.

**MOTION:** To accept the changes to the legislative strategic plan target dates. Augie Beltran moved; David Dias seconded. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

## **H. EXECUTIVE**

### **1. Review and Possible Approval of March 21, 2019 Board Meeting Minutes**

**MOTION:** To approve the March 21, 2019 Board Meeting Minutes. Augie Beltran moved; David Dias seconded. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

### **2. Review and Possible Approval of May 13, 2019 Public Affairs, Licensing, Enforcement, and Legislative Committee Meetings Summary Reports**

**MOTION:** To approve the May 13, 2019 Public Affairs, Licensing, Enforcement, and Legislative Committee Meetings Summary Reports with the following amendment: changing Kristy Schiedge’s title to Legal Counsel in the Public Affairs Committee summary report on page 291. Augie Beltran moved; Kevin Albanese seconded. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None





### **3. Registrar's Report**

#### **a. Update on CSLB Research Related to Mandating Workers' Compensation for Additional License Classifications**

Registrar David Fogt reported that classifications that are more likely to have employees need closer scrutiny; having uninsured workers puts consumers at jeopardy, and results in injured employees going to the emergency room or the uninsured employees benefit trust fund for medical expenses or to pursue damages. Additionally, compliant employers cannot compete with uninsured employers who place lower bids. Three industries are in support of mandating workers' compensation: the C-8 Concrete, C-20 Heating and Air conditioning, and Arborists/Tree care. Staff will work with Kevin Albanese to develop a legislative proposal to mandate worker compensation for the previously listed classifications. The Board would also like to assist insurers be more efficient at audits in order to protect employers who are appropriately paying workers compensation for their payroll. The developed legislative proposal will be discussed by the Legislative Committee. Minutes from a meeting with the State Compensation Insurance Fund was available as a handout.

#### **b. Tentative Board Meeting Schedule**

Registrar David Fogt mentioned a Legislative Committee meeting is tentatively scheduled for the last week of July or first week of August to present proposed regulatory classification option for the Energy Storage Systems. Staff will work with the new Board Chair to schedule further meetings. A Board meeting is tentatively scheduled in September in Butte County, for the opportunity to tour the Paradise disaster area.

#### Board Member Comment:

Board member Kevin Albanese suggested having a meeting at Chico State or Cal Poly to invite students in construction management. He noted touring a disaster area would be eye opening to see the people the Board is impacting and protecting. Board Member Nancy Springer also suggested Butte College for a meeting location since it is closer to the disaster area.

### **4. Budget Update**

Chief Deputy Registrar Tonya Corcoran reported that that the Board has spent about 69% of the 2018-2019 budget. The Board should be at 2-3 months reserve for the next few years, which is within the 6-month statutory cap. She noted a correction with the Construction Management Education Account fund condition, that \$100,000 not \$110,000 was disbursed in 2018-2019. The Board is receiving more original applications resulting in a 24% increase from prior fiscal year.



**5. Administration Update Regarding Personnel and Facilities**

Chief Deputy Registrar Tonya Corcoran reported that 24 personnel transactions occurred in the third quarter. In May the Board had 19 vacancies; the Board remains diligent in filling vacancies. As of March, working titles were included on all duty statements and the hope is to broaden job search criteria. Twenty-five employees are interested in attending a career counseling course, which is tentatively scheduled for October; this course will help employees fill out applications, improve statements of qualifications, and achieve upward mobility opportunities. A budget letter was slated to eliminate 21.5 positions, but the Department of Finance and DCA helped to retain 19 of those positions. The positions are now permanent and filled. Enforcement Representative I and II and Program Technician II have upcoming exams. The Sacramento headquarters is still under construction, but the Hearing Room is now available for use.

**a. Update and Discussion of Administration 2019-21 Strategic Plan Objectives**

Chief Deputy Registrar Tonya Corcoran reported on items 5.1, 5.3, and 5.4 of the Administration Strategic Plan Objectives, found on pages 332-333 of the meeting packet.

Item 5.1: DCA assigned a second legal counsel, Fred Chan-You, who works part time at the Board to address Public Records Act (PRA) workload.

Item 5.3: The Board is seeking to do training for managers and supervisors on progressive discipline scheduled for October. In January, CalHR will be providing this training.

Item 5.4: In January a team building training was held for the managers and supervisors.

Board Member Comment:

Board member Susan Granzella asked if the progressive discipline on item 5.3 was performance management. Ms. Corcoran confirmed that it is.

**6. Information Technology Update**

Chief Deputy Registrar Tonya Corcoran reported that the IT Chief, John Cleveland, accepted a promotion and his last day with the Board was May 17. Tonya Corcoran is serving as an interim chief for the IT unit.



Ms. Corcoran reported that recent legislation requires all department websites are certified to meet certain ADA compliant standards by July 1, 2019. CSLB is accomplishing this in phases ensuring all new documents posted are compliant. Staff is being trained in each unit on how to create compliant documents. Due to the compliance standards, charts in the Board packet may change. The AG's Office will provide accusations that are in compliance. Phase two will be the historical materials, documents more frequently visited will be addressed first. Archived documents that are not required to be posted will be removed.

For IT system enhancements the network core switch infrastructure replacement is a major change which staff performed after hours; through their efforts the transition was completed without issue.

**a. Presentation of New CSLB Website Feature for Providing Access to Public Records**

Chief of Public Affairs Rick Lopes presented the Public Data Portal Project. The Portal is meant to be an all-inclusive location to find licensing information for free and is available 24/7 in real time. The portal could potentially decrease PRA requests. Having an automated system requires less access to the state data portal to retrieve records and significantly reduces costs. Currently, to receive a master list of licensees costs \$235 and a custom list costs \$245 due to staff accessing the state data portal; the Public Data Portal is a replica of the state data portal and has reduced cost to cents, because less data must be downloaded for any changes. Users can request a list of 10 classifications from 10 different counties or receive a master list of all licensees (current or expired but renewable licenses). Users will receive the results in an Excel file. The portal is expected to go live mid-July.

Board Member Comment:

Board member Kevin Albanese asked if the instant license check will remain on the home page. Mr. Lopes replied that the instant check will be on the home page but a link to it will be provided in the Public Data Portal.

Public Comment:

Phil Vermeulen, Contractor Licensing Center (CLC), congratulated the staff on their work and expressed that this tool will be an innovative way to help consumers and contractors.

**b. Update and Discussion of Information Technology 2019-21 Strategic Plan Objectives**

Chief Deputy Registrar Tonya Corcoran reported on item 5.11 of the IT Strategic Plan Objectives, found on pages 342-343 of the meeting packet. 5.11 established an online process for public sales, known as the Public Data Portal. Ms. Corcoran thanked the IT staff for the work in building and designing the system.



**7. Election of 2019-20 Board Officers**

The 2019 Nomination Committee was comprised of Board members Augie Beltran and Nancy Springer. Board Member Augie Beltran presented the recommendations for the Board Officers:

- Board Chair – Johnny Simpson
- Board Vice Chair – David De La Torre
- Secretary – Susan Granzella

**MOTION:** To approve the Nomination Committee’s recommendation to elect Board member Johnny Simpson as Board Chair. The motion carried unanimously, 12–0.

**YEA:** Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Marlo Richardson, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**MOTION:** To approve the Nomination Committee’s recommendation to elect Board member David De La Torre as Board Vice Chair. The motion carried unanimously, 12–0.

**YEA:** Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Marlo Richardson, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**MOTION:** To approve the Nomination Committee’s recommendation to elect Board member Susan Granzella as Secretary. The motion carried unanimously, 12–0.

**YEA:** Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Marlo Richardson, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**I. ADJOURNMENT**



**MOTION:** To adjourn the June 6, 2019 Board Meeting. Augie Beltran moved; David De La Torre seconded. The motion carried unanimously, 12–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Mike Layton, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

Board Chair Marlo Richardson adjourned the meeting at approximately 4:14 p.m.



**DAY 2**

**A. CALL TO ORDER, ROLL CALL, ESTABLISHMENT OF QUORUM AND CHAIR'S INTRODUCTION**

Board Chair Marlo Richardson called the meeting of the Contractors State License Board (CSLB) to order at 8:30 a.m., Friday, June 7, 2019 at the Lake Tahoe Resort Hotel 4130 Lake Tahoe Blvd. South Lake Tahoe, CA 96150.

Board Member Johnny Simpson led the Board in the Pledge of Allegiance. A quorum was established.

Board Members Present

Marlo Richardson, Chair  
Johnny Simpson, Vice Chair  
Kevin Albanese  
Frank Altamura, Jr.  
Augie Beltran  
David De La Torre

David Dias  
Susan Granzella  
Joan Hancock  
Frank Schetter  
Nancy Springer

Board Members Excused

Michael Layton

CSLB Staff Present

David Fogt, Registrar  
Tonya Corcoran, Chief Deputy Registrar  
Kevin Durawa, Public Affairs Staff  
Michael Jamnetski, Chief of Legislation

Phyliz Jones, Executive Staff  
Rick Lopes, Chief of Public Affairs  
Justin Paddock, Chief of Licensing  
Missy Vickrey, Chief of Enforcement

DCA Staff Present

Karen Nelson, DCA Assistant Deputy Director  
Kristy Schieldge, Legal Counsel

Public Visitors

Beverly Car, Politico Group  
Eric Crandall, Cal-State Contractors License Service  
Phil Vermeulen, CLC  
Fred Schoenfeldt, Nevada State Contractors Board

**B. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA AND FUTURE AGENDA ITEM REQUESTS**

There was no public comment.

**C. JOINT DISCUSSION WITH NEVADA STATE CONTRACTORS BOARD (NSCB)****1. Discussion Regarding CSLB and NSCB Operational and Structural Comparison**

Registrar David Fogt and NSCB Executive Officer Margi Grein presented an overview of the operational and structural comparison between CSLB and NSCB.

**Board Member Comment:**

Board member Nancy Springer asked what other states take advantage of taking the Nevada exam at PSI centers in their state. NSCB Licensing Administrator Nancy Mathias mentioned that Arizona and Utah often utilize the PSI centers.

Board Chair Marlo Richardson asked if applicants pay PSI directly, does the Nevada Board receive any compensation and does that impact licensing fees. Ms. Mathias stated the Board does not receive compensation through a no cost contract. There is a separate exam fee that the applicant pays to PSI and which does not impact licensing fees.

Board member Susan Granzella asked how many types of exams are turned over for PSI to administer; and how labor intensive was transferring the exam information. Ms. Mathias did not have a definite number on how many exams are administered but mentioned that the exam development took approximately 6 months, since the vendor already had a well-developed pool of questions. Ms. Granzella further asked what types of breaches in security have the PSI centers experienced with the exams. Ms. Mathias mentioned the breaches were by individuals bringing study materials, cheating, or trying to take the exam materials home.

Board member Kevin Albanese asked if CSLB has considered subcontracting exams and its benefits. Chief Deputy Registrar Tonya Corcoran mentioned that it is one of the strategic objectives, the study is scheduled for presentation at the September Board meeting. Staff is evaluating cost and benefits as well as considering supplementing the CSLB testing centers.

Registrar Fogt mentioned that the California Legislature requested a study on the bond limit of \$15,000 and if it should be increased. Ms. Mathias stated that Nevada's bond ranges from \$1,000 to \$500,000 depending on the monetary limit of the license.

**Board Member Comment:**

Board member Kevin Albanese mentioned that Nevada's method of setting a bond is a valuable compromise, the bond is determined by the jobs the contractor performs while the underwriting by the insurer ensures the licensee can cover then bond amount. Currently, in California a General B can do work ranging from a bathroom remodel to building a skyscraper structure.



Registrar Fogt mentioned that both California and Nevada require workers compensation insurance if a license has employees.

Public Comment:

Eric Crandall, Cal-State Contractors License Service, mentioned that Arizona requires licensees to have a bond, but the bond is an estimate of the license revenue.

Board Member Comment:

Board member Kevin Albanese requested staff work with Nevada and present how Nevada does their bond in relation to the monetary limit, this method may address the legislature's concerns without creating barriers to licensure.

Board member Joan Hancock asked for clarification in Nevada on how licensees can raise or lower the payment and performance bond amount depending on the individual or job amount and how does that apply to public works. Ms. Mathias stated that Nevada staff is not always aware if the applicant will be performing public work jobs, but there is a single project limit increase provision that, if granted, requires the licensee obtain payment and performance bond. The Board can issue a payment and performance bond under other circumstances such as disciplinary proceedings. Board member Kevin Albanese added that in both states a payment and performance bond is required for public works. California reviews would be too cumbersome for the level of analysis Nevada performs. However, there can be more custom bonding without creating barriers to licensure. Ms. Hancock further asked what the likelihood is of someone coming after the license bond if there is a payment and performance bond in place. Mr. Albanese replied that if a licensee is willing to cover a large payment and performance bond, they are not likely to hesitate to pay for a higher license bond.

**2. Discussion Regarding Enacted or Proposed Legislation in California and Nevada Related to Barriers to Licensure and Efforts to Reduce Barriers to Licensure**

Registrar David Fogt and NSCB Licensing Administrator Nancy Mathias reviewed the efforts to reduce barriers to licensure in each state. Ms. Mathias mentioned that Nevada has not changed the standards to obtain licensure but has evaluated other ways an applicant can meet the standards. One method is through the licensure by endorsement program [trade exam waiver for applicants licensed in another specified state], which helps applicants meet the experience verification and trade exam requirements.

Board Member Comment:

Board member Joan Hancock asked about Nevada's average processing time for an application. Ms. Mathias reported processing time is approximately 57 days, measuring the time from receipt of the application to its approval or denial.

Board member David Dias asked why the number of complaints and revoked licensees in Nevada is almost double the numbers in California. NSCB Director of Investigations





Paul Rozario mentioned due to the increase in the economy more home improvement jobs are conducted which would result in more complaints, many of the complaints are for workmanship. Regarding revocations, since Nevada does not use third party judiciary it is easier to revoke a license.

Board member Joan Hancock asked if the Nevada Board tracks whether received complaints are for in-state or out-of-state contractors. Mr. Rozario mentioned the Board does not currently track in-state versus out-of-state contractor complaints.

Registrar Fogt mentioned that California is focused on ensuring contractors know the minimum qualifications for licensure. The Little Hoover Commission Report recommended rethinking criminal convictions, noting there is little correlation between criminal convictions and the quality of work. As a result, there are numerous bills that impact the Board's ability to review an applicant's qualifications.

CSLB Legal Counsel Kristy Schieldge described the criminal conviction and criminal background legislation enacted and pending in California that will impact the Board's ability to screen applicants. The most significant legislation is AB 2138 which places a seven-year time restriction on the Board's ability to review convictions, with certain exceptions. AB 1076 is another significant bill which requires the Department of Justice to remove convictions from an individual's rap sheet or record if they meet certain benchmarks.

Board Member Comment:

Board member Frank Schetter asked if the bill's requirements apply to all conviction types. Ms. Schieldge clarified that certain convictions are exempt such as serious felonies and repeat habitual sex offenders; both bills will impact the review of misdemeanors.

Board member Kevin Albanese mentioned that the Little Hoover Commission's Report impacted all occupational licensing in California and laws were enacted following the report to address barriers to licensure, which did affect a lot of the Board's discretion to examine misconduct.

Legal Counsel Comment:

Kristy Schieldge clarified that California used to have the Moral Character Standard but it has since been replaced by the Substantial Relationship test and the Rehabilitation test, hence it must first be established that the crime or act is substantially related to the profession; and the evidence establishing rehabilitation must be thoroughly evaluated.

CSLB Chief of Licensing Justin Paddock explained the recent increase in original applications received resulted in a 39% increase in 2019. Additionally, CSLB conducts licensing workshops conducted in English and Spanish which has been largely successful as well as helping to improve processing times. CSLB is also accepting a broader variety of evidence when evaluating experience. Staff is also working to alleviate test anxiety before exams by talking with the applicants and arranging



necessary accommodations. CSLB has recently entered a reciprocity agreement with Louisiana.

NSCB Executive Officer Margi Grein reviewed recently passed Nevada Legislation that impacts the Board or its licensees.

Board Member Comment:

Board member Augie Beltran asked what Nevada defines as a manufactured home. NSCB Investigative Supervisor Fred Schoenfeldt reported that Nevada considered both mobile homes and modular homes to be manufactured housing. Board member Nancy Springer mentioned California's Housing Community and Development has some informational bulletins available that explains the difference between mobile and manufactured homes. Mr. Beltran added that with the housing crisis more homes are being premanufactured.

Staff Comment:

CSLB Chief of Legislation Mike Jamnetski asked about the bill in which Nevada was successful in removing commercial general liability requirement for contractors. Ms. Grein replied Assembly Bill 421. Mr. Jamnetski also asked under SB 397 how life safety trades are defined in Nevada. Ms. Grein replied that it is defined statutorily.

**3. Discussion Regarding Proposed Improvements to CSLB and NSCB Original License Application**

CSLB Chief of Licensing Justin Paddock and NSCB Licensing Administrator Nancy Mathias reported on proposed improvements to the original license application in California and Nevada. Both states determined the original application needs to be reevaluated to ensure more applicants are completing them fully and accurately. Less informational material is being included, and there will be more focus on the crucial requirements needed to obtain a license. At CSLB Charlotte Allison and Claire Goldstene are developing a more user-friendly application that essentially walks the user through the steps to fill out the essential information. Both states hope to receive more detailed responses for experience verification by requesting more specific information from references and applicants.

**The Board recessed at 10:04 a.m.**

**The Board reconvened at 10:11 a.m.**

**4. Discussion of CSLB and NSCB Enforcement Operations**

CSLB Chief of Enforcement Missy Vickrey and NSCB Director of Investigations Paul Rozario reported on the enforcement operations conducted by the Boards.

**a. Multi-State Sting Operations**

Mr. Rozario reported that both CSLB and NSCB are participating in the NASCLA multi-state sting operations being held June 3 to June 21, 2019. This event joins state Boards together to promote consumer protection and establishes the regulatory agencies' presence in the community. The goal of this event is to protect consumers, deter illegal activity, and create a fair market for compliant contractors. California and Nevada are coordinating a joint sting operation in the Lake Tahoe area later this month. Statistics of the multistate stings will be released by each participating state agency.

**b. Plans to Address Transient Criminal Activities**

Ms. Vickrey reported that CSLB has developed a protocol for handling transient criminal activity. A procedure manual was created that explains how to identify, investigate and share information on transient criminals with other states. These procedures have helped to decrease transient crime in California. She gave an example of a transient group of contractors who were buying materials in Nevada to use in California; a sting was conducted, a bid of \$400,000 was placed, but the contractors claimed the work could not be done at that time; this group is still under investigation, as it is believed they are still in the Reno area.

**5. Discussion Regarding Recently Enacted California and Nevada Legislation and Enforcement Strategies Related to Solar Industry and Financing**

NSCB Director of Investigations Paul Rozario reported that AB 405 established an improved net energy metering structure and consumer protection while reviving the solar industry, resulting in the return of many companies that left the state due to previous changes to net metering rates. Utility scale systems account for most of the solar electricity produced in the state. Workmanship complaints against solar contractors remains low. SB 358 requires utilities obtain 50% of their energy from renewable sources by 2030. AB 465 requires regulation be developed to establish a solar access program offered by electric utilities; the program also establishes a workforce training program. NSCB is active in identifying unlicensed residential solar contractors and ensuring they obtain licensure.

**Staff Comment:**

Registrar David Fogt mentioned the California governor plans to build 3.5 million homes in seven years many of which will have solar. Most solar projects are completed appropriately but many consumers are being taken advantage of; and the Board is receiving numerous complaints of misrepresentation at the point of sale.

CSLB Chief of Legislation Mike Jamnetski reported on AB 1070 which required the Board to develop a Solar Energy System Disclosure Document in collaboration with the California Public Utilities Commission; the bill is similar to Nevada's AB 405, however AB 1070 places enforcement requirements on the Board. The bill establishes that a one-page disclosure document be provided with every residential solar contract;



contractors that fail to include the disclosure document are subject to enforcement action. The bill does not apply to new home construction in which a solar system is included with the home. The bill also includes the regulation of PACE financing.

## **6. Discussion Regarding CSLB and NSCB Disaster Response**

Chief of Public Affairs Rick Lopes and NSCB Public Information Officer Jennifer Lewis reported on disaster response in California and Nevada.

Mr. Lopes reported that since 2017, disasters have been declared in 27 counties across the state, the most disastrous being the Camp Fire in Butte County resulting in the loss of 19,000 structures and 85 deaths. The Office of Emergency Services establishes assistance centers shortly after a disaster where survivors can receive assistance from numerous participating agencies; CSLB provides staffing at centers. CSLB is also active within the disaster area by posting warning signs to assist with insurance issues and rebuilding. The Board works with other agencies who have overlapping jurisdiction to conduct enforcement sweeps and stings in the disaster areas. Extensive outreach is conducted which includes media coverage, rebuilding workshops, and providing informational resources to local legislative officials. A video was presented demonstrating CSLB disaster response efforts.

Ms. Lewis reported that Nevada would like to improve their partnerships with the other state agencies so that they can help provide the resources and information to their constituents. Nevada has not experienced disasters as frequent as California but does experience fires and floods during the monsoon season. NSCB has developed informational videos which are available online; the Board plans to collaborate with other agencies and include information outside the Board's jurisdiction that can be beneficial to consumers. September is disaster preparedness month, but local agencies tend to hold events throughout the year.

### Board Member Comment:

Board member Nancy Springer mentioned in her experience working in disaster areas, social media is an important component, local entities can share information and repost materials which alerts survivors in the area of the Board's presence. The news media presence slows, social media is available every day.

## **7. Discussion on CSLB and NSCB Workforce Development Programs**

Chief of Public Affairs Rick Lopes and NSCB Public Information Officer Jennifer Lewis reported on workforce development programs in California and Nevada.

Ms. Lewis reported that the NSCB has partnered with the Nevada Contractors Association to conduct workforce development workshops, with high school students as the initial target group. They emphasize on providing an alternative career path to



obtaining a four-year degree. The Board plans to expand to higher education trade programs at universities.

Staff Comment:

Registrar David Fogt stated that California has a workforce development board which a few CSLB Board members have a close working relationship.

Board Member Comment:

Board member David De La Torre mentioned the building trades have been successful in recruiting young individuals into the construction workforce. Labor groups have been conducting outreach with community organizations, colleges, and direct entry programs; and, recruiting through pre-apprenticeship programs.

Board member Augie Beltran added that the Northern California Carpenters has established their Career Connections curriculum in high schools, community organizations, and with the prison industries authority; there is also a program for women and workforce development programs. He mentioned that recruiting from high schools can be difficult at the time of graduation because the focus is on the students going for four-year degrees.

Board member Frank Schetter added that in Sacramento the MEP [mechanical, electrical and plumbing] trades have developed an Engineering and Construction program in the high schools; the students receive construction and CAD design training. He understands the program has been very well received; the top ten percent of graduating students will be offered entry into the IBEW and NECCA apprenticeship program.

## **D. ADJOURNMENT**

**MOTION:** To adjourn the June 7, 2019 Board Meeting. Augie Beltran moved; Kevin Albanese seconded. The motion carried unanimously, 11–0.

**YEA:** Marlo Richardson, Kevin Albanese, Frank Altamura, Augie Beltran, David De La Torre, David Dias, Susan Granzella, Joan Hancock, Frank Schetter, Johnny Simpson, Nancy Springer.

**NAY:** None

**ABSENT:** Mike Layton

Board Chair Marlo Richardson adjourned the meeting at approximately 11:05 a.m.



**CSLB**

**BOARD MEETING MINUTES**

\_\_\_\_\_  
Marlo Richardson, Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
David Fogt, Registrar

\_\_\_\_\_  
Date



### Executive Committee Summary Report

#### **A. CALL TO ORDER, ROLL CALL, ESTABLISHMENT OF QUORUM AND CHAIR'S INTRODUCTION**

Executive Committee Chair Johnny Simpson called the meeting of the Contractors State License Board (CSLB) Executive Committee to order on August 5, 2019, at 2:00 p.m. in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California. A quorum was established.

##### Committee Members Present

Johnny Simpson, Chair  
David De La Torre, Vice Chair  
Susan Granzella, Secretary

##### Committee Members Excused

Marlo Richardson

##### Staff Present

David Fogt, Registrar  
Tonya Corcoran, Chief Deputy Registrar  
Kevin Durawa, Public Affairs Staff  
Phyliz Jones, Executive Staff  
Stacey Paul, Budget Manager  
Kristy Schieldge, Legal Counsel

##### Public Visitors

None

#### **B. PUBLIC COMMENT SESSION FOR ITEMS NOT ON THE AGENDA AND FUTURE AGENDA ITEM REQUESTS**

There was no public comment.

#### **C. STAFF PRESENTATION OF CSLB BUDGET OVERVIEW AND FUND CONDITION**

Budget Manager Stacey Paul reported that CSLB does not receive general fund support; it is a special fund entity and receives funds from application licensing fees, renewal fees, fines, and penalties. In July 2017, fees were increased to generate an expected \$5 million more in revenue and to stabilize the fund. However, CSLB continued to expend about \$3 million more than the revenue brought in. The over



expenditure is due to unforeseen costs not accounted for when initiating the 2017 fee increase. Since 2011, there has also been a 6.6 percent decline in the license population, resulting in millions of dollars in lost revenue each year. In fiscal year 2018-19, there was a 3 percent decline in renewals, totaling about \$2 million in lost revenue. The most significant cost increase are: \$4.5 million in personnel services; \$1.5 million in external statewide operational costs; \$1.2 million in enforcement; and \$1 million in operating expenses.

Ms. Paul reported the following forecasted cost increases for fiscal year 2019-20: increased salary and benefits for all staff under personnel services; 50 percent increase in billing rates from the Attorney General's Office as of September 1, 2019; and an increase in Department of Technology costs of about \$1.1 million for IT support and security. CSLB is again in a structural budget imbalance because of both revenue loss and increase costs and is using the reserve faster than anticipated. By the beginning of fiscal year 2021-21, CSLB will have insufficient funds for ongoing operations if costs continue to increase, without cutbacks and a fee increase.

Committee Member Comment:

Committee member Susan Granzella asked what about the critical services the AG's office provides CSLB. Registrar Fogt explained that, by statute, the AG prosecutes CSLB's administrative cases. Other services include, defending CSLB in lawsuits and representation on cash deposit claims. He added that approximately 18 months ago, the AG's office determined that CSLB did not have the statutory authority to settle licensee citations; those cases then went to the AG's office, which increased citation legal action expenditures by 50 percent. Mr. Fogt clarified that with the passage of recent legislation, CSLB does now have the statutory authority to settle such cases.

## **D. REVIEW, DISCUSSION, AND POSSIBLE ACTION ON STRATEGIES TO REDUCE BUDGET EXPENDITURES AND INCREASE REVENUE**

### **1. Administration**

Registrar Fogt reported that division chiefs will review all purchase requests to reduce non-essential purchases and that all service contracts will be reviewed, as well.

### **2. Licensing and Testing**

Registrar Fogt mentioned that the Legislative Committee will consider a proposal to charge a \$20 fee for a business name change on a license record. He explained that the board receives numerous such requests, which is currently a free service but that processing these requests does involve staff time. The board is also developing a new remodeling license classification, which the Licensing Committee will consider at its next meeting. This classification would increase the licensee population and generate additional revenue. He also noted that staff is preparing a cost-benefit analysis to possible outsource exam administration and that an Associate Government Program





Analyst position is frozen in the Testing division to save approximately \$110,000 per year.

### **3. Public Affairs**

Registrar Fogt reported that Public Affairs will focus its outreach on licensees so they can understand the value of being licensed and compliant. To address travel expenses enforcement staff may conduct some outreach events.

### **4. Enforcement**

Registrar Fogt reported that he met with Linda Schneider, the statewide supervisor for the AG's Licensing Division, on expenditure and budgeting. He commented that CSLB's focus should center on accusations that provide for discipline to suspend or revoke a license, since that is the most important action for consumer protection. Unfortunately, there are more than 900 pending legal actions with the AG, and approximately 50 percent of these are citations. Addressing an appealed citation costs approximately \$10,000. He also said that staff plan to issue more letters of admonishment to increase compliance and prevent licensees from committing more serious offenses. Appeals of letters of admonishment are handled internally, so there are no additional costs to CSLB. He also explained that as of January 2019, CSLB has the authority to conduct informal settlement conferences to attempt to resolve citations before they are referred to the AG. Staff will review civil penalties and assessments, as administrative law judges are reducing civil penalties below what the board prefers.

Mr. Fogt also said that the board may want to consider raising the civil penalty for licensee workers' compensation violations, which is currently \$5,000; however, for unlicensed violations it is \$15,000. He also said that staff will recommend that the Enforcement Committee cap the annual expenditure for the AG at the current AG budget line item of \$6 million. Mr. Fogt also reported that on September 1, 2019, the hourly rate for a deputy attorney general will increase by 30 percent and for a paralegal by 80 percent, which could increase costs for legal actions to about \$9 million in the next fiscal year. In order to address budget concerns, he said that filling some enforcement staff vacancies may be delayed. He noted that historically the board has maintained 30 to 40 staff vacancies, but recently had reduced that to fewer than 20 vacancies. Lastly, he said that the board may consider directing some of the less egregious cases to small claims court rather than forward them to field investigation when settlement attempts are unsuccessful through the intake and mediation program.

## **E. REVIEW, DISCUSSION, AND POSSIBLE ACTION TO INITIATE A RULEMAKING OR PURSUE LEGISLATION TO INCREASE CSLB LICENSE AND RENEWAL FEES**

Budget Manager Stacey Paul presented the proposed fee increases. She explained that a 14 percent increase, achieved through regulation, is the statutory maximum cap



and would generate \$8 million in additional revenue and that a 20 percent fee increase, which would require legislation, would generate an additional \$13 million in revenue and would only be sufficient to last three years. A 20-25 percent increase, achieved through legislation, would generate \$16 million in increased revenue and if implemented in January 2021 CSLB would be solvent with a stable reserve for upcoming years.

Committee Member Comment:

Committee member Susan Granzella asked if the increases include all the fees the board can change. Ms. Paul replied that the increases apply to all fees for applications, licensing, and renewals.

**MOTION:** To direct staff to develop a legislative proposal to set the fees as specified on page 23 of the board packet materials, under the column titled 20-25%, which projects annual revenue of \$16 million and to seek an author to carry the legislative proposal. In addition, direct staff to develop a regulatory proposal to present to the board to increase fees to the statutory maximum to address the board's structural budget imbalance while the legislative proposal is pending. David De La Torre moved; Susan Granzella seconded. The motion carried unanimously, 3–0.

**YEA:** Johnny Simpson, David De La Torre, Susan Granzella.

**NAY:** None

**ABSENT:** Marlo Richardson

## F. ADJOURNMENT

**MOTION:** To adjourn the August 5, 2019 Executive Committee meeting. Susan Granzella moved; David De La Torre seconded. The motion carried unanimously, 3–0.

**YEA:** Johnny Simpson, David De La Torre, Susan Granzella.

**NAY:** None

**ABSENT:** Marlo Richardson

The Executive Committee meeting adjourned at approximately 2:27 p.m.

## AGENDA ITEM D-2

# Budget Update

- a. CSLB Budget Update and Overview
- b. Review, Discussion, and Possible Action on Strategies to Reduce Budget Expenditures and Increase Revenue
  - i. Administration
  - ii. Licensing and Testing
  - iii. Public Affairs
  - iv. Enforcement
- c. Review, Discussion, and Possible Action on Proposed Fee Increases
  - i. Discussion and Possible Action to Initiate an Emergency Rulemaking, Adopt a Finding of Emergency, and Possibly Initiate a Regular Rulemaking to Amend Title 16, California Code of Regulations (CCR) Section 811 Regarding Increasing Renewal Fees
  - ii. Discussion and Possible Action to Pursue Legislation to Increase CSLB License and Renewal Fees





# CONTRACTORS STATE LICENSE BOARD

## BUDGET UPDATE

### Budget Update

#### ❖ Fiscal Year (FY) 2018-19 CSLB Budget and Expenditures

Through June 30, 2019, CSLB spent or encumbered \$63.5 million, roughly 94 percent of its FY 2018-19 budget. This chart details CSLB's FY 2018-19 budget, including known expenditures through June 2019:

EXPENDITURE DESCRIPTION	FY 2018-19 REVISED BUDGET	JUNE 2019 EXPENSES	BALANCE	% OF BUDGET REMAINING
<b>PERSONNEL SERVICES</b>				
Salary & Wages (Staff)	25,999,000	24,452,280	1,546,720	5.9%
Board Members	16,000	9,900	6,100	38.1%
Temp Help	860,000	560,032	299,968	34.9%
Exam Proctor	41,000	165,253	-124,253	-303.1%
Overtime & Lump Sum Payout	146,000	310,924	-164,924	-113.0%
Staff Benefits	13,399,000	13,330,146	68,854	0.5%
<b>TOTALS, PERSONNEL</b>	<b>40,461,000</b>	<b>38,828,535</b>	<b>1,632,465</b>	<b>4.0%</b>
<b>OPERATING EXPENSES AND EQUIPMENT (OE&amp;E)</b>				
Operating Expenses	17,898,000	17,449,439	448,561	2.5%
Exams – Subject Matter Experts	436,000	381,065	54,935	12.6%
Enforcement	9,088,000	7,504,207	1,583,793	17.4%
<b>TOTALS, OE&amp;E</b>	<b>27,422,000</b>	<b>25,334,711</b>	<b>2,087,289</b>	<b>7.6%</b>
<b>TOTALS</b>	<b>67,883,000</b>	<b>64,163,246</b>	<b>3,719,754</b>	<b>5.5%</b>
Scheduled Reimbursements (i.e., fingerprint, public sales)	-353,000	-163,412	-189,588	
Unscheduled Reimbursements (i.e., invest. cost recovery)		-497,462	497,462	
<b>TOTALS, NET REIMBURSEMENTS</b>	<b>67,530,000</b>	<b>63,502,372</b>	<b>4,027,628</b>	<b>6.0%</b>

#### ❖ Revenue

CSLB received the following revenue amounts through June 30, 2019:

Revenue Category	Through 06/30/2019	Percentage of Revenue	Change from prior year (06/30/2018)
Duplicate License/Wall Certificate Fees	\$136,757	0.2%	0.4%
New License and Application Fees	\$15,474,593	23.6%	6.6%
License and Registration Renewal Fees	\$45,142,754	68.4%	-1.9%
Delinquent Renewal Fees	\$2,644,342	4.0%	-1.2%
Interest	\$207,698	0.3%	79.2%
Penalty Assessments	\$2,156,180	3.3%	4.3%
Misc. Revenue	\$157,416	0.2%	24.5%
<b>Total</b>	<b>\$65,919,740</b>	<b>100.00%</b>	<b>0.4%</b>



❖ Fiscal Year 2019-20 CSLB Preliminary Governor’s Budget

The chart below details the preliminary FY 2019-20 CSLB budget and authorized positions, which was included in the 2019 Budget Bill (AB 74, Chapter 23, Statutes of 2019):

EXPENDITURE DESCRIPTION	FY 2019-20 Approved Preliminary Governor’s Budget
<b>POSITIONS</b>	
Authorized Positions	428.0
Temporary Help Positions	2.6
<b>TOTAL POSITIONS</b>	<b>430.6</b>
<b>PERSONNEL SERVICES</b>	
Salary & Wages (Staff)	27,241,000
Board Members	16,000
Temp Help	860,000
Exam Proctor	41,000
Overtime	146,000
Staff Benefits	14,273,000
<b>TOTALS, PERSONNEL</b>	<b>42,577,000</b>
<b>OPERATING EXPENSES AND EQUIPMENT (OE&amp;E)</b>	
Operating Expenses	15,826,000
Exams	436,000
Enforcement	9,169,000
<b>TOTALS, OE&amp;E</b>	<b>25,431,000</b>
<b>TOTAL APPROPRIATION</b>	<b>68,008,000</b>
Scheduled Reimbursements	-353,000
Unscheduled Reimbursements	
<b>TOTAL APPROPRIATION with Reimbursements</b>	<b>67,655,000</b>

Note:

- 1) Governor’s Total Appropriation does not include external direct charges (i.e., statewide pro rata, pensions, Fi\$Cal) to the fund.



❖ **CSLB Fund Condition**

Below is the fund condition for the Contractors' License Fund, which shows the projected "final" FY 2018-19 reserve (\$9 million – approximately 1.5 months' reserve), along with the projected reversion amounts for current year (CY) 2019-20 through budget year (BY) 2020-21:

<i>(Dollars in thousands)</i>	<b>Projected Final FY 2017-18</b>	<b>Projected Final FY 2018-19</b>	<b>Projected CY 2019-20</b>	<b>Projected BY 2020-21</b>
<b>Beginning Balance</b>	\$16,182	\$13,873	\$7,903	\$1,867
Prior Year Adjustment	\$0	\$0	\$0	\$0
<b>Adjusted Beginning Balance</b>	<b>\$16,182</b>	<b>\$13,873</b>	<b>\$7,903</b>	<b>\$1,867</b>
<b>Revenues and Transfers</b>				
Revenue	\$65,627	\$65,920	\$67,070	\$66,208
<b>Totals, Resources</b>	<b>\$81,809</b>	<b>\$79,793</b>	<b>\$74,973</b>	<b>\$68,075</b>
Governor's Budget	\$66,363	\$67,530	\$67,655	
<b>Expenditures</b>				
Disbursements:				
Program Expenditures (State Operations)	\$63,976	\$67,125	\$67,655	\$69,685
Statewide Pro Rata (State Operations)	\$3,879	\$4,060	\$3,966	\$4,164
Supplemental Pension Payments		\$698	\$1,494	\$1,494
Financial Info System Charges (Fi\$Cal)	\$81	\$7	-\$9	-\$9
<b>Total Expenditures</b>	<b>\$67,936</b>	<b>\$71,890</b>	<b>\$73,106</b>	<b>\$75,334</b>
<b>Fund Balance</b>				
Reserve for economic uncertainties	<b>\$13,873</b>	<b>\$7,903</b>	<b>\$1,867</b>	<b>\$-7,259</b>
<b>Months in Reserve</b>	2.3	1.3	0.3	<b>-1.1</b>

Notes:

- 1) Expenditures based on Governor's budget in FY 2019-20 and a 3% increase ongoing.
- 2) Assumes workload and revenue projections are realized for FY 2019-20 and FY 2020-21.
- 3) Revenue projections for FY 2020-21 reflect a 1% increase over prior non-peak year of FY 2018-19.



❖ **Construction Management Education Account (CMEA) Fund Condition**

Below is the CMEA fund condition, which shows the projected “final” FY 2018-19 reserve (\$376,000 – approximately 41 months’ reserve), along with the projected reversion amounts for current year (CY) 2019-20 through budget year (BY) 2020-21:

<i>(Dollars in thousands)</i>	<b>Projected Final FY 2017-18</b>	<b>Projected Final FY 2018-19</b>	<b>Projected CY 2019-20</b>	<b>Projected BY 2020-21</b>
<b>Beginning Balance</b>	\$ 249	\$ 363	\$ 376	\$ 376
Prior Year Adjustment	\$0	\$0	\$0	\$0
<b>Adjusted Beginning Balance</b>	<b>\$ 249</b>	<b>\$ 363</b>	<b>\$ 376</b>	<b>\$ 376</b>
<b>Revenues and Transfers</b>				
Revenue	\$114	\$123	\$110	\$110
<b>Totals, Resources</b>	<b>\$ 363</b>	<b>\$ 486</b>	<b>\$ 486</b>	<b>\$ 486</b>
<b>Expenditures</b>				
Disbursements:				
Program Expenditures (State Operations)	\$0	\$10	\$10	\$10
Local Assistance Grant Disbursements	\$0	\$100	\$100	\$100
<b>Total Expenditures</b>	<b>\$ 0</b>	<b>\$ 110</b>	<b>\$ 110</b>	<b>\$ 110</b>
<b>Fund Balance</b>				
Reserve for economic uncertainties	<b>\$ 363</b>	<b>\$ 376</b>	<b>\$ 376</b>	<b>\$ 376</b>
<b>Months in Reserve</b>	39.6	41.0	41.0	41.0



# CONTRACTORS STATE LICENSE BOARD

## STATISTICS SUMMARY

### Statistics Summary

#### All Applications Received *(inc. original, supps, RME/O, HIS, personnel changes, etc.)*

Month	2015-16	2016-17	2017-18	2018-19
July	3,398	3,513	2,624	3,478
August	3,419	3,749	3,141	3,761
September	2,955	3,668	3,254	3,418
October	3,484	3,844	3,188	4,550
November	3,143	3,080	2,669	3,736
December	3,058	3,260	2,903	3,682
January	2,862	3,282	3,714	4,232
February	4,027	3,087	3,598	4,428
March	3,952	4,059	4,223	5,157
April	4,045	4,081	3,430	4,761
May	3,916	4,188	2,875	4,800
June	3,184	3,489	3,600	4,208
<b>Total</b>	<b>41,443</b>	<b>43,300</b>	<b>39,219</b>	<b>50,211</b>

*% Change from Prior FY 28.0%*

#### Original Applications Received *(includes exam and waivers)*

Month	2015-16	2016-17	2017-18	2018-19
July	1,593	1,618	1,197	1,454
August	1,631	1,811	1,141	1,815
September	1,351	1,692	1,624	1,595
October	1,596	1,842	1,429	2,182
November	1,490	1,374	1,306	1,763
December	1,400	1,453	1,522	1,697
January	1,297	1,584	1,990	1,972
<b>February</b>	<b>2,035</b>	<b>1,090</b>	<b>1,766</b>	<b>2,047</b>
March	2,041	1,938	1,885	2,211
<b>April</b>	<b>1,941</b>	<b>1,969</b>	<b>1,401</b>	<b>2,217</b>
May	1,956	1,935	1,190	2,112
June	1,460	1,761	1,653	1,837
<b>Total</b>	<b>19,791</b>	<b>20,067</b>	<b>18,104</b>	<b>22,902</b>

*% Change from Prior FY 26.5%*

*% of Apps Rcvd are Original Apps 46.0%*





Original Licenses Issued

Month	2015-16	2016-17	2017-18	2018-19
July	1,155	1,245	1,150	1,394
August	1,098	1,334	1,355	1,616
September	1,030	1,329	1,095	1,377
October	954	1,403	986	1,580
November	866	1,407	1,334	1,250
December	965	1,036	1,170	1,244
January	904	1,241	1,170	1,441
February	888	1,072	1,065	1,374
March	1,185	1,423	1,446	1,342
April	1,386	1,111	1,438	1,416
May	1,201	1,390	1,545	1,441
June	1,163	1,376	1,570	1,343
<b>Total</b>	<b>12,795</b>	<b>15,367</b>	<b>15,324</b>	<b>16,818</b>

% Change from Prior FY 9.7%

% Licenses Issued of Original Apps Rcvd 73.0%

Licenses Renewed

Month	2015-16	2016-17	2017-18	2018-19
July	11,584	10,394	8,153	8,307
August	8,611	11,069	9,283	10,544
September	10,292	9,215	9,534	8,173
October	8,501	9,842	8,805	13,154
November	6,881	7,618	5,651	7,563
December	11,885	9,147	9,651	7,362
January	7,206	8,958	7,593	11,000
February	11,381	8,800	11,586	9,698
March	11,911	12,317	9,760	11,700
April	10,029	11,853	9,830	9,011
May	9,888	11,673	13,389	8,976
June	10,238	9,393	14,167	10,871
<b>Total</b>	<b>118,407</b>	<b>120,279</b>	<b>117,402</b>	<b>116,359</b>

% Change from FY 2016-17 -3.3%

Original HIS Registrations Issued

Month	2015-16	2016-17	2017-18	2018-19
July	894	350	302	476
August	658	581	420	422
September	624	391	405	442
October	533	552	495	549
November	580	428	419	415
December	596	359	385	437
January	499	377	468	570
February	614	382	396	400
March	587	448	433	590
April	733	499	502	656
May	564	538	464	526
June	555	502	513	530
<b>Total</b>	<b>7,437</b>	<b>5,407</b>	<b>5,202</b>	<b>6,013</b>

% Change from Prior FY 15.6%

**HIS Registrations Renewed**

Month	2015-16	2016-17	2017-18	2018-19
July	167	188	213	328
August	140	271	402	435
September	133	252	302	354
October	152	257	280	461
November	111	168	203	342
December	175	285	434	302
January	89	235	110	381
February	200	196	424	321
March	159	561	266	432
April	292	354	382	436
May	200	394	478	398
June	249	296	467	493
<b>Total</b>	<b>2,067</b>	<b>3,457</b>	<b>3,961</b>	<b>4,683</b>

*% Change from Prior FY 18.2%***License Population by Status**

Status	July 2016	July 2017	July 2018	July 2019
Active	223,263	226,723	229,087	230,281
Inactive	59,505	57,550	56,103	54,808
<b>Total</b>	<b>282,768</b>	<b>284,273</b>	<b>285,190</b>	<b>285,089</b>

*% Change from Prior FY -0.04%***HIS Registration Population by Status**

Status	July 2016	July 2017	July 2018	July 2019
Active	15,375	17,463	17,562	19,213

*% Change from Prior FY 9.4%***Complaints By Fiscal Year**

Status	2015-16	2016-17	2017-18	2018-19
Received	18,690	18,875	20,674	20,474
Reopened	819	971	969	1,124
Closed	19,745	19,390	21,584	21,644
Pending (As of June 30)	4,252	4,734	4,796	4,807



### Budget Overview

CSLB is a special fund entity, funded entirely by license fees and disciplinary action assessments. In July 2017, CSLB implemented a 10 percent fee increase that was expected to increase revenue by \$5 million annually, providing CSLB a healthy and stable fund. However, over the last two years CSLB has unexpectedly seen a revenue loss due to a decline in license renewals and over \$9 million in unforeseeable expenditures related to employee compensation, external direct charges, enforcement, and disaster response resulting in a structural budget imbalance, which is rapidly depleting CSLB's reserve. Based on the decline in revenue and increased expenditures, CSLB projects insufficient available funds for ongoing operations by the beginning of fiscal year 2020-21 if expenditures are not reduced or funds increased.

### Budget Structural Imbalance

Based on projected levels of revenue and expenditures, the deficit between revenue and expenditures will continue to grow (i.e., budget structural imbalance).

Table 1 below provides analysis of CSLB's actual and estimated structural budget imbalance and months in reserve where expenditures exceed revenues from FY 2013-14 to FY 2021-22.

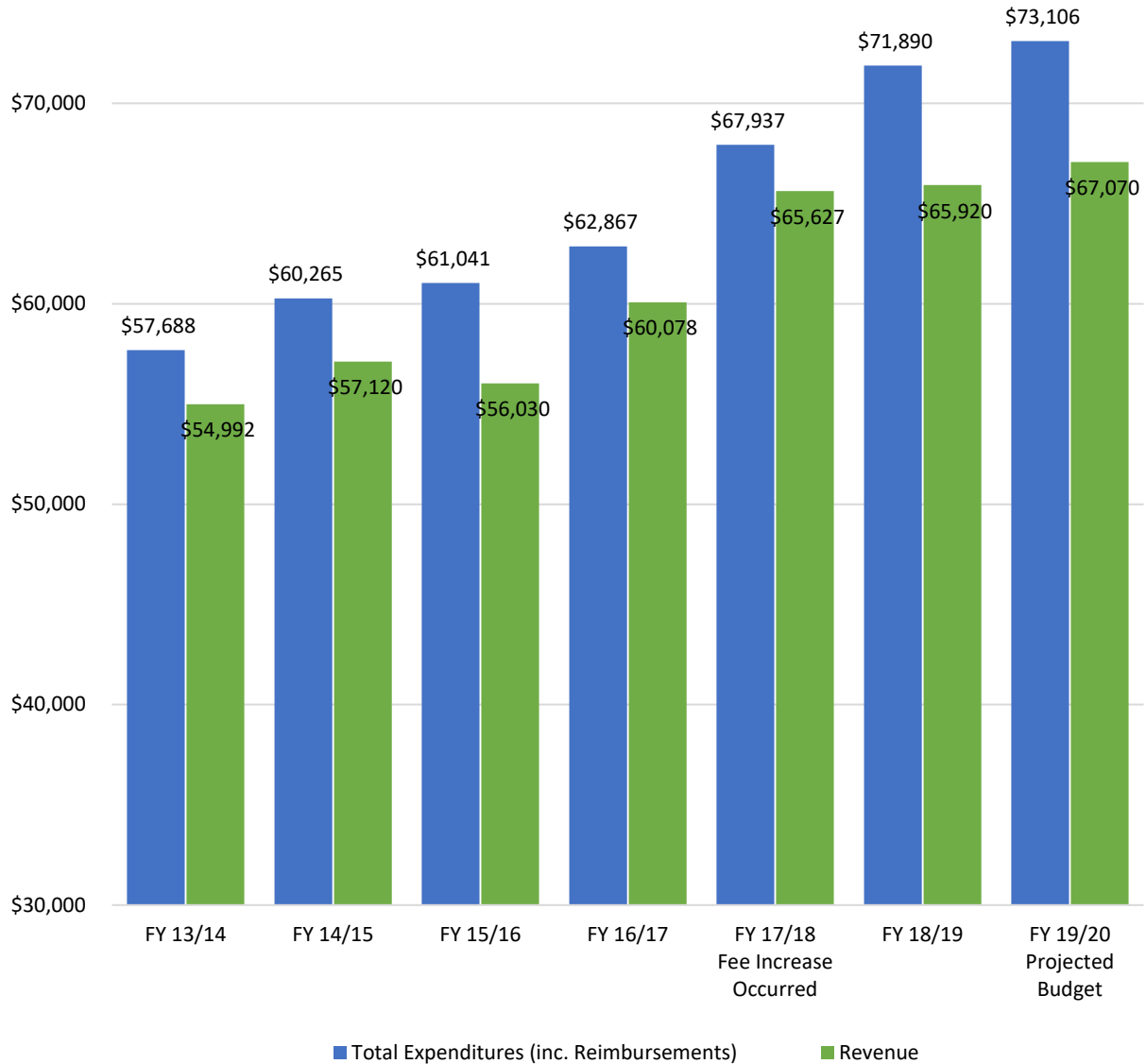
Table 1				
Fiscal Year	Revenue	Expenditures <i>w/Reimbursements</i>	Structural Budget Imbalance	End of Year Months in Reserve
2013-14	\$54,992,000	\$57,688,000	-\$2,696,000	4.9
2014-15	\$57,120,000	\$60,265,000	-\$3,145,000	4.4
2015-16	\$56,030,000	\$61,041,000	-\$5,011,000	3.3
2016-17	\$60,078,000	\$62,867,000	-\$2,789,000	2.7
2017-18	\$65,627,000	\$67,937,000	-\$2,310,000	2.3
2018-19	\$65,920,000	\$71,890,000	-\$5,970,000	1.3
2019-20*	\$67,070,000	\$73,106,000	-\$6,036,000	0.3
2020-21*	\$66,208,000	\$75,334,000	-\$9,126,000	-1.1
2021-22*	\$67,535,000	\$77,633,000	-\$10,098,000	-2.6

\* Projected



The chart below shows the structural imbalance of revenue collected versus expenditures from FY 2013-14 to FY 2019-20.

**Final Expenditures vs. Revenue**  
(Dollars in thousands)





Since CSLB’s fee increase in July 2017, costs have increased significantly (over \$9 million) and most, if not all, were unforeseeable and/or nonexistent at the time the fee increase was proposed.

Expenditures Over Three Years				
	FY 16-17	FY 17-18	FY 18-19*	Governor’s Budget FY 19-20*
Personnel Services	\$34,233,961	\$36,219,316	\$39,500,000	\$42,577,000
Operating Expenses	\$19,378,375	\$21,461,080	\$20,285,000	\$16,162,000
Enforcement*	\$6,656,107	\$7,010,235	\$8,000,000	\$9,169,000
External Costs** (i.e., Statewide Pro Rata, Pensions, Fi\$Cal)	\$3,205,000	\$3,961,000	\$4,765,000	\$5,451,000
	\$63,473,443	\$68,651,631	\$72,550,000	\$73,459,000
	\$9 million in increased costs since FY 16-17			1.3% increase over last fiscal year

\* Projected expenses in FY 18-19 and projected Governor's Budget in FY 19-20

\*\* External Costs are beyond CSLB's control and are issued statewide by various control agencies as mandatory charges that funds must absorb.

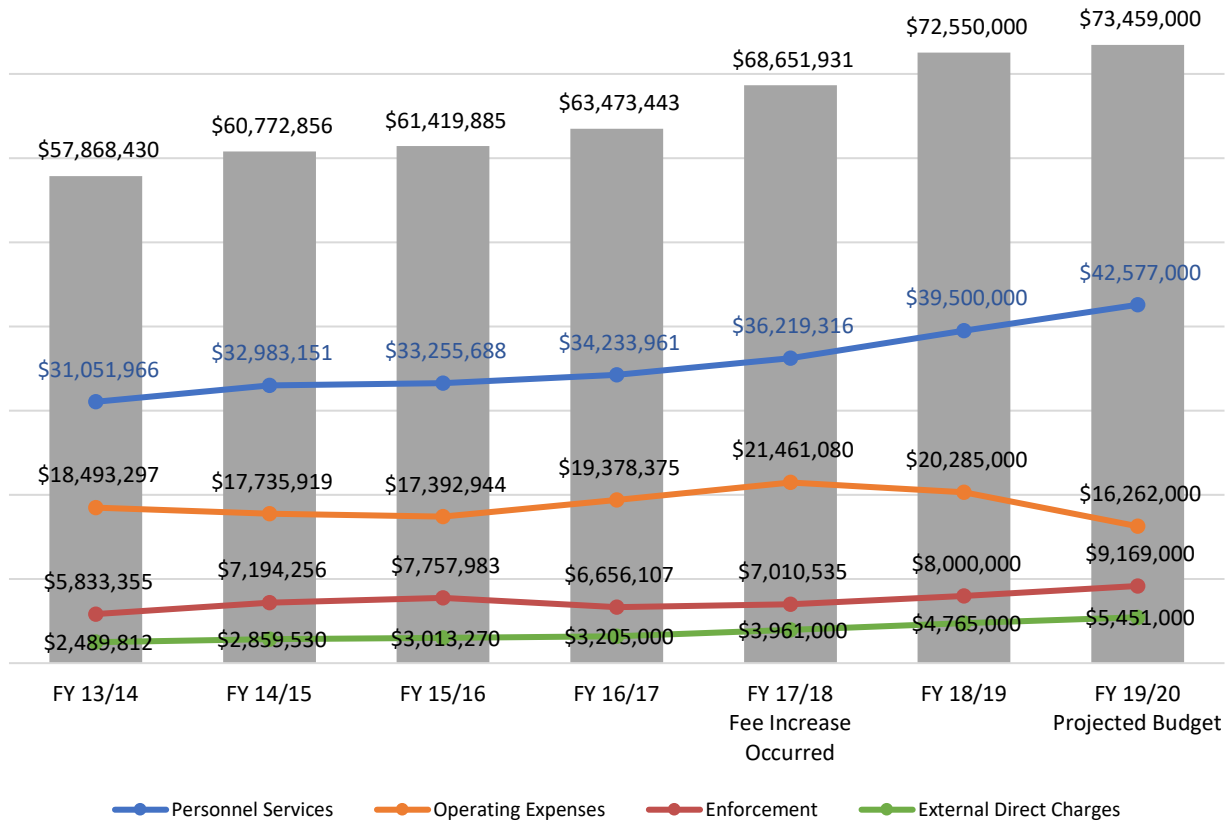
The most significant operational increases since fiscal year 2016-17 occurred in the following areas:

- \$5.2 million in personnel services (e.g., increased staffing, salary, benefits, pay raises, retirements)
- \$1.5 million in external state operation costs (e.g., statewide pro rata, pension payments, Fi\$Cal)
- \$1.3 million (approximately) in enforcement (e.g., Attorney General's Office, Office of Administrative Hearings, industry experts)
- \$1 million (approximately) in operating expenses.



The chart below shows the same operational expenses as in the previous chart (personnel services, operating expenses, enforcement, and external direct charges) but over a longer time period to demonstrate historical trends from FY 2013-14 to FY 2019-20.

### Operational Expenses by Category



Since FY 2013-14, costs beyond the board's control have increased significantly in the following areas:

- \$11.5 million in personnel services (e.g., increased staffing, salary, benefits, pay raises, retirements). On average, this increases by \$3 million annually.
- \$3 million in external direct costs (e.g., statewide pro rata, pension payments, Fi\$Cal) that are beyond CSLB's control and are issued statewide by various control agencies as mandatory charges that funds must absorb.



- CSLB has devoted resources to the many disasters throughout the state (e.g., wildfires and mudslides), which has contributed to an increase in operational costs (i.e., travel reimbursements, vehicle costs, overtime, etc.). On average, this has been an increase of \$500,000 annually and will, unfortunately, continue indefinitely.
- As of June 2019, CSLB is seeing a 3% decline (roughly 4,000) in license renewals, which equates to a revenue loss of about \$2 million. Since renewals constitute the main source of revenue for CSLB (on average 75%) this decline is extremely concerning.

CSLB expenditure projections for FY 2019-20 and ongoing future costs:

- \$3 million more annually in personnel services to fund future collective bargaining unit agreements for increases to salaries and benefits.
- \$1 million more annually in Department of Technology costs as CSLB increases online application submittals and to fund necessary information technology support and security.



### Strategies to Reduce Expenditures and Increase Revenue

To address CSLB's budget imbalance, senior staff members developed the following measures to reduce expenditures and to increase revenue. In addition, management will review all staff vacancies to determine the feasibility of delaying filling some positions.

#### ADMINISTRATIVE

- Effective July 11, 2019, division chiefs will review and approve all purchase/procurement requests to help reduce non-essential purchases and ensure maintenance of an appropriate level of supplies.
- Transition to use of multi-function copiers for all printing needs in lieu of personal desktop printers. Use of multi-function copiers can result in significant cost savings and provide the option of secure printing through the use of a unique PIN. No purchase of personal desktop printers will be authorized.
- Established regular meetings with administrative and information technology staff to review existing and future contracts/procurement to determine if the request is mission critical; first meeting held on July 15, 2019.

#### LICENSING

- Assess a \$20 fee to process requests for license business name changes to offset the staff resources required to process them. In fiscal year 2018-19, CSLB received 6,541 requests, which would generate an estimated \$130,000 annually. (Approved at August 6, 2019, Legislative Committee meeting.)
- Development of a Remodeling and Home Improvement license classification. Creation of a new license classification to provide a pathway for licensure for those with multi-trade construction experience but who lack framing experience and, therefore, do not qualify for a "B" General Building license will likely increase CSLB's pool of licensees. (Approved at August 6, 2019, Licensing Committee meeting.)
- Cost benefit analysis related to outsourcing CSLB examination administration. Conduct a cost review for outsourcing CSLB's exam administration. (Staff will provide an update at December 2019 board meeting.)
- Freeze a currently vacant AGPA position in Testing (approximate annual savings in salary and benefits of \$110,000).





## **PUBLIC AFFAIRS**

- Reduce travel expenditures for outreach events that require air or overnight travel and/or expanding the number of central and southern California staff who can participate in outreach events in place of Sacramento-based staff.
- Develop outreach program specifically targeting license applicants. Create a live interactive online license applicant workshop that would be conducted in both English and Spanish and take place multiple times each month. The goal of the program is to help make it easier and faster for applicants to get licensed.
- Develop outreach program specifically targeting licensees. Create live interactive online programs and podcasts with topics including, how to build your contracting business, the importance of timely license renewals, how to maintain or make changes to your license, and how to deal with a complaint against your license. A video newsletter will also be developed. The goal of the program is to provide additional educational services and value for licensees, in order to help reduce a current 3 percent drop in license renewals.
- Develop online courses and content to educate licensees and as part of Enforcement efforts in response to low-level violations.

## **ENFORCEMENT**

### Administrative Citation Cost Reduction Strategies

- CSLB now issues Letters of Admonishment (LOA) for less serious offenses. LOA's allow a CSLB hearing officer to conduct the appeal hearing, rather than an Administrative Law Judge, eliminating the need for Attorney General Office representation.
- CSLB staff are conducting informal citation conferences to attempt resolution of appealed citations before they are forwarded to the AG for representation.
- Staff are ensuring that civil penalties comply with California Code of Regulations section 884 (Title 16, Division 8, Article 8), which provides for the assessment of penalties up to \$5,000, when appropriate. With the implementation of the Letter of Admonishment, CSLB only issues citations for complaints that involve egregious violations of contractors' state license law, which supports higher penalty amounts.
- Consider legislation to increase the civil penalty from \$5,000 to \$15,000 for failure to secure workers' compensation for employees, as is currently the case for non-licensees. (Future Enforcement Committee consideration.)



### Accusation Cost Reduction

- Staff have established a taskforce to review accusations with more than \$20,000 billed in legal fees or that have been pending for more than two years at the Office of the Attorney General to determine if license revocation remains viable and/or why the matter has not been scheduled for hearing.
- Cap Office of Attorney General expenditures for fiscal year 2019-20 until additional revenue is available. (Future Enforcement Committee consideration.)

### Staff Resources

- Redirect SWIFT proactive enforcement from workers' compensation compliance to license compliance. (Future Enforcement Committee consideration.)
- Freeze vacant positions and implement process changes to reduce consumer complaints (future Enforcement Committee consideration):
  - Refer consumers to small claims court if mediation attempts are not successful and the estimated financial injury is less than \$5,000.
  - Refer material suppliers and licensees to civil avenues for redress if mediation attempts regarding payment issues are not successful.



# CONTRACTORS STATE LICENSE BOARD

## Proposed Fee Increase

### PROPOSED FEE INCREASE

To generate sufficient revenue to support its existing budget and provide reasonable inflationary cost increases, as have been seen over the last few years, CSLB needs to increase its fees. The chart below identifies each fee, along with proposed increases that range from approximately 14%, the statutory maximum, to 20%-25%.

Proposed Levels of Fee Increases					
Description of Fees	Current Fees	By Regulation	By Legislation		
		Statutory Maximum Cap	20% Increase	20%-25% Increase	
<b>Application &amp; Licensing Fees</b>					
Original Application (exam or waiver)	\$330.00	\$375.00	\$400.00	\$400.00	21%
Initial License Fee	\$200.00	\$225.00	\$240.00	\$250.00	25%
Additional Classification (for original license)	\$75.00	\$85.00	\$90.00	\$90.00	20%
Re-Examination	\$60.00	\$70.00	\$70.00	\$75.00	25%
Add New Personnel (for existing corporation/LLC)	\$100.00	\$115.00	\$120.00	\$120.00	20%
Add New Limited Partner (for existing partnership)	\$100.00	\$115.00	\$120.00	\$120.00	20%
Additional Classification (for existing license)	\$150.00	\$175.00	\$180.00	\$180.00	20%
Replacing the Qualifier	\$150.00	\$175.00	\$180.00	\$180.00	20%
License Reactivation Application	\$400.00	\$450.00	\$480.00	\$500.00	25%
HIS Registration	\$83.00	\$95.00	\$100.00	\$100.00	20%
Asbestos Certification	\$83.00	\$95.00	\$100.00	\$100.00	20%
Hazardous Substance Removal Certification	\$83.00	\$95.00	\$100.00	\$100.00	20%
Duplicate/Replacement Pocket/Wall Certificate	\$12.00	\$14.00	\$20.00	\$20.00	67%
<b>Renewal Fees</b>					
Active Timely Renewal	\$400.00	\$450.00	\$480.00	\$500.00	25%
Active Delinquent Renewal (Renewal Fee plus penalty)	\$600.00	\$675.00	\$720.00	\$750.00	25%
Inactive Timely Renewal	\$200.00	\$225.00	\$240.00	\$250.00	25%
Inactive Delinquent Renewal (Renewal Fee plus penalty)	\$300.00	\$337.50	\$360.00	\$375.00	25%
HIS Timely Renewal	\$83.00	\$95.00	\$100.00	\$100.00	20%
HIS Delinquent Renewal (Renewal Fee plus penalty)	\$124.50	\$142.50	\$150.00	\$150.00	20%
<b>Total New Annual Revenue Projected to Generate:</b>		<b>\$6 - \$8* million</b>	<b>\$13 million</b>	<b>\$16 Million</b>	

\* \$6 million if only the renewals fee (including delinquent) are raised to the statutory maximum; \$8 million if all fees are raised.



### Executive Committee Action

On August 5, 2019, the Executive Committee voted to forward the following recommendation to the full board:

1. Direct staff to develop a regulatory proposal to increase renewal fees to the statutory maximum to address the board's structural budget imbalance while a legislative proposal is pending. (Fee changes specified in orange in the chart on previous page.)
2. Direct staff to develop a legislative proposal to increase fees 20%-25%, which projects annual revenue of \$16 million, and to seek an author to carry the legislative proposal. (Fee changes specified in yellow in the chart on previous page.)

### Staff Recommendation

That the board direct staff to:

1. *Immediately* implement the Executive Committee recommendation to pursue a regulatory proposal to increase renewal fees to the statutory maximum (fee changes specific in orange in the chart on the previous page); and
2. Conduct a fee study to determine the potential need and appropriate fees for a possible *future* legislative fee increase.

Proposed regulatory language follows.



### REGULATORY PROPOSAL FEE INCREASE

#### An Emergency Regulatory Action to Increase Renewal Fees

The board is being asked to review and approve the revisions described below to Section 811 of Title 16, Division 8 of the CCR to increase the renewal fees, as recommended by the Executive Committee. The revisions described below are fully elaborated in the formal emergency rulemaking packet that will be distributed to board members in hard copy at the meeting and will include: 1) order of adoption showing changes to Section 811 in underline and strikeout; 2) finding of emergency explaining the need for the emergency; and 3) fund condition analysis.

- Section 811 (a):  
Add "(a)" to the beginning of the first line of the section to re-establish the correct numbering hierarchy for this section of law. It was inadvertently deleted in a previous rulemaking action in 2013.
- Section 811 (a)(7), as newly renumbered in this proposal:  
Delete "360" and add "450" to increase the renewal fee for an active contractor license to the statutory limit of \$450, as authorized by Business and Professions Code (BPC) section 7137 (e)(1).
- Section 811 (a)(8), as newly renumbered in this proposal:  
Delete "180" and add "225" to increase the renewal fee for an inactive contractor license to the statutory limit of \$225, as authorized by BPC section 7137 (e)(2).
- Section 811 (a)(11), as newly renumbered in this proposal:  
Delete "75" and add "95" to increase the renewal fee for a home improvement salesperson registration to the statutory limit of \$95, as authorized by BPC section 7137 (h).

#### Staff Recommendations:

That the board: 1) authorize emergency rulemaking; and 2) authorize regular rulemaking in case the emergency is disapproved by the Office of Administrative Law (OAL).

1. Direct staff to take all steps necessary to complete the emergency rulemaking process, including the filing of the emergency rulemaking package with the Office of Administrative Law, authorize the registrar to make any non-substantive changes to the proposed regulations, and adopt the finding of emergency and



the proposed regulatory language as written in the Order of Adoption. Also authorize re-adoption as needed until permanent regulations are approved by OAL.

2. If OAL or another control agency disapproves the emergency rulemaking, direct staff to submit the proposed text to the Director of the Department of Consumer Affairs and the Business, Consumer Services, and Housing Agency for review and if no adverse comments are received, authorize the registrar to take all steps necessary to initiate the regular rulemaking process, make any non-substantive changes to the package, and set the matter for a hearing.

## AGENDA ITEM D-3

# Information Technology Update

- a. Update and Discussion of Information Technology  
2019-21 Strategic Plan Objectives





### Information Technology Update

#### **CSLB Public Data Portal**

On July 1, 2019, CSLB launched a new Public Data Portal on its website to download custom and statewide license information. This service is available 24x7 at no cost to the user. The screen below displays the options available for this service:



You may access publicly disclosable contractor's license information by using one of the following options:

- For a list of licensed contractors by specific classifications and counties, click below.  
[LIST of CONTRACTORS by CLASSIFICATION and COUNTY](#)
- For a list of licensed contractors by specific classifications, click below.  
[LIST of CONTRACTORS by CLASSIFICATION](#)
- For a master list of California licensed contractors, click below.  
[MASTER LIST of CONTRACTORS](#)
- For a list of licensed contractors by city or zip code, click below.  
[FIND MY LICENSED CONTRACTOR](#)
- For information regarding a specific contractor or Home Improvement Salesperson (HIS), click below.  
[INSTANT LICENSE CHECK](#)

We welcome your feedback on this service. [Click here](#) to let us know what you think.

CSLB is part of the Department of Consumer Affairs (DCA). Visit DCA's [Open Data Portal](#) to get licensing and enforcement statistical data on CSLB and other DCA regulatory programs.

#### **American Disabilities Act (ADA) Web Accessibility Compliance Project Update**

Assembly Bill 434 (Baker, 2017) requires that by July 1, 2019 and biannually thereafter, the Director and Chief Information Officer of each agency/state entity post on their internet website a signed certification that their website is in compliance with the bill's specified accessibility standards. ADA compliance ensures that there are no barriers that prevent interaction with, or access to, websites by people with disabilities; sites are compliant when they are designed, developed, and edited to ensure that all users have equal access to information and functionality.

CSLB Staff assessed the website for ADA compliance and engaged all divisions for the production of ADA compliance documents. CSLB has certified with DCA that the website is compliant and staff continue to ensure that all new content meets ADA requirements.

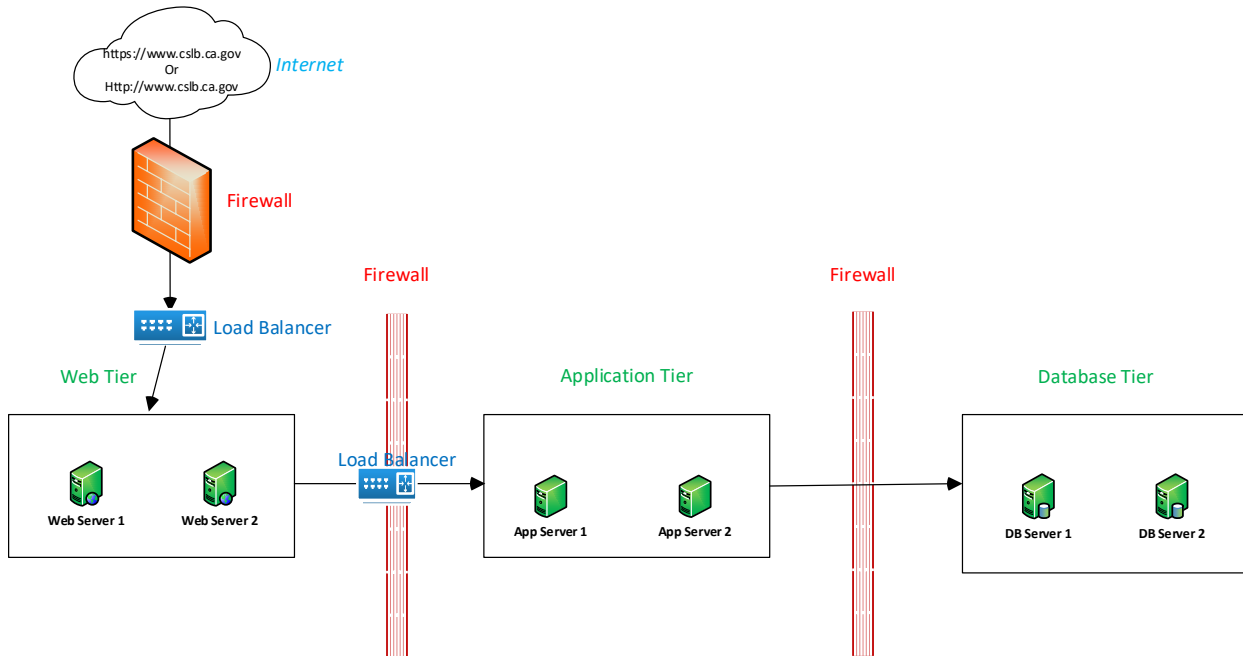




**CSLB Website Outage and Website Architecture Modernization**

As reported to board members by the Registrar, the CSLB website incurred a partial outage on Monday, July 22 and Tuesday, July 23, 2019, due to a server hardware failure during routine maintenance at the Office of Technology Services, where CSLB servers are located. While some services were unavailable, i.e., Instant License Check, Online Forms and Construction Complaint services, most remaining CSLB website services functioned during this partial outage.

In order to plan for potential future service issues and address the recent outage, CSLB management and staff are collaborating with the Department of Consumer Affairs and the California Department of Technology to create fault tolerant web architecture to accommodate current and future business needs. The target completion date for this new web architecture is December 2019



**Tentative Schedule:**

- Completion of new design of web environment: 7/26/19
- Implementation and testing: 11/25/19
- Release to production: 12/31/19

**Information Security and Risk Update**

As required by California Government Code section 11549.3, the State Office of Information Security (OIS) and California Military Department (CMD) conducted CSLB’s security assessment in February 2019. On May 15, 2019, CSLB IT staff were debriefed on the results of the Military information security audit findings.



CSLB management and staff have been working with DCA and other state agencies to remediate all findings. Since the audit approximately 20 percent of the critical findings have been remediated. CSLB expects to complete remediation by February 2020.

**State Office of Information Security (OIS) / California Military Department (CMD) Security Update**

Remediation Effort	%Complete
Network access control (NAC)	20
Phishing awareness (DCA solution in progress)	23
Intelligent logging	10
Operating system and software security enhancements	4
Vulnerability scanning enhancements and integration with intelligent logging	80
Major firewall software upgrades and security policy enhancements	17
Remote access-multifactor authentication (DCA solution in progress)	4
Working group to identify the data processed within its business units and correlate that data to an accepted level of risk	0
Firewall security policies reconciliation and tuning	13
External website assessment	0
Social media and internet investigation for CSLB data	3
Internal network vulnerability scanning and remediation, including patching and services	74
Website security vulnerability remediation	0
Major endpoint software upgrades and security policy enhancements	13
Access control-privileged access management (PAM) for system administrators	40
Cloud/Office365 security enhancements	8

**IT System Enhancements**

**IT System Enhancements**

Enhancement	Description	Implemented
Permit Complaint form	Created a fill and submit form (automated through internal email) for complaints with regard to construction jobs where a permit has not been acquired	January 2019
Complaint Violation	Programming adding a Letter of Admonishment field to the Teale violation screen	January 2019
Complaint Disclosure	Adding Letter of Admonishment violations to the complaint disclosure screen	January 2019
Complaint Closure Letters	Update complaint closure letter with revised language	January 2019
Updated e-Process Forms	Inhouse automated forms requiring updates to content: HIS RFC	January 2019



	<p>EVU RFC  Sole Owner App RFC  Personnel Name RFC  Issuance RFC  Manual Bond &amp; Fee RFC  Renewal Reactivation RFC</p>	
Created New action Codes	Added new action codes to Action Code Table for more granular tracking and reporting	January 2019
Request Report or Updates to Report Data	Updated reports to add new fields or create new reports	January 2019
Updated Governor Name	Updated Governor name on all forms and letters; manual and automated. Programming (Teale), Internet (web), Intranet site; and SCORE (testing)	January 2019
Updated "Alternatives In Lieu of Bond" document	New law changed the "alternatives In Lieu of Bond" requirements to no longer allow cash; document was changed as well as Internet pages	January 2019
Vulnerability Remediation	Remediated four vulnerabilities found on the CSLB website	January 2019
Created / Updated As-Is Business Processes	Created as-Is business process map, overview and Use Case (step process) for Experience Verification Unit, Judgments, and Outstanding Liability; and modified process for Contractors Bond to reflect changes.	February 2019
Completed State Security Assessment	Successfully completed the State's information security assessment conducted by the Dept. of the Military	February 2019
Implemented internal security control	Implemented a privileged account management tool that controls and records the use of computer administrator-level accounts to prevent unauthorized use of elevated privileges throughout the CSLB network	March 2019
Updated e-Process Forms	Inhouse automated forms requiring updates to content: Change of Personnel; New Limited Partner; Change of Title; HIS PDF; and Issuance RFC	March, April & May 2019
Created / Updated As-Is Business Processes	Created as-Is business process map, overview and Use case (step process) for Judgment-Family Support; Judgment-Inquiry Process; Judgment-Payment of Claim; Cashiering-Dishonored Check; Cashiering-RPN; and Add Class Update as-Is business process: Contractors Bonds; Application Expedite; Reactivation; and Renewal	March, April & May 2019
UPS Replacement	Replaced aging Liebert UPS in CSLB Data Center	April 2019
Created "How to" documentation	Created a "how to" document for posting Enforcement Classification Determinations to the Intranet; and Cashiering Statistics	March & May 2019
Solar Disclosure	Working with PAO, added a solar disclosure information page to the CSLB Website	May 2019
Updated IWAS User Guide	The IWAS user guide has been updated to meet current user needs	May 2019
Network Core Switch Infrastructure Replacement	Replaced old Network Core Switch with latest model for higher efficiency and network security	May 2019
Upgraded Anti-malware tool	Replaced on-premise anti-malware with on-premise solution	May 2019
Implemented secondary Anti-malware tool	Implemented secondary anti-malware tool for extra level of security protection against virus/malware	May 2019



Call Center Software Upgrade	Upgraded software to major version to address efficiency and security issues	May-June 2019
Information Security Awareness	Quarterly Information Security Newsletters are being sent to all CSLB staff	June 2019
Secure endpoint imaging	Created new operating system images to meet State security policies and mandates	June 2019
Updated Wall Certificate	Add new Board Chair (Johnny Simpson) name and signature to wall certificate	July 2019
Fiscal Year End	Performed fiscal year end updates to the Licensing and Enforcement application (Teale)	July 2019
Training CSLB Business staff on ADA compliance Document creation	Trained CSLB content creators in Microsoft Word and Adobe Acrobat on the creation and maintenance of ADA compliant documents	July 2019
CSLB Public Data Portal Release	Implemented a public data portal on CSLB Website for public access to license information online 24x7	July 2019
CSLB Website to New State Template	CSLB Website has been upgraded to conform to the latest State Template	July 2019
CSLB Internet Website ADA Compliance	ADA Compliance of CSLB Website (www.cslb.ca.gov) has been brought up to 95%	August 2019
New Web Architecture Design	Completed design of new high availability, fault tolerant Web Architecture	August 2019
ADA Compliant Board and Committee Agenda and Packets	Created new ADA compliant board and committee agenda and packet templates	August 2019
ADA compliant Committee meeting Web stream	Completed modification of committee meeting web stream to be ADA compliant	August 2019
Firewall upgrades	Major version upgrades to firewalls to modernize security posture by enabling additional security controls and oversight	August 2019
Vulnerability scanning	Installed new vulnerability scanning solution to address modern security threats and integrate with other DCA tools	August 2019
Created / Updated As-Is Business Processes	Created as-Is business process map, overview and use case (step process) for Posting List; Criminal Background Unit - Error Report, Probation, Denials/SOI, CORI Review/Subsequent Arrest Processes; Records Certification Unit – Reciprocity Process; Testing Unit - Civil Service Exam Process; and Cashiering - Front Counter Cash and Stats Process Update As-Is business process: Cashiering-RPN; Licensing Renewal; and ePayment Intake	June-August 2019
New Online Service Form	Created online version of asbestos open-book exam	June-August 2019
Updated e-Process Forms	Inhouse automated forms requiring updates to content: Sole Owner Letter; ASB Online; SCORE Bond & Fee Letter; Issuance, Renewal, Reactivation, HIS-Renewal, Bond & Fee, and HIS Employment/Cessation RFC	June-August 2019



### 2019-21 Strategic Plan – Information Technology Objectives

#### Item 5.11

**Description:** Establish online process to automate public sales requests in order to reduce costs

**Target Date:** December 2019

**Current Status:** Completed. Soft Launch Date: 6/15/19. News Bulletin Release: 7/1/19. Go-Live Date: 7/1/19

#### Item 5.12

**Description:** Update the website to offer e-payments (e.g. citations, renewals, and other fees) to improve convenience and reduce staff paperwork.

**Target Date:** December 2019

**Current Status:** In Contract Negotiations

#### Item 5.13

**Description:** Create an on-line e-signature DocuSign feature to improve convenience.

**Target Date:** December 2019

**Current Status:** Formed a workgroup with IT, Licensing, and PAO staff

#### Item 5.14

**Description:** Create an online account option for licensees to update their own license records and offer online payment options to improve licensee service and reduce processing time.

**Target Date:** December 2019

**Current Status:** Not Started Yet



2019-21 Strategic Plan – Information Technology Objectives

**Item 5.15**

**Description:** In partnership with the Licensing division and Public Affairs office develop online original contractor applications to reduce application return rates.

(See Licensing objective 1.7 and Public Affairs objective 4.7)

**Target Date:** December 2019

**Current Status:** Formed a workgroup with IT, Licensing and PAO staff to map business processes

**Item 5.16**

**Description:** In partnership with Public Affairs, review and update web content to ensure information presented to the public is accurate and accessible.

(See Public Affairs objective 4.9)

**Target Date:** March 2020

**Current Status:** Partial Completion on June 30, 2019 with website certified as Americans with Disabilities Act compliant for accessibility. On an ongoing basis staff reviews and updates content to ensure new materials are compliant and accessible.

**Item 5.17**

**Description:** Identify mobile technology to enhance efficiencies for field staff.

**Target Date:** June 2020

**Current Status:** Completed. On July 10, 2019 supervisors and managers were surveyed: Laptops, cell phones and portable printers meet business needs. No additional mobile technologies were requested.

**Item 5.18**

**Description:** Create a mobile app of available services, including more efficient means to report unlicensed activity.

**Target Date:** June 2020

**Current Status:** Not Yet Started



2019-21 Strategic Plan – Information Technology Objectives

**Item 5.19**

**Description:** Expand public records and licensing information on the website to increase transparency.

*(See Licensing objective 1.10)*

**Target Date:** Ongoing

**Current Status:** Formed a workgroup with IT, Licensing and PAO staff

**Item 5.20**

**Description:** Conduct needs assessment to determine requirements for new licensing/enforcement computer system.

**Target Date:** Ongoing

**Current Status:** Business processes being mapped: 48 completed; 46 in process; and 44 not yet started.

**Item 5.21**

**Description:** Implement SCORE 2.0 programming.

**Target Date:** Ongoing

**Current Status:** Not Yet Started





## AGENDA ITEM D-4

# Administration Update Regarding Personnel and Facilities

- a. Update and Discussion of Administration  
2019-21 Strategic Plan Objectives





### **ADMINISTRATION UPDATE**

#### **PERSONNEL UPDATE**

During the fourth quarter of fiscal year 2018-19, CSLB Personnel staff completed 31 personnel transactions. This included the addition of nine new employees from other state agencies and one employee new to state service. Within CSLB, eight employees were promoted and four transferred to different units. Additionally, one student assistant and seven examination proctors were hired, and one employee accepted a Training and Development assignment.

#### **Total Number of Recruitments Per Quarter – FY 2018-19**

Recruitment Type	Quarter 1	Quarter 2	Quarter 3	Quarter 4
From other State Agencies	9	10	5	9
New to State Service	7	7	8	1
Student Assistants	3	0	0	1
Retired Annuitants	0	0	0	0
Promotions	11	9	4	8
Transfers within CSLB	8	2	5	4
Training and Development	1	0	1	1
Examination Proctors	2	0	1	7
<b>Total Per Quarter</b>	<b>41</b>	<b>28</b>	<b>24</b>	<b>31</b>

#### **Total Number of Recruitments Per Quarter – FY 2017-18**

Recruitment Type	Quarter 1	Quarter 2	Quarter 3	Quarter 4
From other State Agencies	13	9	14	16
New to State Service	3	7	6	3
Student Assistants	1	2	0	0
Retired Annuitants	0	0	0	0
Promotions	4	14	12	6
Transfers within CSLB	3	14	2	12
Training and Development	0	0	1	0
Examination Proctors	1	0	13	1
<b>Total Per Quarter</b>	<b>25</b>	<b>46</b>	<b>48</b>	<b>38</b>



The number of vacant positions remains low, with an average of 24 during fiscal year 2018-19. The Personnel unit works closely with CSLB hiring managers and DCA’s Office of Human Resources to identify and minimize any delays in the recruitment process, which helps to reduce the number of CSLB’s overall job vacancies.

**Average Monthly Vacancies by Fiscal Year**

Fiscal Year	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-19	29	33	30	24	22	21	23	22	24	22	22	19
2017-18	44	41	36	33	39	41	36	29	30	31	29	29
2016-17	44	45	42	45	44	43	47	42	37	38	38	40
2015-16	34	35	35	35	37	36	37	36	37	39	37	41

In July 2019, the Personnel unit completed the process to transition 21.5 positions from the temporary help fund to authorized permanent (PY) positions. These positions were initially eliminated in fiscal year 2011-12 pursuant to Budget Letter 12-03, but are now re-established as authorized positions. In addition, CSLB received two new authorized positions in the Enforcement division through the Budget Change Proposal (BCP) process. In total, the number of CSLB’s authorized positions has increased from 407 to 428.

Also in July, the Personnel unit began to update duty statements to meet current ADA guidelines. CSLB vacancies advertised online must meet the requirements of Government Code sections 7405 and 11135 and the Web Content Accessibility Guidelines 2.0. This includes providing text alternatives for any non-text content, ensuring all functionality available from a keyboard, and text content that is readable and understandable.

In August 2019, approximately 15 employees participated in the Personnel unit’s Career Consulting class. The course was developed by Personnel staff and covers how to apply for jobs on the CalHR jobs website, complete an application package, and prepare for an interview, as well as how to maximize one’s potential in state service.

Also in August 2019, CSLB executive management and the Personnel unit worked with DCA to provide greater opportunities for Enforcement Representative I (ER I) staff to advance within CSLB to the ER II classification. Effective September 1, 2019, employees in the ER I classification who meet the eligibility requirements of the ER II classification may be promoted-in-place. This change was needed to address the volume of enforcement work as well as its complexity and the high consequence of error and will assist CSLB in meeting its mission to protect the public.

Between April and September 2019, the Personnel unit coordinated two ergonomic training and evaluations for 33 employees in the Norwalk and San Bernardino offices as well as seven virtual ergonomic evaluations for employees in the Sacramento, San



Jose, Fresno, Norwalk, Valencia, and San Diego offices. The Personnel unit is also preparing for the next Open Enrollment period, which is scheduled for September 9 to October 4, 2019.



**EXAMINATIONS**

DCA and CalHR offer examinations throughout the year, as shown below

<b>ENFORCEMENT</b>	<b>STATUS</b>	<b>DATE</b>
Consumer Services Representative	Last exam date: Tentative exam date:	December 2018 October 2019
Enforcement Representative I	Last exam date: Tentative exam date:	June 2019 December 2019
Enforcement Representative II	Last exam date: Tentative exam date:	April 2019 October 2019
Enforcement Supervisor I/II	Last exam date: Tentative exam date:	May 2019 November 2019

<b>INFORMATION TECHNOLOGY</b>	<b>STATUS</b>	<b>DATE</b>
Information Technology Series	Last exam date: Tentative exam date:	October 2018 September 2019

<b>LICENSING AND EXAMINATIONS</b>	<b>STATUS</b>	<b>DATE</b>
Personnel Selection Consultant I	Last exam date: Tentative exam date:	October 2018 September 2019
Personnel Selection Consultant II	Last exam date: Tentative exam date:	May 2019 May 2020

<b>OTHER</b>	<b>STATUS</b>	<b>DATE</b>
Information Officer I	N/A	Continuous
Management Services Technician	N/A	Continuous
Office Services Supervisor II	Last exam date: Tentative exam date:	January 2019 TBD
Office Assistant	Last exam date: Tentative exam date:	August 2019 September 2019
Office Technician	N/A	Continuous
Program Technician I/II/III	Last exam date: Tentative exam date:	August 2019 October 2019
Staff Services Analyst Transfer Exam	Last exam date: Tentative exam date:	June 2019 September 2019
Staff Services Analyst/Associate Governmental Program Analyst	N/A	Continuous
Staff Services Manager I/II/III	Last exam date: Tentative exam date:	June 2019 September 2019
Supervising Program Technician II/III	N/A	Continuous
Warehouse Worker	Last exam date: Tentative exam date:	October 2018 October 2019

**BUSINESS SERVICES UPDATE****Facilities**

**Norwalk** – The purchase and installation of modular furniture for four Special Investigations unit employees was completed on July 25, 2019.

**Oxnard** – CSLB is waiting for the Department of General Services (DGS) to execute the lease renewal. Upon execution of the lease documents, a pre-construction meeting will be held ahead of tenant improvements, which will include, installation of new carpet and new interior paint

Projected Completion Date: **December 2019**

**Sacramento Headquarters** – Tenant improvements began November 26, 2018.

Completed improvements include:

- New interior paint
- Installation of new carpet
- Installation of new security kiosk
- Installation of the new uninterruptible power system
- Installation of additional power distribution units in the computer server room
- Electrical upgrades to obtain leadership in energy and environmental design (LEED) certification
- Installation of two lights to illuminate flagpole
- Privacy film on all conference room windows
- Reconfiguring a testing meeting space into a workable conference room for exam development

Remaining tenant improvements include:

- Reconfiguring the hearing room to include a media room
- Shower reconfiguration to ensure ADA compliance
- Upgraded door badge readers

Projected Completion Date: **October 2019**

**San Francisco** – A pre-construction meeting is scheduled for September 4, 2019. Tenant improvements will include:

- Installation of electric vehicle charging station
- Installation of new carpet
- New interior paint

Projected Completion Date: **TBD**



**Valencia** –Lease renewal is still under negotiation with the lessor and DGS.

Projected Completion Date: **TBD**

## **Contracts and Procurement**

Contracts in Process:

- Interagency contract with Employment Development Department (EDD) to facilitate sharing of records and database information maintained by EDD, which will increase the efficiency of CSLB enforcement efforts in locating fraudulent employers and encouraging compliance with state laws and regulations. Waiting on final signatures from EDD staff.

Procurements in Process:

- Purchase of ergonomic equipment for CSLB Headquarters, such as sit/stand stations, document holders, back supports, keyboards, and footrests.

Executed Contracts/Procurement:

- The California Highway Patrol fiscal year 2019-20 annual contract for security services for various meeting and testing offices.
- Confidential shredding contract for CSLB's Santa Rosa, San Francisco, and Berkeley field offices.

## **Training**

- The Business Services Unit coordinated CPR training in Sacramento for 18 employees on August 9, 2019.



### 2019-21 Strategic Plan – Administration Objectives

#### Item 5.1

**Description:** Evaluate the use of in-house legal counsel to supplement current Board counsel.

**Target Date:** January 2019

**Current Status:** Completed. In June 2018, Department of Consumer Affairs assigned a second part-time legal counsel to assist CSLB with Public Record Act requests and subpoena workload.

#### Item 5.2

**Description:** Execute a Memorandum of Understanding (MOU) with the Workers' Compensation Insurance Rating Bureau to provide a program to the Contractors State License Board to track workers' compensation policies.

**Target Date:** March 2019

**Current Status:** Staff met with Workers' Compensation Insurance Rating Bureau of California (WCIRB) in April and May 2019; process has been developed to share public workers' compensation information regarding C-39 Roofing Contractors that can be expanded to other classifications, as necessary; a formal MOU is not necessary at this time.

#### Item 5.3

**Description:** Provide training on progressive discipline process to assist managers and supervisors in addressing performance issues.

**Target Date:** May 2019

**Current Status:** CSLB managers and supervisors will attend a two-day performance management training provided by DCA in October 2019

#### Item 5.4

**Description:** Provide team building and leadership training for managers and supervisors to make the management team more effective.

**Target Date:** September 2019

**Current Status:** Completed. On January 23-24, 2019 CSLB managers and supervisors participated in a two-day leadership training class.





2019-21 Strategic Plan – Administration Objectives

**Item 5.5**

**Description:** Research a special investigator series.

**Target Date:** December 2019

**Current Status:** Completed. A classification study performed by CPS HR Consulting recommends re-classifying existing non-sworn Enforcement Representative I/II to the Special Investigator classification; sworn Enforcement Representative I/II to Investigator; and the Enforcement Supervisor I/II to the Supervising Special Investigator classification to oversee both sworn and non-sworn staff. CSLB adopted these recommendations and is working with DCA to request reclassification of these positions.

**Item 5.6**

**Description:** Pursue salary differentials in regions with higher living costs..

**Target Date:** December 2019

**Current Status:** Completed. The CPS HR Consulting Classification study recommends moving to Special Investigator/Investigator (see objective 5.5) and not to seek salary differentials. Based on the CPS recommendation CSLB will not pursue salary differentials at this time.

**Item 5.7**

**Description:** Standardize human resource processes to increase efficiency in regard to personnel matters.

**Target Date:** January 2020

**Current Status:** Staff documenting currently in process.

**Item 5.8**

**Description:** Enhance onboarding and orientation program for new staff, managers and Board members.

*(See Public Affairs objective 4.8)*

**Target Date:** January 2020

**Current Status:** Staff developing orientation content.



2019-21 Strategic Plan – Administration Objectives

**Item 5.9**

**Description:** Develop benchmarks for the hiring process in order to extend job offers and onboard new employees more quickly to avoid losing qualified candidates.

**Target Date:** March 2020

**Current Status:** Staff documenting current process to identify baseline

**Item 5.10**

**Description:** Review the budget quarterly to guide the Board on resource allocation.

**Target Date:** Ongoing

**Current Status:** Ongoing

## AGENDA ITEM D-5

# Registrar's Report

- a. Tentative Board Meeting Schedule





# AGENDA ITEM E

## Enforcement





## AGENDA ITEM E-1

# CSLB Disaster Response

- a. Presentation from Keith Woods, Chief Executive Officer, North Coast Builders Exchange
- b. Update on CSLB Enforcement Disaster Response





### Enforcement Disaster Response Update


#### CSLB's Disaster Response Efforts Praised

Rich Lambros, Interim Director of the Engineering Contractors Association (ECA), wrote an article for the July 2019 issue of the ECA Magazine praising CSLB's efforts to ensure that survivors of the state's unprecedented disasters are protected from further victimization. The article in its entirety can be read here:

Executive Direction

### *In Praise of CSLB's Disaster Recovery Efforts*

By Rich Lambros  
ECA Interim Executive Director  
Email: [info@ecasocal.org](mailto:info@ecasocal.org)



**W**e spend a lot of ink criticizing state bureaucrats for their alleged failings, but this time we thought we should talk about a success story.

Last year was the deadliest and most destructive wildfire season in California history and the Contractors State License Board is working harder than ever to protect both the victims of the fires and floods and our industry from the scammers who hover over disasters like vultures.

More than 7,500 wildfires burned almost 1.7 million acres of land in the state in 2018. The Mendocino Complex Fire in Colusa, Glenn, Lake, and Mendocino counties burned more than 459,000 acres, making it the single largest wildfire in state history. The Camp Fire in Butte County was the deadliest and most destructive, with 85 deaths and 18,804 structures destroyed. For the year, 98 civilians and six firefighters were killed as a result of wildfires across California.

The Contractors State License Board (CSLB) made one of its biggest coordinated commitments to post-disaster recovery efforts in its 90-year history. Their mission is to help ensure that survivors are not victimized by unlicensed or unscrupulous contractors who may try to take advantage of them during the recovery and rebuilding process. This also protects the good guys in our industry, like our members, who play by the rules.

**CSLB Post-Disaster Response**

CSLB invested significant resources in its post-disaster response program. The first step is to staff various assistance centers opened for survivors run by the Governor's Office of Emergency Services (OES) and the Federal Emergency Management Agency (FEMA).

The agency staffed 18 assistance centers, directly meeting with almost 2,900 disaster survivors, working 4,600 hours during the process. Staff assembled, shipped, or delivered thousands of educational materials for distribution at the centers, offices of local legislators, building departments, and chambers of commerce.

**Scam Warning Signs**

CSLB also posted hundreds of signs, in both English and Spanish, throughout disaster areas to warn homeowners that unlicensed or unscrupulous contractors may try to scam them. The signs also warn unlicensed contractors that it is a felony to contract without a valid state license in a declared disaster area.

Then CSLB's Statewide Investigative Fraud Team (SWIFT) investigators conducted 80 days of sweep operations within disaster areas. They used fire-damaged properties as bait for six enforcement stings, resulting in 18 administrative citations, referred 71 cases to the local district attorneys for criminal prosecution (including multiple felony cases), issued 45 stop orders, and wrote 90 advisory notices for minor violations.

Good job, CSLB, and Thanks!. Δ





### Joint Agency Disaster Response Roundtable



On July 30, 2019, CSLB hosted a Joint Agency Disaster Response Roundtable meeting to give government and industry partners opportunity to identify existing and potential compliance issues as disaster survivors in areas devastated by wildfire work to rebuild.

Representatives from several federal and state agencies participated in the meeting:

- Department of Labor
- Employment Development
- Division of Industrial Relations' Division of Occupational Safety & Health
- Labor Commissioner's Office
- Foundation for Fair Contracting
- North Coast Builders Exchange
- Riley Compliance
- Pacific Gas & Electric (PG&E)

The topics discussed included:

- **Observations from Disaster Areas** – Representatives from the compliance organizations and residents of the affected areas shared some of the issues that have arisen because of the unprecedented volume of construction work being performed and will continue for years to come. Some of the concerns included:
  - Out-of-state contractors being properly licensed and insured to perform work in California
  - Over-excavation of damaged properties
  - Lack of resources for the State to oversee the increased number of contractors working on the thousands of projects to rebuild the impacted communities
  - Workforce shortage and development
- **PG&E Vegetation Removal Program** – A PG&E representative shared details of the utility's Vegetation Removal Program and responded to concerns surrounding licensure of the out-of-state contractors the company is hiring for their program in the declared disaster regions. The PG&E representative noted that they have been working with CSLB to better understand the licensing requirements under these difficult circumstances and will continue to ensure that



the contractors brought into California are properly licensed, insured and abiding by the California contracting laws.

- **Federal and State Agency Partnering Opportunities** – The attending governmental agencies provided a brief overview of their jurisdiction as it pertains to the protection of consumers and employees while performing work in the affected areas.
  - *Department of Industrial Relations (DIR)* – Their goal is to protect the health and safety of California Workers. Through the Labor Enforcement Task Force, DIR’s DOSH participates in sweeps to ensure that contractors are abiding by safety, wage, and workers’ compensation insurance requirements.
  - *Employment Development Department (EDD)* – As the lead of the Joint Enforcement Strike Force (JESF), EDD noted that enforcement under such difficult circumstances requires a strategic approach to protect both the consumers and the workers. EDD reported that the biggest issues they are seeing are the misclassification of employees and employees receiving unreported cash wages.
  - *Department of Labor (DOL)* – DOL’s regional representatives clarified when the Davis-Bacon Wage Determinations would be required. They noted that the Davis-Bacon and Related Acts apply to contractors and subcontractors performing work on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair of public buildings or public works. The Act specifically requires that contractors and subcontractors must pay laborers and mechanics employed directly upon the site of work at least locally prevailing wages (including fringe benefits) listed in a Davis-Bacon wage determination.
  - *Contractors State License Board (CSLB)* – As a member of both LETF and JESF, members of CSLB’s Statewide Investigative Fraud Team (SWIFT) staff have partnered with the above state agencies on multiple stings and sweeps in the declared disaster areas to protect consumers from further harm by unlicensed and/or unscrupulous contractors. Sting and Sweep statistics are detailed below.
- **Workforce Development Programs** –North Coast Builders Exchange shared the impact that the North Bay Construction Corps (NBCC) program has had in developing future members of the construction industry.
  - The program began three years ago and covers five counties (Lake, Mendocino, Napa, Marin, and Sonoma).



- High school seniors in their final semester can apply for the five-month basic construction training program.
- Seven students enrolled the first year, 37 the second year, and 150 students enrolled in the third year.
- NBCC continues to expand and leaders in the program have noted a shift in the attitude of families, individuals, and students regarding a career in the construction trades.

### **Disaster Response Special Projects**

**PG&E Pilot Program** - In June 2019, Registrar Fogt and CSLB staff met with officials from PG&E's contractor compliance unit. PG&E has undertaken a massive preventive tree trimming and removal program to reduce wildfire hazards.

As a result of the meeting, CSLB agreed to work cooperatively with PG&E to ensure that the more than 140 tree service contractors contracted by PG&E remain in full compliance with state requirements for licensing and workers' compensation insurance. In response to the meeting, CSLB has implemented the following:

- CSLB named an Executive staff member as liaison between the two agencies, providing PG&E with a single point of contact.
- CSLB Information Technology Unit prioritized completion of a free Public Data Portal (<http://cslb.ca.gov/Onlineservices/DataPortal/>). The portal is useful tool that allows PG&E and other members of the public to instantly create a list of contractors by classifications and counties, or to download a list of all licensed contractors in CSLB's database.

**Failure to Disclose License Number Complaints** – In early 2019, CSLB began receiving more than 100 complaints regarding construction vehicles in the declared disaster areas in violation of Business and Professions Code 7029.6. This statute states that every contractor licensed shall have displayed, in or on each commercially registered motor vehicle used in his or her construction business, his or her business name and contractors' license number in a clearly visible location in the font specified in the statutes.

Initial advisory notices were sent to a number of those contractors, leading to 55 percent of them confirming by photograph within a 30-day window that they were now in compliance with the requirements. Further administrative action, either a Letter of Admonishment or citation will be considered for the remaining violators as appropriate.

### **Wildfire/ Disaster Response Highlights**

In partnership with CDI, EDD, and multiple District Attorneys, CSLB's SWIFT targeted the underground economy in declared disaster areas through random sweeps and coordinated sting operations to ensure greater compliance with contractors' state license law.



In the 13 months between July 1, 2018 and July 31, 2019, SWIFT investigators conducted 52 days of sweep operations within Butte, Lake, Mendocino, Napa, Sonoma, Shasta, and Ventura counties. Additionally, two sting operations were conducted at fire-damaged properties in San Diego and Shasta counties.

As a result of these efforts, SWIFT investigators issued four administrative citations, referred 32 cases to the local district attorney for criminal prosecution (including multiple felony cases), issued 25 stop orders, and wrote 136 Advisory Notices for illegal advertising and other violations.

### **Wildfire/ Disaster Response Outreach**

SWIFT investigators have conducted extensive outreach in communities affected by the recent wildfires and other natural disasters. Some of these efforts are summarized below in chronological order:

- August 13 - 14, 2018 – SWIFT partnered with the Shasta County District Attorney's Office and the California Department of Insurance (CDI) to post signs and perform community outreach in the Redding burn area (Shasta County).
- November 19 - 20, 2018 – SWIFT teamed up with CDI to post signs and pass out information to survivors in Los Angeles and Ventura Counties.
- November 20 - 21, 2018 – SWIFT partnered with CDI to post signs in Paradise (Butte County).
- November 28, 2018 – SWIFT investigators visited the areas of Malibu affected by the Woolsey Fire (Los Angeles County) and posted signs at key entry points.
- December 4 and 13, 2018 – SWIFT joined CDI and EDD to conduct outreach in the Woolsey Fire burn area (Los Angeles and Ventura Counties). They spoke with survivors, passed out literature, and posted signs.
- January 4, 2019 – SWIFT partnered with CDI to sweep and post signs in Paradise (Butte County).
- February 6, 2019 – SWIFT partnered with CDI to conduct a sweep of the Camp Fire burn area in Paradise and Magalia (Butte County). The teams posted dozens of and conducted several compliance checks. Most work in progress was tree removal, with very little fire debris yet removed.
- February 7, 2019 – The Southern SWIFT supervisor attended a Wildfire Roundtable sponsored by the National Insurance Crime Bureau (NICB). Approximately 50 people attended the conference representing a cross-section of government agencies and insurance company investigators. The state and local agencies represented included the California Highway Patrol (CHP), CDI, State Bar of California, CSLB, and the Ventura County District Attorney's Office.
- April 16, 2019 – The Northern SWIFT Supervisor and a SWIFT investigator met with Jody Jones, Mayor of Paradise to discuss proactive enforcement efforts. Mayor Jones expressed her appreciation for the work being done by CSLB.



- April 25 - 29, 2019 – SWIFT investigators provided training to members of the Paradise Police Department and Butte County DA's Office covering the enforcement of contracting statutes in the wildfire disaster area.





## AGENDA ITEM E-2

# Enforcement Program Update

- a. Staff Vacancy Update
- b. Consumer Investigation Highlights
- c. General Complaint-Handling Statistics
- d. Statewide Investigative Fraud Team Highlights and Statistics
- e. Joint Enforcement Strike Force Update



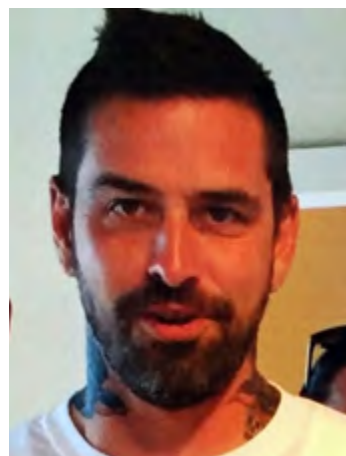


### INVESTIGATION HIGHLIGHTS

The 214 employees of CSLB's Enforcement division process, settle, and investigate construction-related complaints received by the Board. Consumer Services Representatives (CSRs) within the division's two Intake and Mediation Centers (IMCs) receive, process, and – when appropriate – attempt to settle most incoming complaints. If settlement efforts are unsuccessful or if a violation of state contractors' license law is suspected, the complaints are routed to one of the division's 10 Investigative Centers. An Enforcement Representative (ER) then begins a full investigation and decides if any enforcement action is necessary. Additionally, ERs in the division's three Statewide Investigation Fraud Teams (SWIFT) proactively enforce Contractors License Law through undercover stings and enforcement sweeps in the field. A few of the recent activities and investigations by the employees of these units are highlighted below.

### **CSLB “Most Wanted” Suspect Arrested in Massachusetts**

Unlicensed contractor Matthew Breen, a former resident of Half Moon Bay, was investigated by CSLB for cheating at least three Bay Area residents out of more than \$300,000 by contracting for large residential construction jobs that he never completed. Additionally, Breen misused the license numbers of others and failed to pay suppliers for construction materials. Based on investigations conducted by CSLB staff, the San Mateo County District Attorney's office charged Breen with 13 felonies and four misdemeanors, including grand theft, diversion of funds, elder abuse, identity theft, fraudulent use of a contractor's license, and unlicensed contracting. A \$400,000 warrant for Breen's arrest was issued, but Breen fled to the East Coast. Breen was placed on CSLB's "Most Wanted" list on May 13, 2019 due to his fugitive status. Tipped off by the San Mateo County Sheriff's Office, the Salem (Massachusetts) Police Department arrested Breen pursuant to the San Mateo County warrant on August 14, 2019. Breen fought with the arresting officers, and he now also faces local charges of resisting arrest and assault and battery on a police officer. Breen remains in custody, and a court hearing regarding both his local charges and his extradition to California is scheduled for September 11, 2019.



### **Unlicensed Contractor Guilty of Using Forced Labor**

In August 2016, Job Torres Hernandez was hired as a subcontractor by Full Power Construction to provide masonry work on their Silvery Towers project, a 640-unit luxury high-rise condominium project in downtown San Jose. Torres Hernandez misrepresented himself as a licensed contractor and used the license number of an acquaintance. To perform the work, Torres Hernandez recruited over 20 undocumented





workers from Mexico, housed them in squalid conditions, and refused to pay them the wages they earned. Torres Hernandez threatened the workers and their families with violence and/or deportation if they complained.



Torres Hernandez’s federal crimes of forced labor and harboring undocumented workers were investigated by the U.S. Department of Homeland Security and the U.S. Department of Labor. These agencies also alerted CSLB to the possible contracting violations, and CSLB staff conducted an independent, parallel investigation. Following a federal trial that received widespread media attention, Torres Hernandez was sentenced on June 26, 2019 to 8 ½ years in federal prison and ordered to pay \$919,739 in restitution to his victims. CSLB’s investigation supported state crimes of grand theft, embezzlement, contracting without a license, and illegal advertising. CSLB also determined that the Torres Hernandez’s licensed acquaintance was aware of the illegal contracting, so he was also charged with grand theft and contracting violations. The Santa Clara County District Attorney served Torres Hernandez in federal prison with his arrest warrant, and a \$100,000 warrant was issued for his associate. CSLB is pursuing an administrative citation against Full Power Construction (the prime contractor) for hiring an unlicensed contractor.



*Job Torres Hernandez leaving federal court*

**Public Works Subcontractor Pockets \$182,000**

In 2017, the Sierra Sands Unified School District contracted for major upgrades to Burroughs High School in Ridgecrest. The prime contractor hired by the District subcontracted the project’s concrete and paving work to CLS Constructors, Inc. of San Bernardino County. CLS in turn subcontracted to TLG Paving Company, Inc. of Corona to install cement curbs and a new parking lot for \$182,191.

TLG began their work in June 2017 and completed their job in August. In accordance with their contract, TLG submitted their invoices each month to CLS for payment. CLS submitted those invoices to the Sierra Sands Unified School District, which promptly



paid CLS when the bills were received. However, CLS never forwarded any of the funds received from the District to TLG, the company that actually completed the work. TLG made multiple requests and inquiries to CLS but received only promises and silence.

When the owner of TLG was finally located and confronted, the owner of CLS admitted he “had some jobs that went bad and he did not have the money to pay [TLG].” In November 2017, the owner of TLG filed a complaint with CSLB, and the investigation was referred for field investigation. The Enforcement Representative assigned to the case was a former public works investigator, and she quickly substantiated the allegations against CLS. As a result of the investigation, an accusation was filed recommending revocation of CLS’s license and restitution to TLG. On June 17, 2019, the case was resolved with a stipulation of restitution in the amount of \$182,191 to TLG prior to relicensure.

### **Revoked Licensee Pleads Guilty to Felony**

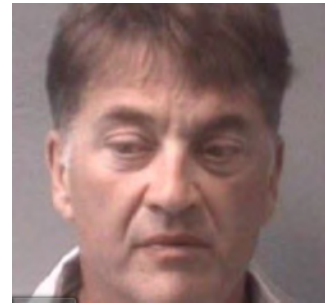
In December 2014, Louis Noell was doing business as The Woodwork Store, Inc. and signed contracts with four different Riverside County residents for cabinet work totaling over \$46,000. In each case, Noell demanded and received an excessive deposit, collecting a total of \$21,500 from his victims. Noell never completed any work or purchased any materials for the projects. Instead, Noell declared bankruptcy the following month. The homeowners filed complaints with CSLB, which were investigated by the San Bernardino Investigative Center. The investigations resulted in the filing of an accusation against the license, which ultimately resulted in the licensing being revoked in December 2017. Additionally, CSLB’s Quality Assurance Unit conducted a forensic audit of Noell’s bank accounts, which substantiated Noell’s diversion of the deposit payments for his personal use. A criminal case was forwarded to the Riverside County District Attorney’s office, and Noell was charged with multiple felonies. On July 12, 2019, the Riverside Deputy District Attorney successfully secured a plea conviction from Noell for felony diversion of funds. Noell was remanded into the Sheriff’s custody for 90 days’ service in a work release program and formal probation for three years. Noell is required to pay victim restitution, with interest accruing at ten percent per year.

### **Unlicensed Contractor Attempts to “Clean Up” in Wildfire Area**

After the North Bay Wildfires in October 2017, unlicensed contractor Peter Koke came to Sonoma County and began soliciting debris removal work, using the business name Koke Clean Up. Koke provided estimates and signed contracts with multiple fire victims to remove trees and debris, and he utilized several workers without possessing workers’ compensation insurance. A local resident alerted CSLB to the unlicensed activity, and the allegations were investigated by CSLB’s Special Investigations Unit and the Statewide Investigative Fraud Team. The investigation identified six separate victims, four of whom had signed contracts with Koke for a total of \$134,700. In addition to Koke being unlicensed, CSLB’s investigation revealed other unlawful business practices: forged customer signatures on legal documents, violation of local and state



regulations regarding site clearance, and incomplete worksites abandoned. CSLB submitted a criminal case to the Sonoma County District Attorney's Office, and Koke has been charged with grand theft, filing false or forged documents, displaying a license not issued to a contractor with intent to defraud, and acting in the capacity of a contractor without a valid license. Koke failed to appear at his preliminary hearing on May 9, 2019, and a warrant has been issued for his arrest. Koke was added to the CSLB's Most Wanted List in August 2019.



### **Elder Abuse in San Jose**

In April 2017, an 82-year-old San Jose homeowner who received a "cold call" from unlicensed contractor TS Heating and Air agreed to let the company perform a free inspection of her HVAC system. TS Heating and Air representative Yaniv Abutbul inspected the HVAC system and told the homeowner she needed new ductwork; he provided a verbal quote to perform the work for \$7,150. The homeowner agreed, and paid a \$715 deposit. Abutbul and his (uninsured) assistant, John Ross Tucci, "completed" the work in May 2017; but then informed the elderly victim her home needed additional insulation and more ductwork. Abutbul and Tucci collected a deposit of \$8,400 and another \$4,900 for "materials" before beginning the additional work. In the following weeks, Abutbul requested and received six additional payments, eventually collecting a total of \$61,900 from the elderly homeowner. Fortunately, a suspicious neighbor called the San Jose Police Department who then contacted CSLB. The case was investigated by a CSLB Peace Officer. A CSLB Industry Expert (IE) inspected the work and determined that the elderly homeowner's old ductwork had indeed been removed, but it was never replaced. Moreover, the existing furnace had been damaged beyond repair. The IE estimated the cost to repair all damage would be \$16,334. The case was referred to the Santa Clara County District Attorney's office (DA) for criminal prosecution. Based on CSLB's investigation, the DA issued arrest warrants in July 2019 for Abutbul, Tucci, and two associates for elder financial abuse and contracting without a license. Tucci has also been charged with grand theft. The warrants have been served, and trials are pending.

### **STAFF VACANCY UPDATE**

Staff vacancies directly affect productivity and workloads in Enforcement division. The number of vacancies within the division peaked at 31 in July 2017. Thanks to the combined efforts of Enforcement division management, CSLB's Personnel Unit, and the Department of Consumer Affairs, CSLB has successfully reduced the number of vacancies to 16. These 16 vacancies are comprised of four Enforcement Representative II positions, three Enforcement Representative I positions, three Consumer Services Representative positions, five Office Technicians, one Program Technician II position. Candidates have been selected and are pending approval for



four of these positions. The remaining 12 positions have been or soon will be posted for refilling.

### **GENERAL COMPLAINT-HANDLING STATISTICS (July 2018 – July 2019 )**

#### **Pending Investigations**

At present staffing levels, the optimum Enforcement division caseload is 3,840 pending complaints. As of August 2019, the pending caseload was 3,809, with an average of 32 cases assigned to each Enforcement Representative (ER).

#### **Restitution to Financially Injured Persons**

CSLB continues to assist consumers and licensees to resolve non-egregious consumer complaints. From July 2018 to July 2019, complaint-negotiation efforts by Enforcement division staff resulted in more than \$25 million in restitution to financially injured parties.

#### **Enforcement Representative Production Goals**

From July 2018 to July 2019, Investigative Center ERs met the board's goal of a weighted statewide average of 10 complaint closures per month.

#### **Complaint-Handling Cycle Time**

The board's goal is to appropriately disposition all but 100 complaints within 270 days of receipt. As of August 2019, 120 of the 3,809 open complaints – or 3 percent – exceeded 270 days in age.

#### **Investigative Center Legal Actions**

From July 2018 to July 2019, the Investigative Centers (ICs) referred 32 percent, or 650 of the 2,063 legal action investigations for criminal prosecution.

#### **Case Management Activities (July 2018 – July 2019)**

- **Arbitration**
  - 943 arbitration cases were initiated resulting in over \$4 million in restitution to injured parties.
  - 127 licenses were revoked for non-compliance
- **Citations**
  - 1,082 (594 Licensee, 488 Non-Licensee) citations were issued
  - 406 (245 Licensee, 161 Non-Licensee) citations were appealed



- 777 (518 Licensee, 259 Non-Licensee) citations were complied with

- **Accusations**

- 420 revocations resulted from filed accusations
- Nearly \$900,000 in restitution was paid to injured parties
- \$545,000 in cost recovery was received.

**STATEWIDE INVESTIGATIVE FRAUD TEAM**

CSLB’s Statewide Investigative Fraud Team (SWIFT) is comprised of Enforcement Representatives (ERs) who enforce license and workers’ compensation insurance requirements at active jobsites. ERs respond to leads and partner with other state agencies, law enforcement and district attorneys’ offices to conduct enforcement sweeps and undercover sting operations targeting unlicensed persons. From July 1, 2018 to July 31, 2019, SWIFT conducted 80 sting operations, participated in 388 sweep days, and responded to 1,459 leads.

**Legal Action Closures**

From July 1, 2018 to July 31, 2019, SWIFT closed 4,205 cases as a result of stings, sweeps, and leads, of which 1,575 resulted in an administrative or criminal legal action, as well as the issuance of 1,116 Advisory Notices for minor violations and illegal advertising.

**District Attorney Referrals**

SWIFT often refers criminal cases to local district attorneys for prosecution. Criminal referrals occur as a result of stings, where a Notice to Appear was issued, or as a result of a lead, or sweep operation. From July 1, 2018 to July 31, 2019, SWIFT has referred 974 cases to local District Attorneys’ Offices for criminal prosecution.

<b>July 1, 2018 to July 31, 2019 Criminal Referrals</b>	
Licensee Criminal Referrals	138
Non-Licensee Criminal Referrals	836
<b>Total</b>	<b>974</b>



**Citations**

From July 1, 2018 to July 31, 2019, SWIFT issued 569 licensee and non-licensee citations and assessed \$720,400 in non-licensee citation civil penalties. (Licensee citations are issued by Case Management staff.)

**Stop Orders**

A Stop Order is a legal demand to cease all employee labor at any jobsite due to workers’ compensation insurance violations until an appropriate policy is obtained. Failure of a contractor to comply with a Stop Order is a misdemeanor criminal offense, punishable by up to 60 days in county jail and/or a fine of up to \$10,000. From July 1, 2018 to July 31, 2019, SWIFT issued 620 Stop Orders to licensed and unlicensed individuals for using employee labor without having a valid workers’ compensation policy.

**Labor Enforcement Task Force (LETF)**

Created in 2012, the Labor Enforcement Task Force (LETF) is comprised of investigators from CSLB, the Department of Industrial Relations (DIR) Division of Labor Standards and Enforcement, the DIR Division of Occupational Health and Safety, and the Employment Development Department. LETF combats the underground economy in California and strives to create an environment where legitimate businesses can thrive. LETF aims to:

- Ensure that workers receive proper payment of wages and are provided a safe work environment;
- Ensure that California receives all employment taxes, fees, and penalties due from employers;
- Eliminate unfair business competition by leveling the playing field; and
- Make efficient use of state resources in carrying out LETF’s mission.

Below are LETF statistics for July 1, 2018 – July 31, 2019:

CATEGORY	RESULT
Number of Contractors Inspected	319
Number of Contractors Out of Compliance	276
Percentage of Contractors Out of Compliance	87%
Total Initial Assessments	\$2,010,876

*Note: The results reflect joint LETF inspections with Cal/OSHA, CSLB, DLSE & EDD. Total initial assessments reflect the amount assessed by Cal/OSHA and DLSE at the time of the inspection. These amounts are subject to change.*

## AGENDA ITEM E-3

# Update on CSLB Solar Task Force and State Agency Partnerships



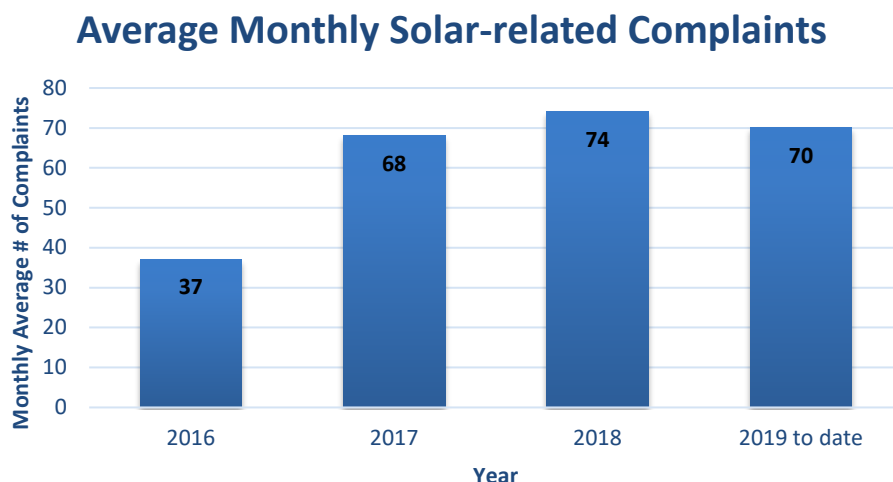


### Solar Task Force Update

#### SOLAR COMPLAINT BACKGROUND

The CSLB Solar Task Force was created in 2015 in response to a sudden increase in consumer filed complaints relating to the installation of residential solar panels. April 2019 was the first month since January 2016 that CSLB saw a decrease in the number of monthly solar complaints. Recent data analysis documents a 15 percent decline in the number of monthly solar-related complaints CSLB received between April 2019 (76 complaints received) and July 2019 (66 complaints received).

This trend is further supported by the chart below, which demonstrates the historic increase in the monthly average of consumer-filed solar complaints year-over-year since January 1, 2016, but also shows that the rate at which CSLB is receiving solar-related complaints appears to be stabilizing.



Between July 2018 and July 2019 CSLB received 913 solar-related consumer complaints which led to 56 legal actions, 14 of which were referred for criminal prosecution. Over 50 percent of the complaints involved violations of poor workmanship, abandonment, and/or initial misrepresentation of contract terms. CSLB staff in both the Intake and Mediation and Investigative Centers continue to be highly successful in settling complaints resulting in restitution to the injured parties equaling \$1.8 million in FY 2018-19.





## **STATE AGENCY PARTNERSHIPS**

In November 2018, CSLB and the California Public Utilities Commission (CPUC) co-hosted a Joint Agency Solar Consumer Protection Strategy meeting aimed at addressing the predatory sales tactics seen in varying disadvantaged communities across California. It was agreed that CSLB, CPUC, and the Department of Business Oversight (DBO) would establish a Joint Agency Solar Consumer Protection Task Force (Task Force). The Task Force has accomplished the following since that initial meeting.

### **Memorandum of Understanding**

A memorandum of understanding (MOU) was initiated that allows CSLB, CPUC, and DBO to leverage their collective resources to provide preventative outreach and necessary assistance to those consumers who have been victimized by predatory sales tactics. The MOU allows for the following framework to ensure consumers know their rights and remedies, and that complaints can be documented, tracked, and addressed across agencies:

- Establish official public-facing points of contacts at each agency, and update websites and other outreach materials for easier access by consumers who have installed solar energy systems, or who are interested in installing solar energy systems;
- Develop systems to document consumer complaints related to solar contractors for inclusion in CSLB’s 2019 annual report on solar complaints;
- Train agency staff to coordinate with community-based organizations on tracking complaints; and
- Participate in inter-agency working groups and other regulatory processes to enhance solar consumer protections.

### **Additional Meetings**

On August 19, 2019, the third meeting of the Task Force was held at CSLB headquarters. Each of the current three working groups presented an update on their activities and next steps, which are summarized below:

- **Preventative Outreach and Education** – The members of this working group met five times and completed the “Thinking about Going Solar” bulletin (see below). PG&E will distribute the bulletin in both English and Spanish to nearly 300,000 Fresno County customers. Prior to distribution, the working group plans to conduct a press event to increase awareness and readership of the document.

**SOLAR CONSUMER PROTECTION GOVERNMENT TASKFORCE**

California Public Utilities Commission | Contractors State License Board  
Department of Business Oversight | Fresno County District Attorney's Office

**THINKING ABOUT GOING SOLAR? READ THIS FIRST!**

Getting solar on your home is a great way to join California's clean energy future. While the vast majority of solar installers follow the law, some may try to take advantage of you. Visit [www.cslb.ca.gov/solar](http://www.cslb.ca.gov/solar) and consider the following 8 tips:

1. **Ask Questions and Don't Rush:** *Don't let anyone pressure you into making a fast decision.* A good solar provider will answer your questions now to avoid misunderstandings later.
2. **Know How Much Power You Use:** Before going solar, make sure you know how much your current electricity costs are, how much electricity you use, and what size solar system you'll need. There are many online calculators to help; find some at: [www.cslb.ca.gov/solar](http://www.cslb.ca.gov/solar).
3. **Check the License:** Verify that the solar provider has an active state contractor's license here: [www.cslb.ca.gov](http://www.cslb.ca.gov). Most residential systems are installed by either a C-10 (Electrical Contractor), C-46 (Solar Contractor), or B (General Building Contractor). Home Improvement Salespersons must be registered by CSLB before they can negotiate with you or get you to sign a contract.
4. **Know your Options:** If you participate in low income programs like CARE, FERA or Medical Baseline Programs, the cost of energy from a new solar system could be more than what you're currently paying. Find out if you qualify for any low income or special programs to make solar more affordable here: [www.cpuc.ca.gov/solarandDACs](http://www.cpuc.ca.gov/solarandDACs). Get competing bids from licensed solar providers. Get references from the contractors for homeowners who had their solar system installed more than one year ago.
5. **Understand Solar Financing:** *Remember that solar energy isn't free.* Make sure you understand how you are paying and ask if a lien will be placed on your property and how that could impact the future sale or refinancing of your home. Whether you are considering a system purchase or lease, the most popular financing options include: Power Purchase Agreements (PPA), Property Assessed Clean Energy (PACE) financing and unsecured personal or home improvement loans. You may also lease a system or enter into a PPA (where you buy power produced by the system). If you buy a new solar system, the cost typically ranges from \$15,000 to \$35,000, depending on how much power the system can produce and how much it will cost to install.
6. **Get Everything in Writing:** Don't rely on what a solar provider or salesperson tells you about how much you'll save, or how much something will cost. Get all numbers in a written contract in the language they spoke to you in. Be certain that the solar provider gives you contact information for their customer service department, so you know who to call if you have any questions about your solar system.
7. **Review the Contract Closely:** Before signing any contract, be sure you understand how much you'll pay (including all costs and fees), what you will get in return, and how the system works. Make sure the contract explains how maintenance, warranty, and dispute resolution will be handled.
8. **Canceling a Contract:** Unless your solar contract was signed at the solar provider's place of business or will be installed on a new home, you have three business days to cancel the contract without penalty. Don't allow construction to begin until after that period ends.

If you feel you've been treated unfairly by a solar installation company, you can file a complaint with CSLB here: [www.cslb.ca.gov/consumers](http://www.cslb.ca.gov/consumers) or get a complaint form by calling 800-321-CSLB (2752).

If you're having problems or experience issues with PACE Program financing, contact the Department of Business Oversight at 866-275-2677 or file a complaint here: [www.dbo.ca.gov/file-a-complaint](http://www.dbo.ca.gov/file-a-complaint).

If you have been unable to resolve a dispute with your utility over your solar electricity bill or with interconnecting a solar system to the grid, contact the California Public Utilities Commission at 800-649-7570 or file a complaint here: [www.cpuc.ca.gov/solarcomplaints](http://www.cpuc.ca.gov/solarcomplaints).

If you have legal concerns, contact the Fresno County District Attorney's Consumer & Environmental Protection Division at 559-600-4400.



EQUIPO DE TRABAJO GUBERNAMENTAL DE PROTECCIÓN AL CONSUMIDOR DE ENERGÍA

Comisión de Servicios Públicos de California | Junta Estatal de Licencias de Contratistas
Departamento de Supervisión de Negocios | Oficina del Fiscal del Distrito del Condado de Fresno

¿ESTÁ PENSANDO EN USAR ENERGÍA SOLAR? ¡LEA ESTO PRIMERO!

Una excelente manera de ser parte del futuro de la energía limpia de California es utilizando la energía solar en su hogar. Mientras la gran mayoría de los proveedores de energía solar siguen la ley, también hay muchos de ellos que pueden intentar aprovecharse de usted. Es por esto que debe visitar el sitio web www.cslb.ca.gov/solar, y considerar los siguientes consejos:

- 1. Haga las Preguntas Necesarias. No deje que nadie lo presione para tomar una decisión rápida.
2. Averigüe Cuanta Energía Utiliza en su Hogar. Antes de instalar un sistema de energía solar, asegúrese de saber cuánto gasta actualmente en electricidad...
3. Siempre Debe Revisar la Licencia. Verifique que el proveedor de energía solar tenga vigente su licencia de contratista estatal...
4. Conozca sus Opciones. Si participa en algún programa de bajos ingresos como CARE, FERA o Programas Médicos...
5. Entienda el Financiamiento de la Energía Solar. Recuerde que la energía solar no es gratis.
6. Haga Todo por Escrito. No confíe en lo que un proveedor o vendedor de energía solar le diga...
7. Revise el Contrato Cuidadosamente. Antes de firmar cualquier contrato, asegúrese de comprender cuánto pagará...
8. Cancelación de un Contrato. Por derecho, usted tiene tres días hábiles para poder cancelar el contrato sin penalización alguna...

Si cree que ha sido tratado injustamente por una empresa de instalación solar, puede presentar una queja ante la CSLB en www.cslb.ca.gov/consumers o también puede obtener un formulario de quejas llamando al 800-321-CSLB (2752).
Si tiene problemas con el financiamiento del Programa PACE, comuníquese con el Departamento de Supervisión de Negocios al 866-275-2677 o presente una queja aquí: www.dbo.ca.gov/file-a-complaint.
Si no ha podido resolver una disputa con el servicio público sobre su factura de electricidad solar o tiene problemas de conexión del sistema a la red, comuníquese con la Comisión de Servicios Públicos de California al 800-649-7570 o presente una queja aquí: www.cpuc.ca.gov/solarcomplaints.
Si tiene algún problema legal, comuníquese con la División de Protección al Consumidor y Ambiental del Fiscal del Condado de Fresno al 559-600-4400.



- **Coordinated Enforcement Opportunities** – The members of this working group met three times and focused on best practices for data gathering and sharing, as well as developing a strategy to increase enforcement as it pertains to lead generators and the misleading sales practices some employ. This working group has also been communicating with California Alternative Energy and Advanced Transportation Financing Authority in an effort to develop a restitution fund for homeowners who have been victimized by predatory sales practices related to PACE funding.
- **Complaint Tracking and Reporting** – The members of this working group met five times and developed the following goals:
  - Improve collaboration among agencies with jurisdiction over various parts of the solar industry
  - Develop comprehensive tracking of solar-related complaints in California and a streamlined referral process
  - Identify major trends and problems in the California solar industry
  - Track resolutions/outcomes of cases in the central valley (Huron/Parlier)

Members of the working group presented an agency jurisdiction matrix that will be used for training and provided an update on the joint complaint tracking list. To date, CSLB has received 29 referrals from DBO and CSLB has referred 16 PACE-related CSLB consumer-filed complaints to DBO for simultaneous investigation.

The Task Force plans to continue to meet quarterly; the next meeting is scheduled for October 2019.

### **CPUC Solar Information Packet**

On July 1, 2019, the CPUC released the English version of the California Solar Consumer Protection Guide which can be found online at <https://www.cpuc.ca.gov/solarguide/> . On August 30, 2019, the guide will be available on the above website in the following languages: Chinese, Korean, Spanish, Tagalog, and Vietnamese. Beginning September 30, 2019, consumers must initial the first four pages and sign the final page of the consumer guide, along with CSLB's solar disclosure documents, and the solar provider must upload them to the utility interconnection portals before the consumer can be connected to the power grid. This only applies to residential rooftop solar installations; new construction is exempt. This material is intended to enable consumers to make an informed decision about installing solar on their single-family homes.

## AGENDA ITEM E-4

# Review and Discussion of 2018 Consumer Satisfaction Survey Results





CONTRACTORS STATE LICENSE BOARD  
REPORT ON THE

CONSUMER SATISFACTION SURVEY:  
2018 COMPLAINT CLOSURES  
(January to  
December)

Report Date: July 2019

## Executive Summary

The Consumer Satisfaction Survey Report is based on surveys of individuals who have filed complaints with the Contractors State License Board (CSLB) Enforcement division against licensed or unlicensed contractors. These surveys assess the public's satisfaction with CSLB's handling of their complaints. The original benchmark survey began with complaints that were closed in 1993, and assessment of consumer satisfaction has continued since that time. The present report measures consumer satisfaction for complaints closed in calendar year 2018.

Eight of the nine questions on the 2018 survey were identical to those used since 1993, and the same seven-point agreement scale was used. From 1993-2009, 4,800 complainants (400 per month) were selected randomly to receive surveys. In 2010, the survey's format and sampling method were changed; CSLB began to email the survey to all consumers with closed complaints who had provided email addresses. In 2018, 9,061 complainants provided email addresses, of which 8,700 were deemed valid. Surveys were sent out in individual monthly batches throughout 2018 and early 2019.

In 2018, a total of 1,328 complainants, 15 percent of those surveyed, responded to the questionnaire, a rate similar to that of previous years.

### *Major Findings and Comparison with Previous Years*

Table 1 summarizes the survey results from consumers with complaints closed in 2018. The table also includes the annual ratings for the eight consumer satisfaction questions (service categories) over the previous four years. Due to a sampling error, the 2018 results are based on eleven months of data, not twelve as in prior years.

In 2018, the lowest agreement (55%) was for the question, "The action taken in my case was appropriate," whereas the highest agreement (87%) was for the question related to being treated courteously, a consistent pattern for the last five years. From 2017 to 2018, two service categories showed a 2 percent increase, two service categories showed a 1 percent increase, one service category showed a 2 percent decrease, one service category showed a 3 percent decrease, and two service categories remained unchanged.

**TABLE 1: HISTORICAL RESULTS OF THE CONSUMER SATISFACTION SURVEY (2014-2018)**

Questionnaire Statements	Percent Agreement by Calendar Year				
	2014	2015	2016	2017	2018*
1. The CSLB contacted me promptly after I filed my complaint.	80%	77%	77%	78%	80%
2. The procedures for investigating my complaint were clearly explained to me.	75%	74%	76%	75%	76%
3. The CSLB kept me informed of my case's progress during the investigation.	66%	66%	68%	68%	68%
4. I was treated courteously by the CSLB's representative(s).	83%	84%	87%	85%	87%
5. My complaint was processed in a timely manner.	65%	66%	65%	66%	66%
6. I understand the outcome of the investigation (whether or not I agree with the action taken).	69%	70%	70%	69%	70%
7. The action taken in my case was appropriate.	58%	56%	58%	57%	55%
8. I am satisfied with the service provided by the CSLB.	63%	62%	62%	64%	61%

\*2018 data covers 11 months only



Forty-two percent of survey respondents selected “yes” to Question 9, “Before hiring, I inquired about my contractor’s license status with the CSLB,” very similar to previous years.

The vast majority of complaints were filed by non-industry consumers, and most addressed home improvement repairs or remodeling. Over 70 percent involved a licensed contractor.

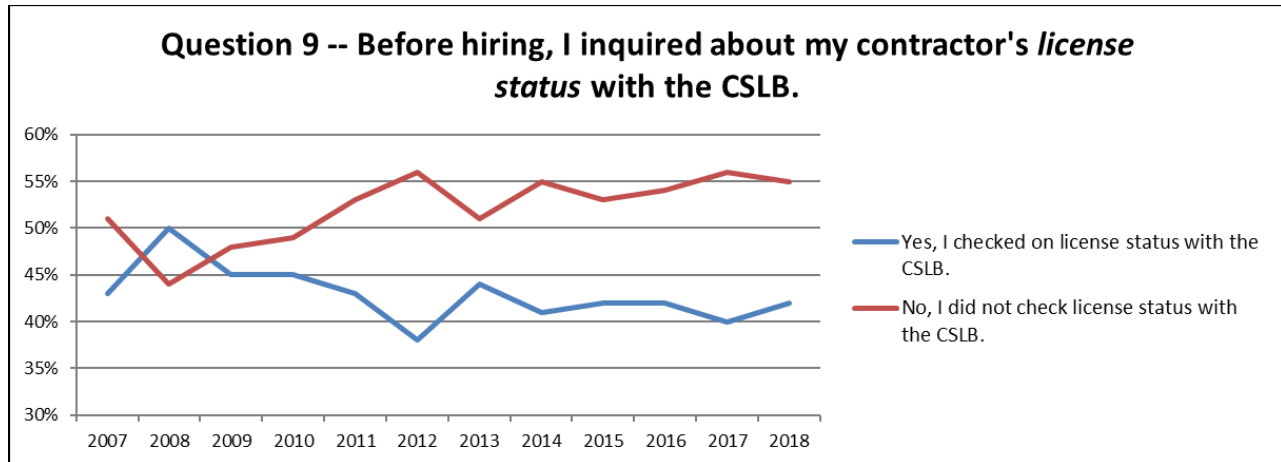
A comparison was made between the 8,700 surveyed complainants and the 1,354 respondents, regarding complaint outcome. Approximately 59 percent of the complaints in the total survey sample were closed in favor of the complainant. Approximately 66 percent of the survey responses came from those whose complaints had positive outcomes.

## History

In 1994, the Contractors State License Board began a program to improve consumer satisfaction with CSLB's enforcement program. A cornerstone of this effort was a survey to solicit feedback from individuals who filed complaints with the Board. The first postcard survey, covering complaint closures from 1993, was designed to serve as a benchmark in an ongoing evaluation program as well as to identify areas in need of improvement. These ongoing surveys have been conducted by CSLB's Testing division. The present report covers eleven months of complaints closed between January and December 2018 and compares these results with the previous four years.

The Consumer Satisfaction Survey also provides a convenient method for polling consumers on other issues. Since 2000, the survey has been used to estimate the percentage of complainants who inquired about the contractor's qualifications with CSLB. Agreement with this question has ranged from 29 percent in 2000 to 50 percent in 2008. In 2007, this question was rephrased from “Before hiring, I inquired about my contractor’s *qualifications* with the Contractors State License Board” to “Before hiring, I inquired about my contractor’s *license status* with the CSLB,” and the answer choices changed from an agreement scale to a yes/no format. Since 2007, between 38 percent and 50 percent of respondents endorsed this statement (a mean of 43 percent). Figure 1 shows these results by year.

Figure 1



\*2018 data covers 11 months only

In 2007, Question 10, an open-ended follow-up to Question 9, was added to assess the reasons why some consumers did not inquire about the license status of their contractors with CSLB. The responses to Question 10 were reviewed and sorted into twelve comment categories. In 2010, CSLB eliminated this question.

## Project Design

### *Questionnaire Description*

The nine-item 2018 questionnaire was developed in Survey Monkey and included eight questions assessing customer service. Seven of them related to specific aspects of the complaint process, and one was about overall satisfaction. These questions were virtually identical to those used since 1994. Complainants were asked to rate the questions on a seven-point agreement scale that provided three levels of agreement with a question (strongly agree, agree, and mildly agree), and three levels of disagreement (strongly disagree, disagree, and mildly disagree). The rating scale also included a "neutral" point. The final question addressed whether or not consumers inquired with CSLB about their contractor's license status prior to hiring and required a yes/no response. The questionnaire also provided space for written comments. A copy of the questionnaire is attached as Appendix A.

Before receiving the survey, each complainant's email address was linked with his/her case number to allow for an analysis of survey responses by the nature of the complaint. The information from complaint files also helped to determine whether or not the respondent sample was representative of the larger group of complainants.

### *Sampling Procedure*

In calendar year 2018, CSLB completed the investigation or mediation process for 21,978 complaints filed by consumers against licensed and unlicensed contractors, 1,954 more than in 2017. Complainants who provided CSLB with an email address

were selected from all of the closed complaint files in 2018. Duplicate complainants and clearly incorrect email addresses were removed from the sample prior to emailing, leaving a total sample of 8,700. Surveys of consumers whose complaints were closed in each month were emailed throughout 2018 and early 2019. Inadvertently the sample for April 2018 was sent the survey twice (in two different months). As a consequence, May's sample of complainants did not receive a survey. This error was discovered months later, and as a result this 2018 annual report covers only eleven months, not a full year.

### *Analysis Procedure*

Combining the three "Agreement" points, and then dividing this number by the total number of respondents, determined the level of agreement with each service category question. This procedure provided the proportion of respondents who agreed with the question.

The complaint number attached to each complainant's email address linked response ratings with specific characteristics of the complaint itself. This allowed assessment of complainant satisfaction in the context of the ultimate outcome of the complaint. The complaint files also helped to determine whether or not the consumers who responded to the survey were similar to the total sample.

### *Complainants' Comments*

In previous survey years, comments were hand-entered into a database and assigned one or more subject-specific codes (comment category). The majority of comments elaborated on the questionnaire statements, and the remaining comments presented additional areas of consumer concern. Some complainants used the comment space to request contact by a CSLB representative, to indicate that they were unsure about the outcome of their case, or to provide positive remarks about CSLB representatives who handled their cases. These surveys were forwarded to CSLB Enforcement staff. Since 2010, all of the comments have been typed by the complainants themselves, thereby reducing the need to first decipher handwriting and then enter and code the comments.

## **Results**

### *Response Rate*

In 2018, the total number of survey responses, 1,328, was 15 percent of those selected for the sample. The response rate for this survey has ranged from 15-31 percent, which is considered standard for this type of survey.

### *Consumer Agreement with Questionnaire Statements*

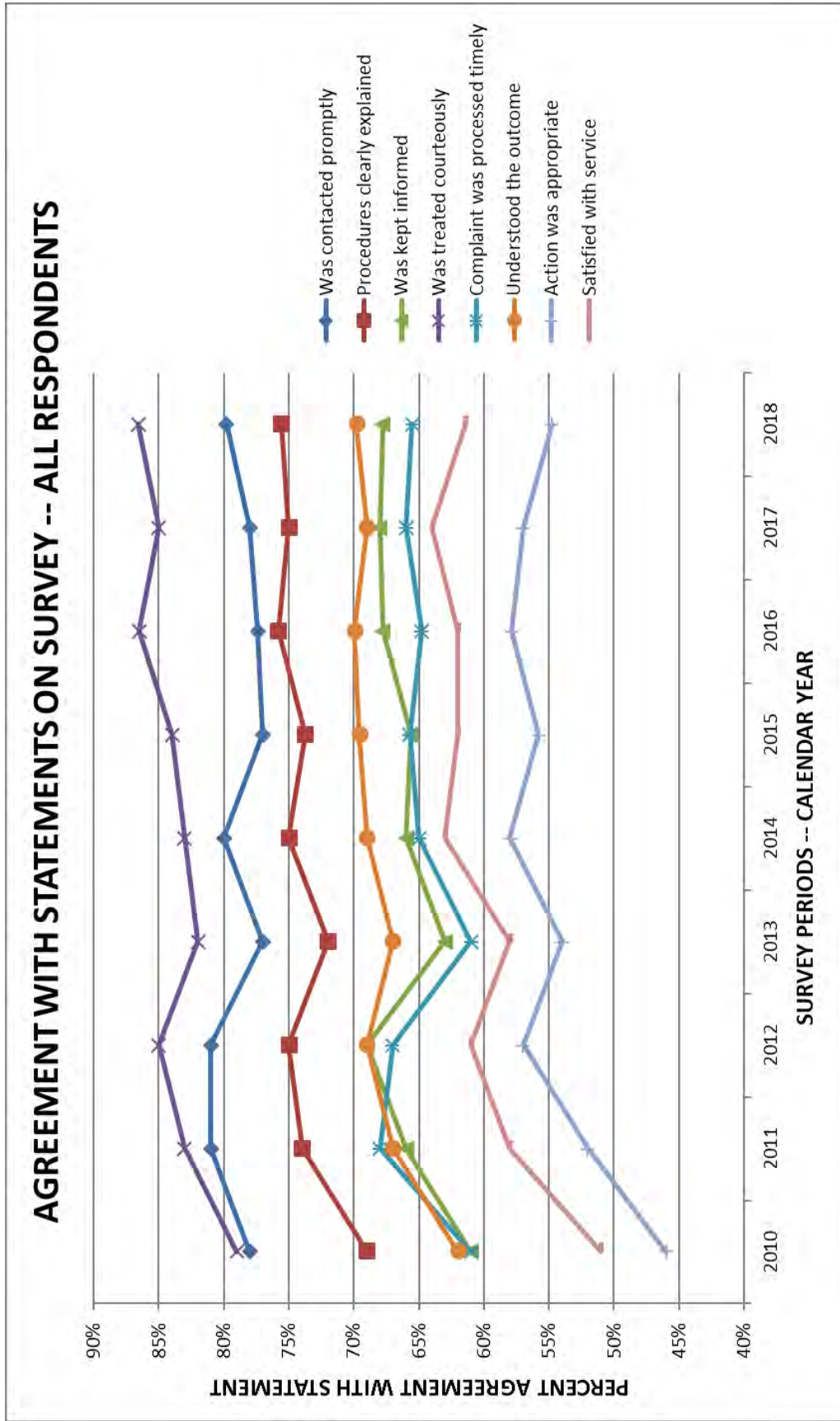
Appendix B (Table B-1) contains the detailed results for the 2018 Consumer Satisfaction Survey, indicating the individual percentages for each "agreement" category. Table 1 of the Executive Summary presents the satisfaction ratings for the 2018 survey, along with results from 2014 to 2017. Consumer agreement

information is also presented in graph form in Figure 2.

### *Contractor Qualifications*

The question addressing contractor qualifications was included to assess the need for public education in this area. Question 9 asked, “Before hiring, I inquired about my contractor’s qualifications with the Contractors State License Board.” See Figure 1.

**FIGURE 2**  
**HISTORICAL RESULTS OF THE CONSUMER SATISFACTION SURVEY**  
**(2010 – 2018\*) LINE GRAPH PRESENTATION**



\*2018 data covers 11 months only

### *Complainants' Comments*

Sixty-seven percent of the responding complainants chose to include comments with their survey responses, a percentage consistent with past results. As in previous years, the comments ranged from requests for follow up, additional information about the status of complainants' cases, and feedback regarding CSLB representatives. The comments also included suggestions for procedure changes regarding the CSLB complaint process. All comments were forwarded to CSLB's Enforcement staff for review.

### *Sampling Validity*

In survey research, respondents to a survey may not be representative of the overall group, which can occur when a particular segment of the sample is more motivated to respond to the survey. Approximately 59 percent of the surveyed complainants had favorable outcomes, while approximately 66 percent of those who responded to the survey had favorable outcomes.

### *Change in Sampling Method*

Beginning in 2010, CSLB altered the sampling method from random sampling to convenience sampling. Random sampling is preferred for most surveys to ensure that the sample is representative of the overall population of interest. It assumes that characteristics such as gender, age, socioeconomic status, etc. are equally distributed across the survey population and, therefore, will be equally distributed across a random sample.

Convenience sampling selects participants based on their availability to the researcher. As applied to the CSLB Consumer Satisfaction Survey, using an email survey rather than a paper and pencil survey reduces costs and saves staff time. The most convenient sampling method, therefore, uses those complainants who provided their email addresses. While convenience sampling can induce bias in a survey, depending on the topic, there is no reason to expect that consumers who provided their email addresses to CSLB would have different opinions on the satisfaction measures assessed by the current survey from those who did not provide email addresses.

## TECHNICAL APPENDICES

Appendix A: CONSUMER SATISFACTION SURVEY QUESTIONNAIRE  
Appendix B: DETAILED RESULTS OF CONSUMER SATISFACTION SURVEY  
Appendix C: CONSUMER COMPLAINT PROFILE

## APPENDIX A

### Consumer Satisfaction Survey Questionnaire



## Consumer Satisfaction Survey month/year

### 1. Introduction Section

Dear Consumer:

As part of our ongoing efforts to improve service to consumers, we are conducting a survey to monitor the quality of service provided to consumers who have filed a complaint with the Contractors State License Board.

Your name was selected from our complaint files that were recently closed.

Would you please take a few minutes to respond to the following survey? We need to hear from you so that we can identify where improvements are needed. Of course, we would also like to hear how we are serving you well.

When you are done just click on the "DONE" button at the bottom of the last page to forward your responses on to the Board.

Thank you for taking the time to participate in this survey!

Contractors State License Board

## Consumer Satisfaction Survey month/year

### 2. Survey instructions and questions

Please have the person most familiar with the complaint complete the survey. Select the response that shows how much you agree with each statement on the survey.

We are identifying your response with your complaint number to provide specific information about CSLB operations. YOUR IDENTITY WILL BE KEPT COMPLETELY CONFIDENTIAL UNLESS YOU REQUEST CONTACT FROM THE CSLB.

	STRONGLY AGREE	AGREE	MILDLY AGREE	NEUTRAL	MILDLY DISAGREE	DISAGREE	STRONGLY DISAGREE
The CSLB contacted me promptly after I filed my complaint.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The procedures for investigating my complaint were clearly explained to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The CSLB kept me informed of my complaint's progress during the investigation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I was treated courteously by the CSLB's representative(s).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My complaint was processed in a timely manner.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I understand the outcome of the investigation (whether or not I agree with the action taken.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The action taken in my case was appropriate.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am satisfied with the service provided by the CSLB.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Before hiring, I inquired about my contractor's license status with the CSLB.

YES

NO

Comments (please include any areas that you feel our staff could improve in and/or examples of superior service to you):

## APPENDIX B

### Detailed Results of Consumer Satisfaction Survey

# Consumer Satisfaction Survey Report - Table B-1

## Overall Results of Consumer Satisfaction Survey 2018 Complaint Closures\*

QUESTION ASKED	STRONGLY AGREE	AGREE	MILDLY AGREE	NEUTRAL	MILDLY DISAGREE	DISAGREE	STRONGLY DISAGREE	NO RESPONSE
1. Was contacted promptly	509 (38%)	432 (33%)	119 (9%)	59 (4%)	52 (4%)	80 (6%)	77 (6%)	4
2. Procedures clearly explained to me	491 (37%)	380 (29%)	133 (10%)	93 (7%)	54 (4%)	63 (5%)	114 (9%)	4
3. Was kept informed	421 (32%)	338 (26%)	137 (10%)	98 (7%)	78 (6%)	99 (7%)	151 (11%)	10
4. Was treated courteously	786 (59%)	318 (24%)	43 (3%)	73 (6%)	23 (2%)	23 (2%)	59 (4%)	7
5. Complaint was processed timely	470 (36%)	272 (21%)	125 (9%)	98 (7%)	57 (4%)	111 (8%)	190 (14%)	9
6. Understood the outcome	512 (39%)	322 (25%)	79 (6%)	105 (8%)	38 (3%)	70 (5%)	182 (14%)	24
7. Action was appropriate	465 (36%)	200 (15%)	52 (4%)	124 (9%)	67 (5%)	116 (9%)	285 (22%)	23
8. Satisfied with service	518 (39%)	225 (17%)	66 (5%)	96 (7%)	57 (4%)	95 (7%)	260 (20%)	15

	YES	NO	NO RESPONSE
9. Checked contractor's license status with CSLB	556 (42%)	727 (55%)	49 (4%)

\* 2018 data covers 11 months only

## APPENDIX C

### Complaint Profile

Complaint Profile  
(January - December  
2018\*)

**TABLE C-1: CLOSING ACTION**

Code	Description	% of Survey Recipient Sample (17,100)	% of Survey Respondents (989)
L70	Settled in Screening (CSR) [+]	15%	28%
L20	Insufficient Evidence	15%	12%
L90	No Further Action	10%	12%
L80	Minor Violation - Warning [+]	9%	7%
L7M	Mandatory Arbitration [+]	4%	6%
L1C	Citation [+]	5%	6%
L50	Settled in Investigation (Deputy) [+]	4%	5%
N20	Insufficient Evidence (Non-Licensee)	9%	4%
N10	Prosecutor (Non-Licensee) [+]	6%	4%
N60	Citation (Non-Licensee) [+]	4%	3%
L1A	Accusation [+]	2%	3%
L30	No Jurisdiction	2%	2%
L60	License Already Revoked [+]	2%	2%
N40	No Further Action (Non-Licensee)	2%	2%
N30	No Jurisdiction (Non-Licensee)	1%	1%
L10	Prosecutor [+]	2%	<1%
L7A	Voluntary Arbitration [+]	<1%	<1%
N50	No Further Action - Warning [+]	3%	<1%
L40	No Violation	<1%	<1%
OID	Voided – Possible Duplicate Complaints	3%	0%
L9B	Bond Payout [+]	<1%	0%
N4L	Lack of Resources	<1%	0%

\*2018 data covers 11 months only





## AGENDA ITEM E-5

# Review and Discussion of Enforcement 2019-21 Strategic Plan Objectives





### 2019-21 Strategic Plan – Enforcement Objectives

#### Item 2.1

**Description:** Formalize a disaster response program for greater efficiencies and to improve response time.

*(See Public Affairs objective 4.2)*

**Target Date:** June 2019

**Current Status:** Completed.

#### Item 2.2

**Description:** Educate the public about the complaint and investigative processes, as well as available resources for financial redress.

**Target Date:** June 2019

**Current Status:** The automated contact letter sent to consumers immediately upon the filing of a complaint was updated in June 2019.

#### Item 2.3

**Description:** In partnership with Public Affairs, develop and implement a plan to identify opportunities to increase publicity concerning enforcement actions, including relaunch of CSLB's Most Wanted feature.

*(See Public Affairs objective 4.4)*

**Target Date:** Develop: June 2019, Implement: January 2020

**Current Status:** In partnership with PAO, developed a plan to identify investigative highlights for publicity efforts. Relaunched CSLB's Most Wanted feature and added two new suspects; one has been arrested. Outreach effort expected to begin in Fall 2019. Now Working with PAO to identify new outreach opportunities.

#### Item 2.4

**Description:** Leverage social media to identify potential workers' compensation violations and unlicensed contracting.

**Target Date:** January 2020

**Current Status:** In Process



2019-21 Strategic Plan – Enforcement Objectives

**Item 2.5**

**Description:** Develop a program to improve complaint response by setting priorities and recognizing staff achievements

**Target Date:** January 2020

**Current Status:** In May 2019, developed updated complaint prioritization guidelines. In July 2019, supervisors began submitting monthly reports highlighting staff achievements.

**Item 2.6**

**Description:** In partnership with the Public Affairs Office and Licensing division, create online courses and content to educate licensees.

*(See Public Affairs objective 4.10 and Licensing objective 1.9)*

**Target Date:** December 2021

**Current Status:** Developed an online building permit compliance training course for licensees who fail to comply with local building department permit requirements.

**Item 2.7**

**Description:** Provide training opportunities to improve morale and staff knowledge.

**Target Date:** Ongoing

**Current Status:** Conducted leadership training for all Enforcement supervisors; conducted training for Enforcement Representatives about case management and district attorney referral process.

**Item 2.8**

**Description:** Prioritize proactive investigation of license requirements to protect the public and licensed contractors by removing unlicensed contractors from the marketplace.

**Target Date:** Ongoing

**Current Status:** Ongoing

**Item 2.9**

**Description:** Attend job fairs to promote employment opportunities at CSLB.

**Target Date:** Ongoing

**Current Status:** Ongoing



# AGENDA ITEM F

## Licensing





## AGENDA ITEM F-1

# Review and Possible Approval of August 6, 2019 Licensing Committee Meeting Summary Report





# CONTRACTORS STATE LICENSE BOARD

## LICENSING COMMITTEE SUMMARY REPORT

### Licensing Committee Summary Report

#### A. Call to Order, Roll Call, Establishment of Quorum, and Chair's Introduction

David Dias, Licensing Committee Chair, called the meeting of the Contractors State License Board (CSLB) Licensing Committee to order at 9:00 a.m. on Tuesday, August 6, 2019, at the Employment Development Department, Auditorium, 722 Capitol Mall, Sacramento, California 95814. A quorum was established.

#### Committee Members Present

David Dias, Chair  
Kevin Albanese  
Agustin "Augie" Beltran  
David De La Torre

#### Committee Members Absent

Marlo Richardson

#### Staff Present

David Fogt, Registrar  
Tonya Corcoran, Chief Deputy Registrar  
Justin Paddock, Chief of Licensing  
Michael Jamnetski, Chief of Legislation  
Kristy Schieldge, DCA Legal Counsel  
Phyliz Jones, Executive Staff  
Mike Sanchez, Department of Consumer Affairs  
Kevin Durawa, Public Affairs  
Amber Foreman, Public Affairs  
Natalie Watmore, Public Affairs

#### Public Visitors

Kathleen Barber, Electrician  
Daniel Barnett, C-10 Employee  
Byron Benton, Electrician  
John Berdner, Enphase Energy  
Eddie Bernacchi, National Electrical Contractors Association (NECA)  
Steven Booker, Electrician  
Jason Bodruk, Solar Edge  
Jerome Braxton, Apprentice Electrician  
Seamus Brennan, Solar Contractor  
Jim Cahill, Sunrun

Steve Campbell, Grid Alternatives  
Joe Cann, CalSSA  
Julius Cherry, Chief of Sacramento Fire Department (Rtd.)  
Andrew Christenson, Solar Developer, Attorney  
Pete Chureson, Electrician, Trainer  
Barry Cinnamon, Cinnamon Energy  
Bernadette Del Chiaro, California Solar Storage Association (CalSSA)  
David Clark, Member of the Public





Jennifer Collins, Apprentice Electrician  
Joel Coppel, San Francisco Planning  
Commissioner  
Jeanine Cotter, Luminalt  
Bernie Kotlier, LMCC  
Lauren Cullem, Sierra Club  
Yvonne de la Pena, California  
Professional Firefighters  
Brian Deppen, Southern California  
Edison  
Shane Diller, California Building Officials  
Travis Dodge, C-10 Employee  
Jesse Elliott, A, C-10, C-46  
Mike Ennett, Electrician  
Tom Enso, Public Member  
Jason Eshelman, IBEW  
Todd Farhat, Lennar Communities  
Gary Gerber, Sun Light and Power  
Zac Goodman, Electrician, Instructor  
Tara Hammond, Sullivan Solar Power  
Glen Harris, Solar Businessman  
Dan Henrich, Morrow Meadows  
Electrical  
Martin Herzfeld, Trainer, C-46, C-7, D-  
31, D-56  
Dave Iloff, Electrician  
Michael Ingram, C-46  
Jim Jenner, Solar and Storage  
contractor  
Joe Kane, Civil Engineer  
Mark Krausee, PG&E  
Charlie Kuffner, Commercial Solar  
Construction Employee  
Alex Lantsberg, C-10  
Celine Lawrence, Sullivan Solar Power  
Bob Lilley, C-10 Employee  
Doug Mangione, International  
Brotherhood of Electrical Workers  
(IBEW)

Taylor Markwith, Sullivan Solar Power  
Dan Martin, Solar Contractor  
Gretchen Newsom, CSAEW  
Don Osborne, C-10  
S.B. Phillips, Electrician Student  
Tim Ramage, Petersen Dean  
Jack Ramsey, C-46, C-10  
Carlos Ramirez, Safety Professional  
Diane Ravnick, former Chief, California  
Division of Apprenticeship Standards  
Stacey Reineksis, Energy Storage  
System Company Owner  
John Reusche, B-General  
Riley Riggs, C-10  
Ian Rodriguez, Employee for A-General  
Mark Rodriguez, Sunrun, CalSSA  
Permitting Chair  
Antonio Sanchez, Electrical Worker  
Representative  
Casey Saucauskas, Electrician  
Allen Sloan, C-10, Safety Professional  
Ed Smallwell, Vote Solar  
Ed Smeloff, solar provider  
Jeremy Smith, construction worker  
representative  
Kent Stodd, solar industry worker  
Matt Stoutenburg, Peak Power  
Solutions  
Blair Swezey, C-46, Manufacturer  
Paul Thoreau, C-10  
Ashton Thurneysson, Tesla  
Alex Tigo, Member of Public  
Chris Tillery, Electrician and Instructor  
Todd Tyler, Electrician  
Bob Ward, IBEW  
Scott Wetch, Coalition of California  
Utility Employers  
Jim Willson, Los Angeles NECA  
Bret Young, Solar Equipment Supplier

**B. Public Comment Session for Items not on the Agenda and Future Agenda Item Request**

Frank Schetter of Schetter Electric, Inc, asked if the board could hold a special meeting to discuss the C-46 Solar and C-10 Electrical issue that has been a topic for the last few years and to come to a determination as soon as possible. Mr. Schetter stated that he believes the board has received inadequate information and feels because of this litigation could be imminent.

**C. Review, Discussion and Possible Action to Pursue Legislation to Enact a Residential Remodeling and Home Improvement License Classification**

Committee Chair David Dias explained that the next two items on the agenda are legislative proposals and that while legislative proposals are usually assigned to the Legislative Committee these items were placed on the Licensing Committee agenda because they both deal with licensing issues and should be discussed by the committee before moving forward to the full board.

Mr. Dias reported that staff had met with stakeholders and collected data in accordance with the board's current strategic plan and has put together a legislative proposal to create a new residential remodeling and home improvement license classification for committee consideration.

Mr. Dias explained that the new classification would be for residential work only and would include three or more unrelated trades. Mr. Dias also noted that the classification would not allow structural alterations, extending plumbing or electrical unless needed to install new fixtures, or installation of HVAC systems.

Mr. Dias also said that the board has previously discussed how such a license classification could bring numerous individuals out of the underground economy, making them subject to CSLB oversight. He also noted that there has been an overwhelming interest in such a license from participants at CSLB's licensing workshops. Additionally, he commented that this classification would likely generate numerous applications, increasing CSLB's license population.

**Legal Counsel Comment:**

DCA Legal Counsel Kristy Schieldge asked Licensing Chief Justin Paddock to review the legislative text in the committee packet.

Mr. Paddock explained that the proposed text amends section 7055 of the Business and Professions Code to include the new B-1 classification and that section 7057.1 was created to describe in detail the scope of work for the new classification.



**Committee Member Comment:**

Committee Member Kevin Albanese said he was pleased with the outcome of the proposal and commended staff for their work in describing the limitations of the new classification while remaining cognizant of the importance of consumer protection.

**MOTION:** That the Licensing Committee recommend the full board approve this legislative proposal for a new license classification in statute and authorize staff to seek an author to carry the legislative proposal. The proposal would include a new B-1 Residential Remodeling/Home Improvement Contractor classification, which would include the following concepts:

- The B-1 classification scope would include three or more trades or crafts with the following restrictions:
  - Limited to working on existing residential wood frame structures
  - Cannot make structural alterations to load-bearing partitions and walls
  - Cannot install or extend electrical or plumbing systems but can make modifications to existing systems (e.g., install recessed lighting or alter plumbing for two shower heads)
  - Cannot install or replace an HVAC system
- Applicants/licensees must comply with CSLB experience, examination, license bond, and workers compensation insurance requirements

Augie Beltran moved; Kevin Albanese seconded. The motion carried unanimously, 4-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
David Dias	✓				
Kevin Albanese	✓				
Augie Beltran	✓				
David De La Torre	✓				
Marlo Richardson				✓	

**D. Review, Discussion, and Possible Action to Pursue Legislation to Increase the Minor Work Licensure Exemption for Contracting (Currently Under \$500 for Labor and Materials)**

Chair Dias stated that this item is closely related to the previous agenda item. This proposal would increase the minor work exemption before a contractor license is required.

Mr. Dias explained that this exemption has not changed since 1998, and that if the board adjusted for inflation the current \$500 limit would be approximately \$860 today. He also stated that this proposal seeks to raise the current \$500 limit to \$1,000 for simplicity and to account for future inflation. This proposal also enables Enforcement



staff to focus on complaints with higher cost impacts. Consumers may seek a remedy in small claims court for jobs under \$1,000.

**MOTION:** To forward for board consideration the legislative proposal to raise the minor work exemption to \$1,000 and authorize staff to seek an author to carry the legislative proposal. David De La Torre moved; Augie Beltran seconded. The motion carried unanimously 4-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
David Dias	✓				
Kevin Albanese	✓				
Augie Beltran	✓				
David De La Torre	✓				
Marlo Richardson				✓	

**E. Review, Discussion, and Possible Recommendation Regarding Cost Benefit Analysis to Outsource CSLB Examination Administration**

Committee Chair Dias noted that researching the feasibility of outsourcing CSLB test administration is part of the board’s 2019-21 strategic plan. Chief Paddock reviewed the cost of in-house testing versus the cost of outsourcing testing to a vendor and noted that the staff recommendation is to re-evaluate this issue in September 2020 in order to: 1) gather more accurate vendor costs, as DCA is currently negotiating new exam fees; and 2) to avoid impacting the budget with conversion costs at this time.

Committee Member Comment:

Committee Member Albanese stated that although the Examination Administration Unit does a fantastic job, an option that involves significant cost savings should be on the December 2019 board agenda.

**MOTION:** That the full board consider directing staff to do no further work on the cost benefit analysis for outsourcing exam administration at this time but report to the board in December 2019 on a new cost benefit analysis and the feasibility of outsourcing based on new exam fees. Kevin Albanese moved; Augie Beltran seconded. The motion carried unanimously, 4-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
David Dias	✓				
Kevin Albanese	✓				
Augie Beltran	✓				
David De La Torre	✓				
Marlo Richardson				✓	



**F. Adjournment**

**MOTION:** To adjourn the August 6, 2019, CSLB Licensing Committee meeting. Augie Beltran moved; David De La Torre seconded. The motion carried unanimously, 4-0.

NAME	AYE	NAY	ABSTAIN	ABSENT	RECUSAL
David Dias	✓				
Kevin Albanese	✓				
Augie Beltran	✓				
David De La Torre	✓				
Marlo Richardson				✓	

Licensing Committee Chair David Dias adjourned the CSLB Licensing Committee meeting at approximately 9:20 a.m.



## AGENDA ITEM F-2

# Update and Presentation on use of CSLB Construction Management Education Account Funds





## **CONTRACTORS STATE LICENSE BOARD**

### **CONSTRUCTION MANAGEMENT EDUCATION ACCOUNT FUNDS**

CSLB's Construction Management Education Account (CMEA) has served as a grant source for state universities that offer degrees in Construction Management and is entirely funded through licensee contributions made either when they apply or renew.

Universities may use the money for instructional materials and support equipment, curriculum development and delivery, outreach, continuing education, faculty, or other program-related expenses. CSLB is responsible for the program's administration and annually reports account activity to the Legislature.

The amount of money each school receives is based on its number of construction management graduates the previous year. The universities also must document the placement of more than 50 percent of their graduates with California licensed contractors to qualify for the grants.

The chart on the following page shows CSLB's historic distribution of CMEA grant awards.





**CSLB**

**CONSTRUCTION MGMT. ACCOUNT FUNDS**

Accredited Universities	2004-2005	2005-2006	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2018-2019
CSU, Chico	\$67,000.00	\$81,409.00	\$77,324.87	\$45,029.00	\$48,387.00	\$57,969.60	\$59,210.40	\$63,186.75
CSU, Fresno	\$40,000.00	\$42,168.00	n/a	\$16,125.25	\$18,709.64	\$17,753.19	\$28,124.94	n/a
CSU, Long Beach	\$31,000.00	\$39,715.00	n/a	\$15,516.75	\$19,999.96	\$29,347.11	\$14,802.60	n/a
CSU, Northridge	n/a	n/a	n/a	\$6,997.75	\$5,161.28	n/a	n/a	n/a
CPU, Pomona	\$20,000.00	\$14,000.00	\$15,697.53	\$17,950.75	\$24,193.50	n/a	n/a	n/a
CPU, San Luis Obispo	\$48,000.00	\$48,708.00	\$41,278.69	\$37,118.50	\$20,967.70	\$36,231.00	\$32,072.30	\$68,131.80
CSU, Sacramento	\$22,000.00	\$13,000.00	\$15,697.53	\$11,257.25	\$12,580.62	\$8,695.44	\$15,789.44	\$18,681.30
<b>Totals Granted</b>	<b>\$228,000.00</b>	<b>\$239,000.00</b>	<b>\$149,998.62</b>	<b>\$149,995.25</b>	<b>\$149,999.70</b>	<b>\$149,996.34</b>	<b>\$149,999.68</b>	<b>\$149,999.85</b>

\*There were insufficient funds in the account to distribute grants in fiscal years 2006-07, 2007-08, 2008-09, 2014-15, 2015-16, 2016-17, and 2017-18.



## AGENDA ITEM F-3

# Licensing Program Update

- a. Application Processing Statistics
- b. Renewal Processing Statistics
- c. Workers' Compensation Recertification Statistics
- d. Fingerprinting/Criminal Background Unit Statistics
- e. Experience Verification Statistics
- f. Licensing Information Center Statistics
- g. Judgment Unit Statistics





APPLICATION PROCESSING STATISTICS

The charts below provide the total number of incoming applications received by the application units each month, quarter, and calendar year.

Total Number of Applications Received Per Month

	2018					2019						
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July
Original Exam	1,138	955	1,394	1,117	1,098	1,185	1,305	1,360	1,429	1,329	1,136	1,274
Original Waiver	688	640	788	646	599	787	742	851	788	783	701	661
Add Class	263	308	353	345	385	403	363	445	387	392	336	393
Qualifier Replacer	235	208	241	215	195	225	265	255	254	238	216	207
Home Improvement	937	717	832	773	745	859	926	965	996	1,006	1,011	988
<b>Total Per Month</b>	<b>3,261</b>	<b>2,828</b>	<b>3,608</b>	<b>3,096</b>	<b>3,022</b>	<b>3,459</b>	<b>3,601</b>	<b>3,876</b>	<b>3,854</b>	<b>3,748</b>	<b>3,400</b>	<b>3,523</b>
<b>3 – Month Totals</b>	<b>Aug - Oct: 9,697</b>			<b>Nov - Jan: 9,577</b>			<b>Feb - Apr: 11,331</b>			<b>May - Jul: 10,671</b>		

Total Applications Received – Prior Calendar Years

	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018
Original Exam	10,315	11,749	13,471	13,642	15,500
Original Waiver	7,918	8,109	8,603	8,462	9,327
Add Class	3,772	4,176	4,064	3,974	4,220
Qualifier Replacer	2,278	2,462	2,374	2,488	2,706
Home Improvement	10,932	13,945	10,373	9,522	9,720
<b>Total Received</b>	<b>35,215</b>	<b>40,441</b>	<b>38,885</b>	<b>38,088</b>	<b>41,473</b>



The chart below provides the total number of applications processed by the application units each month.

### Total Number of Applications Processed Per Month

	2018					2019						
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July
Original Exam	2,292	1,916	2,463	1,944	1,855	2,298	2,018	2,224	2,991	2,765	2,223	2,047
Original Waiver	1,454	1,413	1,317	999	1,133	1,421	1,329	1,397	1,431	1,241	1,171	1,106
Add Class	533	425	530	450	475	634	532	618	642	576	525	501
Qualifier Replacer	344	261	316	264	306	271	326	352	391	354	337	293
Home Improvement	935	882	872	857	810	768	999	990	1,257	1,048	1,027	1,036
<b>Total Per Month</b>	<b>5,558</b>	<b>4,897</b>	<b>5,498</b>	<b>4,514</b>	<b>4,579</b>	<b>5,392</b>	<b>5,204</b>	<b>5,581</b>	<b>6,712</b>	<b>5,984</b>	<b>5,283</b>	<b>4,983</b>

The chart below provides the total number of applications processed by the application units each calendar year.

### Total Applications Processed – Prior Calendar Years

	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018
Original Exam	18,673	17,223	22,035	20,795	28,185
Original Waiver	12,771	12,378	14,190	13,564	15,084
Add Class	5,202	5,314	5,925	5,133	6,128
Qualifier Replacer	2,886	2,945	3,157	3,035	3,580
Home Improvement	12,636	15,240	11,077	10,365	10,063
<b>Total Processed</b>	<b>52,168</b>	<b>53,100</b>	<b>56,384</b>	<b>52,892</b>	<b>63,040</b>

Application processing includes one or more of the following tasks:

- Application review is completed; application is returned for correction.
- Application review is completed; application is accepted or “posted” and exam(s) are scheduled.
- Application review is completed; bond and fee notification letter requesting issuance requirement(s) sent.
- Application review is completed; all issuance requirements are met, and license issued.
- Enforcement division flags a member of the application personnel; application is referred to Case Management.
- Application is referred to Judgment unit; application personnel are matched with an outstanding liability, judgment, or payment of claim on an existing license.
- Application is referred to Family Support unit; member of application personnel is out of compliance with child or family support judgment or order.



CSLB management closely monitors processing times for the various licensing units on a weekly and monthly basis.

The chart below provides the “weeks-to-process” for applications, license transactions, and public information unit documents (i.e. record certification) received each month. “Weeks to process” refers to the average number of weeks before an application or document is initially pulled for processing by a technician after it arrives at CSLB.

	2018 Aug	Sep	Oct	Nov	Dec	2019 Jan	Feb	Mar	Apr	May	Jun	Jul
Original Exam	2.4	2.6	2.2	2.5	3.0	2.8	2.4	3.0	2.7	1.3	2.0	2.8
Original Waiver	2.6	1.7	1.3	1.5	1.7	1.1	0.9	1.1	1.0	1.2	1.6	1.5
Add Class	1.9	2.4	2.0	2.1	2.1	2.2	2.0	2.0	1.9	1.2	1.5	1.3
Qualifier Replacer (Exams & Waiver)	1.6	1.6	1.8	1.7	1.6	1.4	1.6	1.5	1.6	1.0	1.1	1.2
Home Improvement	1.9	1.4	1.4	1.5	1.5	1.4	1.6	1.5	1.6	1.3	1.4	1.2
Renewal	2.3	2.6	2.3	2.4	2.9	2.8	1.9	1.3	2.0	2.8	2.8	1.6
Add New Officer	2.7	2.8	3.2	1.6	1.1	1.5	1.6	1.4	1.6	1.1	1.8	2.4
Address/ Name Change	2.4	2.8	3.3	1.7	1.1	1.5	1.8	1.1	1.6	1.0	1.8	2.4
Bond / Bond Exemption	0.8	1.0	1.0	1.0	1.1	1.2	0.9	0.8	0.7	1.6	1.0	1.9
Workers' Comp / Exempt	0.9	1.0	1.0	1.0	1.5	1.4	0.9	0.9	1.1	1.4	2.4	3.3
Certified License History	0.2	0.0	0.5	0.3	0.0	2.0	3.0	4.0	3.5	1.8	0.3	1.3
Copies of Documents	0.1	0.0	0.3	0.0	0.0	0.0	0.4	0.4	0.8	0.1	0.4	0.1
CORI Review*	1.4	1.4	1.6	1.8	2.0	2.4	1.2	1.1	1.4	1.8	2.4	2.5

\*Outside CSLB Control—DOJ /FBI timeframe

The time-to-process for applications and renewals includes an approximate two-day processing timeframe that accounts for the required cashiering and image-scanning tasks that CSLB staff must complete before an application or document can be processed.



The chart below shows the average total application processing time from receipt to license issuance. Processing times are most affected by applications that staff returns for correction, which can occur multiple times, as well as the criminal background check. These delays are outside of CSLB’s control. The chart does not include the average processing time of voided applications.

Average processing time is monitored whenever any of the following actions occur:

- Received Date to First Returned for Correction – Application review is completed; application is not acceptable and returned for correction.
- Received Date to First Exam – Application review is completed; application is accepted, and exams scheduled.
- Last Exam to Issuance – Exam requirement is met; applicants are sent a bond and fee notice requesting submission of issuance requirement(s).
- Received Date to Issuance – All issuance requirements are met, and license issued.

**Average Weeks for Total Processing By Month**

		2019											
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July
<b>ORIGINAL EXAM</b>	Received Date to First Returned for Correction	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
	Received Date to First Exam	12.0	12.0	12.0	12.0	12.0	12.0	12.0	13.0	13.0	12.0	12.	11.0
	Last Exam to Issuance	6.0	6.0	6.0	6.0	7.0	7.0	6.0	6.0	5.0	5.0	5.0	6.0
	Received Date to Issuance	24.0	25.0	27.0	26.0	26.0	27.0	27.0	27.0	25.0	26.0	25.0	23.0
<b>QUALIFIER REPLACER EXAM</b>	Received Date to First Returned for Correction	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Received Date to First Exam	8.0	7.0	9.0	9.0	8.0	9.0	10.0	7.0	9.0	9.0	11.0	8.0
	Last Exam to Issuance	2.0	2.0	2.0	3.0	2.0	4.0	2.0	2.0	4.0	3.0	3.0	2.0
	Received Date to Issuance	12.0	11.0	14.0	14.0	16.0	14.0	12.0	13.0	15.0	18.0	15.0	16.0
<b>ORIGINAL WAIVER</b>	Received Date to First Returned for Correction	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
	Received Date to Issuance	11.0	11.0	11.0	10.0	12.0	11.0	10.0	9.0	9.0	9.0	10.0	10.0
<b>QUALIFIER REPLACER WAIVER</b>	Received Date to First Returned for Correction	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0
	Received Date to Issuance	3.0	5.0	5.0	4.0	4.0	6.0	4.0	3.0	4.0	4.0	5.0	4.0
<b>HOME IMPROVEMENT</b>	Received Date to First Returned for Correction	1.0	1.0	1.0	1.0	1.0	1.0	5.0	2.0	1.0	1.0	1.0	1.0
	Received Date to Issuance	8.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0	7.0	6.0

Note: Approximately 5 percent of all applications processed are pulled for judgment or case management review or have a dishonored check, which affects the overall weeks to process. These applications are not processed further until the judgment, enforcement, or cashing issue is cleared.



The chart below illustrates the number of applications received in the previous fiscal years and the final disposition of these applications, regardless of the year they were processed. This is the combined total for all exam, waiver, add class, qualifier replacement, and home improvement salesperson applications. This report allows staff to monitor the disposition of applications and to identify any applications that require special attention.

**Disposition of Applications by Fiscal Year**

Fiscal Year	Number of Apps Received	Processed & Issued	Voided	Pending*
2016-2017	38,737	24,598	10,748	3,391
2017-2018	39,118	20,132	6,562	12,424
2018-2019	42,344	20,379	6,766	15,199

\* These are the total number of applications pending at the close of each fiscal year. An application may be classified as pending because:

- The applicant does not pass the exam but is still within the 18-month window during which they must pass the examination.
- The application is in the experience verification process.
- The application is not yet cleared by CSLB's Criminal Background unit.
- The applicant has not submitted final issuance requirements (proof of bond, workers' compensation insurance, asbestos open book examination results, and/or fees).





### RENEWAL PROCESSING STATISTICS

The charts below provide the number of incoming renewals received by the Renewal unit each month, quarter, and calendar year.

#### Total Number of Renewals Received Per Month

	2018					2019						
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Reactivation	130	116	149	108	76	105	111	139	128	118	96	120
Active	10,022	8,377	9,090	7,055	7,549	8,379	8,598	9,643	9,492	8,506	6,863	10,211
Inactive	1,284	1,121	1,228	909	978	1,088	1,110	1,295	1,323	1,054	953	1,303
Delinquent Active	937	938	1,081	870	782	955	926	994	923	946	790	922
Delinquent Inactive	130	150	188	133	160	160	155	171	170	128	126	183
<b>Received Per Month</b>	<b>12,503</b>	<b>10,702</b>	<b>11,736</b>	<b>9,075</b>	<b>9,545</b>	<b>10,687</b>	<b>10,900</b>	<b>12,242</b>	<b>12,036</b>	<b>10,752</b>	<b>8,828</b>	<b>10,211</b>
<b>3 – Month Totals</b>	<b>Aug – Oct: 34,941</b>			<b>Nov – Jan: 29,307</b>			<b>Feb – Apr: 35,178</b>			<b>May – Jul: 29,791</b>		

#### Total Renewals Received – Prior Calendar Years

	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018
Reactivation	2,052	1,913	1,846	1,558	1,526
Active	108,952	101,774	103,659	97,884	112,709
Inactive	15,732	15,495	16,064	14,280	14,845
Delinquent Active	14,986	12,792	11,853	11,211	12,046
Delinquent Inactive	2,456	2,230	2,195	1,945	2,052
<b>Total Received</b>	<b>144,178</b>	<b>134,204</b>	<b>135,617</b>	<b>126,878</b>	<b>143,178</b>

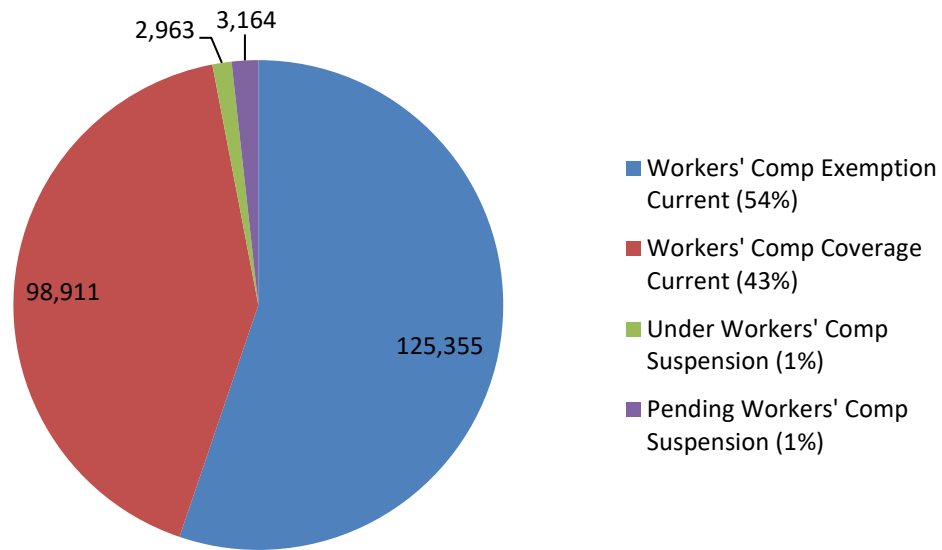


### WORKERS' COMPENSATION RECERTIFICATION STATISTICS

The law requires that, at the time of renewal, an active contractor with an exemption for workers' compensation insurance on file with CSLB either recertify that exemption or provide a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance. If, at the time of renewal, the licensee fails to recertify their exempt status or to provide a workers' compensation policy, the law allows for the retroactive renewal of the license if the licensee submits the required documentation within 30 days after notification by CSLB of the renewal rejection.

This chart provides a snapshot of workers' compensation coverage for active licenses.

### Workers' Comp Coverage for Active Licenses - July 31, 2019



**Total Number of Active Licenses: 231,715**

The chart on the following page shows the workers' compensation coverage (policies and exemptions) on file as of July 31, 2019, for active licenses by classification and the percentage of exemptions per classification.

**Active License Classifications Workers' Comp Status – As of July 31, 2019**

Classification	Exemptions on File	WC Policies on File	Total Policies & Exemptions	% of Total with Exemptions
A General Engineering	5,410	9,099	14,509	37%
B General Building	62,728	39,680	102,408	61%
C-2 Insulation and Acoustical	286	875	1,161	25%
C-4 Boiler Hot Water	211	577	788	27%
C-5 Framing / Rough Carp	492	375	867	57%
C-6 Cabinet-Millwork	2,751	1,916	4,667	59%
C-7 Low Voltage Systems	2,039	2,742	4,781	43%
C-8 Concrete	2,548	3,592	6,140	41%
C-9 Drywall	1,211	1,732	2,943	41%
C10 Electrical	13,938	11,286	25,224	55%
C11 Elevator	39	165	204	19%
C12 Earthwork & Paving	991	1,383	2,374	42%
C13 Fencing	671	895	1,566	43%
C15 Flooring	3,739	3,360	7,099	53%
C16 Fire Protection	747	1,394	2,141	35%
C17 Glazing	1,086	1,786	2,872	38%
C20 HVAC	6,559	5,386	11,945	55%
C21 Building Moving Demo	514	1,156	1,670	31%
C22 Asbestos Abatement	5	273	278	2%
C23 Ornamental Metal	462	591	1,053	44%
C27 Landscaping	4,788	6,565	11,353	42%
C28 Lock & Security Equipment	158	219	377	42%
C29 Masonry	1,052	1,365	2,417	44%
C31 Construction Zone	41	238	279	15%
C32 Parking Highway	180	298	478	38%
C33 Painting	8,779	6,803	15,582	56%
C34 Pipeline	171	338	509	34%
C35 Lath & Plaster	631	1,176	1,807	35%
C36 Plumbing	8,830	6,748	15,578	57%
C38 Refrigeration	941	957	1,898	50%
C39 Roofing	0	4,397	4,397	0%
C42 Sanitation	394	579	973	40%
C43 Sheet Metal	398	1,038	1,436	28%
C45 Signs	389	483	872	45%
C46 Solar	488	721	1,209	40%
C47 Gen Manufactured House	215	195	410	52%
C50 Reinforcing Steel	57	187	244	23%
C51 Structural Steel	411	1,045	1,456	28%
C53 Swimming Pool	1,134	1,329	2,463	46%
C54 Tile	3,638	2,728	6,366	57%
C55 Water Conditioning	126	180	306	41%
C57 Well Drilling	325	497	822	40%
C60 Welding	525	459	984	53%
C61 Limited Specialty	7,815	9,918	17,733	44%
ASB Asbestos Cert	288	687	975	30%
HAZ Hazardous Cert	555	1,305	1,860	30%



**FINGERPRINTING/CRIMINAL BACKGROUND UNIT STATISTICS**

As mandated in January 2005, CSLB continues to fingerprint all applicants for licensure. The California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) conduct criminal background checks and provide criminal offender record information to CSLB for in-state convictions and for out-of-state and federal convictions, respectively.

DOJ and FBI typically provide responses to CSLB within a day or two of an applicant being fingerprinted, but occasionally the results are delayed. This does not necessarily indicate a conviction, as sometimes the results reveal a clear record. Most delays are resolved within 30 days; however, some continue for 60 or 90 days, or more often because the DOJ and FBI must obtain court records. Since DOJ and FBI are independent agencies, CSLB has no control over these delays and must wait for the fingerprint results before issuing a license, though staff follow-up with DOJ regarding delayed responses to confirm the review has commenced and that DOJ requires no further information.

Below is a breakdown of Criminal Background unit statistics for the past five calendar years.

**CRIMINAL BACKGROUND UNIT STATISTICS**

	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	TOTALS
DOJ Records Received	23,268	27,863	32,470	29,189	34,664	<b>147,454</b>
CORI RAPP Received	4,672	5,658	6,926	6,022	6,729	<b>30,007</b>
Denials	32	52	49	62	67	<b>262</b>
Appeals	19	29	26	39	42	<b>155</b>
Probationary Licenses Issued (conditional license; requires periodic review)	96	68	90	83	61	<b>398</b>



### EXPERIENCE VERIFICATION UNIT STATISTICS

Business and Professions Code section 7068(g) and California Code of Regulations 824 require that the CSLB registrar conduct a comprehensive investigation of a minimum of 3 percent of applications. Such investigations shall include those areas of experience claimed and other areas the registrar deems appropriate for the protection of the public.

Since implementation in September 2014, the Experience Verification Unit staff have been assigned and reviewed 3,263 applications.

The following chart provides a monthly breakdown of actions taken for applications referred to the Experience Verification unit for the past 12 months.

	2018					2019						
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Withdrawn	12	9	11	15	10	10	20	20	18	24	17	18
Verified	13	24	19	13	31	26	17	18	42	25	28	43
Denied	13	14	25	8	8	11	13	16	11	15	9	12
Appealed	0	0	1	1	0	0	0	2	2	1	1	1
Pending	100	83	123	135	132	110	90	92	108	127	110	107

The chart on the next page provides the breakdown for appeals, denials, withdrawals, experience verification, and pending applications by classification for the past 24 months.



### Experience Verification by Classification July 1, 2017 – July 31, 2019

Classification	Appealed	Withdrawn	Verified	Denied	Total
A General Engineering	3	13	28	12	56
B General Building	17	141	212	130	500
C2 Insulation and Acoustical	0	0	4	1	5
C4 Boiler Hot Water	0	2	2	0	4
C5 Framing / Rough Carp	0	1	4	1	6
C6 Cabinet-Millwork	0	5	8	4	17
C7 Low Voltage Systems	0	1	12	1	14
C8 Concrete	1	6	16	8	31
C9 Drywall	0	2	5	1	8
C10 Electrical	2	17	43	18	80
C11 Elevator	0	0	2	0	2
C12 Earthwork & Paving	0	2	6	3	11
C13 Fencing	0	3	5	2	10
C15 Flooring	1	9	21	11	42
C16 Fire Protection	1	1	2	6	10
C17 Glazing	0	2	12	1	15
C20 HVAC	3	13	35	12	63
C21 Building Moving Demo	0	10	3	5	18
C22 Asbestos Abatement	0	2	1	0	3
C23 Ornamental Metal	0	0	3	0	3
C27 Landscaping	1	10	23	5	38
C28 Lock & Security Equipment	0	1	2	1	4
C29 Masonry	0	1	2	5	8
C31 Construction Zone	0	1	0	0	1
C32 Parking Highway	0	0	0	0	0
C33 Painting	2	21	37	19	79
C34 Pipeline	0	0	0	0	0
C35 Lath & Plaster	0	1	6	5	12
C36 Plumbing	2	10	39	15	66
C38 Refrigeration	0	3	2	0	5
C39 Roofing	2	6	16	13	37
C42 Sanitation	0	1	4	1	6
C43 Sheet Metal	0	0	0	0	0
C45 Signs	0	2	3	1	6
C46 Solar	1	4	4	5	14
C47 Gen Manufactured House	0	0	0	0	0
C50 Reinforcing Steel	0	0	0	0	0
C51 Structural Steel	0	2	2	1	5
C53 Swimming Pool	1	6	4	6	17
C54 Tile	0	8	15	5	28
C55 Water Conditioning	0	0	0	0	0
C57 Well Drilling	0	0	2	1	3
C60 Welding	1	1	10	0	12
C61 Limited Specialty	4	21	34	7	66
ASB Asbestos Cert	0	0	0	0	0
HAZ Hazardous Cert	0	0	0	0	0
<b>Total</b>	<b>42</b>	<b>329</b>	<b>629</b>	<b>306</b>	<b>1,305</b>



### LICENSING INFORMATION CENTER (LIC) STATISTICS

#### LIC Support Services

CSLB’s Licensing Information Center is the first point of contact for applicants, consumers, licensees, and governmental agencies needing information about licensing laws, hiring a contractor, licensing application information, and the status of an application. The LIC receives, on average, 13,000 calls monthly. Staff that respond to calls must have knowledge of all licensing transaction processes in order to assist callers with correct and complete information.

Inbound Activity	2018					2019						
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Calls Received	13,293	11,218	12,997	10,874	9,555	13,260	12,060	12,947	13,021	13,042	12,486	13,780
Calls Answered	11,375	9,748	11,873	9,955	8,913	12,247	11,182	12,030	11,740	12,301	10,936	11,892
Caller Abandoned	1,013	826	687	573	414	666	560	595	710	472	863	1,147
Longest Wait Time	14:18	11:26	08:43	11:35	11:27	09:22	09:46	06:48	06:38	08:31	10:34	11:44
Shortest Wait Time	01:48	01:22	00:57	00:53	00:31	00:52	00:41	01:06	00:24	00:30	01:20	01:06
Avg. Wait Time	05:31	05:18	03:42	03:40	02:33	03:28	03:08	03:10	02:48	02:28	05:01	06:01

#### Licensing Information Center Call Data - Prior Calendar Years

Inbound Activity	CY 2014	CY 2015	CY 2016	CY 2017	2018
Calls Received	161,986	158,409	163,076	166,918	152,845
Calls Answered	154,837	153,258	158,778	147,074	137,270
Caller Abandoned	6,677	5,124	4,178	16,527	9,426
Average Longest Wait Time	08:24	07:28	05:39	01:36	10:48
Average Shortest Wait Time	00:30	00:19	00:22	00:12	01:04
Average Wait Time	03:29	04:17	02:45	06:46	04:21



## **JUDGMENT UNIT STATISTICS**

Judgment unit staff process all outstanding liabilities, judgments, and payment of claims reported to CSLB by licensees, consumers, attorneys, credit recovery firms, bonding companies, CSLB's Enforcement division, and other governmental agencies. In addition, the Judgment unit processes all documentation and correspondence related to resolving issues such as satisfactions, payment plans, bankruptcies, accords, motions to vacate, etc.

Outstanding liabilities are reported to CSLB by:

- Employment Development Department
- Department of Industrial Relations
  - Division of Occupational Safety and Health
  - Division of Labor Standards Enforcement
- Franchise Tax Board
- State Board of Equalization
- CSLB Cashiering Unit

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

Payments of claims are reported to CSLB by bonding (surety) companies.

The charts on the following page provide the number of notifications mailed to licensees related to outstanding liabilities, judgments, and payment of claims affecting their license status, including the savings to the public as a result of compliance.



**Judgment Unit****Number of Reimbursement to State Agencies and Public**

	2018					2019						
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
<b>OUTSTANDING LIABILITIES (FROM CALIFORNIA STATE AGENCIES)</b>												
Initial	73	91	96	84	76	68	64	83	63	80	84	106
Suspend	95	56	66	74	79	63	58	51	57	62	43	66
Reinstate	97	56	60	53	45	65	51	45	45	62	48	53
<b>Total</b>	<b>265</b>	<b>203</b>	<b>222</b>	<b>211</b>	<b>200</b>	<b>196</b>	<b>173</b>	<b>179</b>	<b>165</b>	<b>204</b>	<b>175</b>	<b>225</b>
<b>FINAL JUDGMENTS (FROM COURT ACTIONS)</b>												
Initial	69	41	42	43	39	36	63	62	61	29	73	55
Suspend	18	19	17	26	13	17	18	16	7	34	24	23
Reinstate	64	33	55	40	41	55	46	61	53	49	52	67
<b>Total</b>	<b>151</b>	<b>93</b>	<b>114</b>	<b>109</b>	<b>93</b>	<b>108</b>	<b>127</b>	<b>139</b>	<b>121</b>	<b>112</b>	<b>149</b>	<b>145</b>
<b>PAYMENT OF CLAIMS (FROM BOND SURETY COMPANIES)</b>												
Initial	168	143	157	190	159	186	161	189	172	157	182	187
Suspend	79	95	69	99	89	105	65	77	109	98	95	125
Reinstate	128	119	117	98	144	139	117	125	139	117	131	136
<b>Total</b>	<b>375</b>	<b>357</b>	<b>343</b>	<b>387</b>	<b>392</b>	<b>430</b>	<b>343</b>	<b>391</b>	<b>420</b>	<b>372</b>	<b>408</b>	<b>448</b>

**Reimbursement Amount to State Agencies and Public**

	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018
Outstanding Liabilities	\$28,991,003	\$25,435,065	\$21,294,139	\$23,282,397	\$23,899,670
Final Judgments	\$32,989,198	\$45,605,109	\$21,075,805	\$20,175,529	\$12,167,435
Payment of Claims	\$9,193,734	\$9,965,960	\$8,852,480	\$8,850,173	\$9,580,600
<b>Total Monetary Savings</b>	<b>\$71,173,935</b>	<b>\$81,006,134</b>	<b>\$51,222,424</b>	<b>\$52,308,099</b>	<b>\$45,647,705</b>



**State Agency Outstanding Liabilities Collected**

	Employment Development Department (EDD)	Franchise Tax Board (FTB)	Department of Industrial Relations (DIR) Division of Labor Standards Enforcement (DLSE) Division of Occupational Safety & Health (DOSH) Office of the Director – Legal Unit (ODL)	Board of Equalization (BOE)	Total Liabilities Collected
August 2018	\$1,580,370	\$1,016,512	\$254,215	-	<b>\$2,851,097</b>
September	\$1,010,798	\$567,783	\$163,229	\$4,301	<b>\$1,746,111</b>
October	\$1,403,441	\$925,250	\$361,241	-	<b>\$2,689,932</b>
November	\$1,007,313	\$317,235	61,719	-	<b>\$1,386,267</b>
December	\$596,423	\$508,875	\$589,521	-	<b>\$1,694,819</b>
January 2019	\$680,226	\$489,676	\$297,813	-	<b>\$1,467,715</b>
February	\$765,900	\$365,475	66,540	-	<b>\$1,197,915</b>
March	\$1,171,400	\$383,623	\$139,886	-	<b>\$1,694,909</b>
April	\$652,619	\$735,871	\$241,401	-	<b>\$1,629,891</b>
May	\$508,146	\$245,466	\$1,315,630	-	<b>\$2,069,242</b>
June	\$1,045,725	\$444,839	\$886,115	-	<b>\$2,376,679</b>
July	\$1,547,022	\$720,009	\$681,171	-	<b>\$2,948,202</b>
<b>TOTALS</b>	<b>\$11,969,383</b>	<b>\$6,720,614</b>	<b>\$5,058,481</b>	<b>\$4,301</b>	<b>\$23,752,779</b>

## AGENDA ITEM F-4

# Testing Program Update

- a. Examination Administration Unit Update
- b. Examination Development Unit Update





# CONTRACTORS STATE LICENSE BOARD

## TESTING PROGRAM UPDATE

### EXAMINATION ADMINISTRATION UNIT (EAU)

The Testing division’s EAU administers CSLB’s 46 examinations at eight computer-based test centers. Most test centers are allocated two full-time test monitor positions, with part-time proctors filling in as needed. Test monitors also respond to all interactive voice response messages received by CSLB that are related to testing.

EAU has three vacancies, One Associate Governmental Program Analyst (position frozen) and two Office Technician positions.

### Number of Examinations Scheduled Per Month August 2018 - July 2019

Aug 2018	Sep	Oct	Nov	Dec	Jan 2019	Feb	Mar	Apr	May	June	July	Total
4,779	4,194	4,594	4,010	3,560	4,103	4,027	4,426	4,273	4,903	4,399	4,584	51,852

CSLB maintains test centers in the following locations:

- Sacramento
- Berkeley
- San Jose
- Fresno
- Oxnard
- Norwalk
- San Bernardino
- San Diego

### Number of Examinations Scheduled by Test Center August 2018 – July 2019

Test Center	Number of Examinations Scheduled
Berkeley	6,175
Fresno	2,819
Norwalk	13,340
Oxnard	6,233
Sacramento	6,671
San Bernardino	7,591
San Diego	4,396
San Jose	4,627
<b>Total</b>	<b>51,852</b>

### EXAMINATION DEVELOPMENT UNIT (EDU)

The Testing division’s EDU ensures that CSLB’s 46 examinations are written, maintained, and updated in accordance with testing standards and guidelines, Department of Consumer

Affairs policies, CSLB regulations, as well as federal and California state law.

**Exam Development**

State law requires that all license examinations be updated at least every five to seven years. All CSLB examination programs meet this standard. The revision process takes approximately one year and is conducted in two phases:

1) occupational analysis, and 2) item bank development.

The occupational analysis determines what information is relevant to each contractor classification and in what proportion it should be tested. This process starts with interviews of a statewide sample of active California licensees in each specific classification. The interviews determine the job tasks performed by contractors in that trade and the knowledge needed to work safely and competently. EDU staff then conduct two workshops and a large-scale online survey with a larger number of licensees who act as subject matter experts. The result is a validation report, which includes an examination outline that serves as a blueprint for constructing examination versions/forms.

The item bank development phase involves numerous workshops with subject matter experts to review and revise existing test questions, write and review new test questions, and determine the passing score for examinations from that point forward.

EDU has one vacancy for an Exam Specialist.

EDU released two new examinations in August 2019: C-10 Electrical and C-22 Asbestos Abatement.

**Examination Programs in Progress as of September 1, 2019**

Occupational Analysis	Item Bank Development
C-6 Cabinet, Millwork and Finish Carpentry	A General Engineering
C-11 Elevator	B General Building
C-15 Flooring and Floor Covering	C-5 Framing and Rough Carpentry
C-23 Ornamental Metal	C-35 Lathing and Plastering
C-28 Lock and Security Equipment	C-36 Plumbing
	C-38 Refrigeration
	C-51 Structural Steel

**Ongoing Consumer Satisfaction Survey**

EDU conducts an ongoing survey of consumers whose complaint cases have been closed to assess overall satisfaction with the Enforcement division’s handling of complaints related to eight customer service topics. The survey is emailed to all consumers with closed complaints who provide CSLB with their email address during the complaint process.



Consumers receive the survey in the first or second month after their complaint is closed. To improve the survey's response rate, Testing incorporated a reminder email into the process so that non-responsive consumers now receive an email one month after the initial request is sent.

The 2018 results appear in the Enforcement section of the board packet material (agenda item E4).

## AGENDA ITEM F-5

# Review, Discussion, and Possible Action to Amend Licensing 2019-21 Strategic Plan Objectives





### 2019-21 Strategic Plan – Licensing & Testing Objectives

#### Item 1.1

**Description:** Create an interactive online asbestos training to replace the open book asbestos exam

**Target Date:** January 2019

**Current Status:** Complete and available on CSLB website

#### Item 1.2

**Description:** Review the licensing classification determinations for consistency and develop classification industry bulletins

**Target Date:** January 2019 and ongoing

**Current Status:** Work is ongoing.

#### Item 1.3

**Description:** Meet with stakeholders and develop a proposal for a new remodeling/home improvement license classification.

**Target Date:** March 2019 (to meet with stakeholders)

**Current Status:** Legislative proposal approved by the Licensing Committee; to be presented to the board September 2019

#### Item 1.4

**Description:** Review barriers to licensure regarding criminal background information and make changes where possible to encourage licensure.

**Target Date:** July 2019 (to review process and identify possible changes)

**Current Status:** Assembly Bill (AB) 2138 regulations approved by the board and are under review with DCA





2019-21 Strategic Plan – Licensing & Testing Objectives

**Item 1.5**

**Description:** In conjunction with the Legislation division, review multiple qualifier responsibilities and bonding requirements to determine if regulatory or legislative changes will improve consumer protection.

*(See Legislative objective 3.4)*

**Target Date:** ~~August 2019~~

**Proposed New Target Date:** January 2021

**Current Status:** Modified per mandate from Senate Business and Professions Committee in Sunset bill to study whether or not current bond amount is sufficient, which will include an analysis of the bond of qualifying individual and multiple license qualifiers

**Item 1.6**

**Description:** Research the feasibility of outsourcing test administration to reduce costs, reallocate resources, and expand testing options for licensees.

**Target Date:** ~~September 2019~~

**Proposed New Target Date:** December 2019

**Current Status:** Staff completed the initial analysis but requested to wait until December to brief the board because DCA is renegotiating exam administration costs.

**Item 1.7**

**Description:** In partnership with Public Affairs and Information Technology, develop online original contractor license applications to reduce application return rates.

*(See Public Affairs objective 4.7 and Information Technology objective 5.15)*

**Target Date:** December 2019

**Current Status:** Not yet begun

**Item 1.8**

**Description:** Review feasibility of continuing education or online testing for license renewal to keep licensees informed of changes to laws and codes.

**Target Date:** July 2020 (to complete research only)

**Current Status:** Not yet begun



2019-21 Strategic Plan – Licensing & Testing Objectives

**Item 1.9**

**Description:** In partnership with the Public Affairs Office and Enforcement division, create online courses and content to educate licensees.

*(See Public Affairs objective 4.10 and Enforcement objective 2.6)*

**Target Date:** December 2021

**Current Status:** Not yet begun

**Item 1.10**

**Description:** Expand public records and licensing information on the website to increase transparency.

*(See Information Technology objective 5.19)*

**Target Date:** Ongoing

**Current Status:** Workgroup formed with IT, Licensing, and PAO staff

**Item 1.11**

**Description:** Evaluate call center processes and procedures for consistency in communication with licensees, consumers, and other stakeholders to improve customer service.

**Target Date:** Ongoing

**Current Status:** Staff are building a new procedure manual and reviewing call-in phone prompts.

**Item 1.12**

**Description:** Review the subject matter expert pool to insure representation from a cross-section of industry to enhance test development.

**Target Date:** Ongoing

**Current Status:** Not yet begun

# AGENDA ITEM G

## Legislation





## AGENDA ITEM G-1

# Review, Discussion, and Possible Approval of August 6, 2019, Legislative Committee Meeting Summary Report

- a. Status Update on Legislative Committee Meeting  
Motion Regarding Appropriate Classification(s)  
to Install Battery Energy Storage Systems





# CONTRACTORS STATE LICENSE BOARD

## LEGISLATIVE COMMITTEE SUMMARY REPORT

### Legislative Committee Summary Report

#### A. CALL TO ORDER, ROLL CALL, ESTABLISHMENT OF A QUORUM AND CHAIR'S INTRODUCTION

Committee Chair Agustin "Augie" Beltran called the August 6, 2019 meeting of the Contractors State License Board (CSLB) Legislative Committee to order at approximately 9:30 a.m. in the Employment Development Department Auditorium at 722 Capitol Mall, Sacramento, CA 95814. A quorum was established.

#### Committee Members Present

Agustin "Augie" Beltran, Chair  
Kevin Albanese  
David De La Torre  
David Dias

#### Committee Member Absent

Marlo Richardson

#### CSLB Staff Present

David Fogt, Registrar  
Tonya Corcoran, Chief Deputy Registrar  
Michael Jamnetski, Chief of Legislation  
Kristy Schieldge, Department of Consumer Affairs (DCA) Legal Counsel  
Phyliz Jones, Executive Staff

#### Public Visitors

Kathleen Barber, Electrician	Andrew Christenson, Solar Developer, Attorney
Daniel Barnett, C-10 Employee	Pete Chureson, Electrician, Trainer
Byron Benton, Electrician	Barry Cinnamon, Cinnamon Energy
John Berdner, Enphase Energy	Bernadette Del Chiaro, California Solar Storage Association (CalSSA)
Eddie Bernacchi, National Electrical Contractors Association (NECA)	David Clark, Member of the Public
Steven Booker, Electrician	Jennifer Collins, Apprentice Electrician
Jason Bodruk, Solar Edge	Joel Coppel, San Francisco Planning Commissioner
Jerome Braxton, Apprentice Electrician	Jeanine Cotter, Luminalt
Seamus Brennan, Solar Contractor	Bernie Kotlier, LMCC
Jim Cahill, Sunrun	Lauren Cullem, Sierra Club
Steve Campbell, Grid Alternatives	Yvonne de la Pena, California Professional Firefighters
Joe Cann, CalSSA	
Julius Cherry, Chief of Sacramento Fire Department (Rtd.)	



Brian Deppen, Southern California Edison  
Shane Diller, California Building Officials  
Travis Dodge, C-10 Employee  
Jesse Elliott, A, C-10, C-46  
Mike Ennett, Electrician  
Tom Enso, Public Member  
Jason Eshelman, IBEW  
Todd Farhat, Lennar Communities  
Gary Gerber, Sun Light and Power  
Zac Goodman, Electrician, Instructor  
Tara Hammond, Sullivan Solar Power  
Glen Harris, Solar Businessman  
Dan Henrich, Morrow Meadows Electrical  
Martin Herzfeld, Trainer, C-46, C-7, D-31, D-56  
Dave Iloff, Electrician  
Michael Ingram, C-46  
Jim Jenner, Solar and Storage contractor  
Joe Kane, Civil Engineer  
Mark Krausee, PG&E  
Charlie Kuffner, Commercial Solar Construction Employee  
Alex Lantsberg, C-10  
Celine Lawrence, Sullivan Solar Power  
Bob Lilley, C-10 Employee  
Doug Mangione, International Brotherhood of Electrical Workers (IBEW)  
Taylor Markwith, Sullivan Solar Power  
Dan Martin, Solar Contractor  
Gretchen Newsom, CSAEW  
Don Osborne, C-10

S.B. Phillips, Electrician Student  
Tim Ramage, Petersen Dean  
Jack Ramsey, C-46, C-10  
Carlos Ramirez, Safety Professional  
Diane Ravnick, former Chief, California Division of Apprenticeship Standards  
Stacey Reineksis, Energy Storage System Company Owner  
John Reusche, B-General  
Riley Riggs, C-10  
Ian Rodriguez, Employee for A-General  
Mark Rodriguez, Sunrun, CalSSA Permitting Chair  
Antonio Sanchez, Electrical Worker Representative  
Casey Saucauskas, Electrician  
Allen Sloan, C-10, Safety Professional  
Ed Smallwell, Vote Solar  
Ed Smeloff, solar provider  
Jeremy Smith, construction worker representative  
Kent Stodd, solar industry worker  
Matt Stoutenburg, Peak Power Solutions  
Blair Swezey, C-46, Manufacturer  
Paul Thoreau, C-10  
Ashton Thurneysson, Tesla  
Alex Tigo, Member of Public  
Chris Tillery, Electrician and Instructor  
Todd Tyler, Electrician  
Bob Ward, IBEW  
Scott Wetch, Coalition of California Utility Employers  
Jim Willson, Los Angeles NECA  
Bret Young, Solar Equipment Supplier

**B. PUBLIC COMMENT SESSION FOR ITEMS NOT ON THE AGENDA AND FUTURE AGENDA ITEM REQUESTS**

There were no comments from the public.

**C. REVIEW, DISCUSSION, AND POSSIBLE ACTION TO PURSUE LEGISLATION TO AMEND BUSINESS AND PROFESSIONS CODE SECTION 7141.5 (RETROACTIVE RENEWALS)**



Legislative Committee Chair Augie Beltran reviewed a legislative proposal that would simplify the rules for the Board's processing of a retroactive renewal of an expired license.

Staff Comment

Chief of Legislation Mike Jamnetski said that the Board already has statutory authority to grant a retroactive renewal, but it requires staff to determine whether the failure of the licensee to renew was out of the licensee's control, which is a value judgment that takes time. The proposal would allow staff to simply retroactively renew the license if the renewal is received by CSLB within 90 days. He stated that the language in the packet would be modified to reflect that the renewal must be submitted on a form prescribed by the Registrar and must be received within 90 days of the expiration.

**MOTION:** That the Legislative Committee recommend that the full Board approve this legislative proposal that simplifies the rules for processing a retroactive renewal at Business and Professions Code section 7141.5 and authorize staff to seek an author to carry this legislative proposal.

Kevin Albanese moved; David De La Torre seconded. The motion carried unanimously, 4-0, as follows.

**YEA:** Kevin J. Albanese, Augie Beltran, David De La Torre, David Dias

**NAY:** None

**ABSENT:** Marlo Richardson

**D. REVIEW, DISCUSSION, AND POSSIBLE ACTION TO PURSUE LEGISLATION TO CHARGE A \$20 FEE FOR PROCESSING A NAME CHANGE ON A LICENSE RECORD**

Committee Chair Beltran identified the second legislative proposal to establish a \$20 fee for the Board to process applications to change the name of a license entity.

Staff Comment

Legislative Chief Jamnetski said that, as disclosed at the Executive Committee meeting the prior day, CSLB has a projected structural imbalance in the coming months. This proposal will authorize the board to charge \$20 for a licensee to change their business name. Currently licensees can submit a form to change a name as often as they'd like without restriction or cost, but it takes staff time to process the requests. This proposal is a mechanism to recoup the expense.





**MOTION:** That the Legislative Committee recommend to the full Board to approve this legislative proposal that establishes a fee for processing license name changes and authorize staff to seek an author to carry the legislative proposal.

David Dias moved; David De La Torre seconded. The motion carried unanimously, 4-0, as follows.

**YEA:** Kevin J. Albanese, Augie Beltran, David De La Torre, David Dias

**NAY:** None

**ABSENT:** Marlo Richardson

#### **E. PRESENTATIONS BY PANEL OF EXPERTS REGARDING THE PROPER CLASSIFICATION TO INSTALL BATTERY ENERGY STORAGE SYSTEMS**

Legislative Committee Chair Beltran said that he has invited three presenters to speak on the issue of the appropriate classification to install battery energy storage systems (BESS). Under this and the next agenda item, the Committee is being asked to consider concepts for new regulations regarding the ability of specified contractors to install BESS. It is important for the Committee members to understand any problems that may need to be addressed with the existing classifications authorized to install BESS and discuss what options may be available to address any concerns they may have.

Chair Beltran noted that Government Code section 11349 requires the record of potential rulemaking to demonstrate by “substantial evidence” the need for any proposed changes to regulations, including any proposed changes to existing contractor classifications. According to this legal standard, “evidence” includes, but is not limited to, facts, studies, and expert opinion; therefore, the Committee is being asked to carefully consider the facts or opinions provided at today’s meeting in formulating their recommendations to the full Board.

Chair Beltran said that the next agenda item will present facts and options that staff have prepared for the Committee’s consideration. This agenda item will consist of the expert opinion of presenters from three different industries on this topic that will serve as the foundation for the next agenda item. Mr. Beltran invited the Committee to ask the presenters any questions they may have when he calls for Committee comment, and public comment will be invited after the presentations. Each presenter was given 15 minutes for their presentation.

#### Public Comment

##### *Presentation from C-10 Electrical Industry Representative (Dan Henrich)*

Dan Henrich identified himself as an electrician for 44 years and licensed as a C-10 Electrical contractor for 30 years. He started his company to design and build critical power systems, BESS, and microgrids; and had numerous projects for battery energy



storage, microgrids, and solar throughout California, the United States, and internationally, as well as some military projects.

Mr. Henrich said that he will provide clarity on why and how, by practice, battery energy storage systems are electrical systems that must be considered electrical work. There is a lot of confusion in the field over this topic and it is necessary to have clarity from the Board on this matter.

Mr. Henrich indicated that the national electrical grid has been the same for more than 140 years, and overnight it has all changed, which is why there is such a need for clarity about these systems. To get an understanding how the systems fit into the overall electrical system of a home or building, he provided a drawing for the Committee's review that shows a typical solar system, including the solar panels that are interconnected to combiner boxes that are connected to the recombiner boxes that are connected to the solar inverter. Per the National Electrical Code (NEC) and National Fire Protection Association (NFPA) 70, that is where it should stop. It requires the C-10 Electrical contractor license to install from the inverter to the electrical equipment in that building.

Referring back to his drawing, Mr. Henrich said that BESS are required to be installed by a C-10 Electrical licensee. The BESS connects to battery inverters that connect to the building's existing electrical equipment, often requiring upgrades to be done to the existing electrical equipment, which clearly requires the use of a C-10 Electrical license.

Mr. Henrich said that the California Building Standards Commission is charged by the California Building Standards Law and the Health and Safety Code to administer the process related to the adoption, approval, publication, and implementation of California's building codes, which serve as the basis for the design and construction of buildings in California. The 2019 California Building Standards Code, Title 24, was published July 1, 2019 with an effective date of January 1, 2020. Under that Code, solar systems and BESS are separate systems.

Mr. Henrich explained that one part of the 2019 Building Standards Code is the California Electrical Code, which incorporates by adoption the NEC published by NFPA. The International Code Council states that the California Electrical Code contains electrical design and construction standards, as well as provisions for minimum standards to safeguard life or limb and health, property, and public welfare and to protect against hazards that may arise out of the use of electricity by regulating and controlling the design, construction, installation, quality of materials, and the location and operation of electrical equipment, wiring, and systems.

Referring to Article 706 of the NEC, "Energy Storage Systems," Mr. Henrich said it was specifically created to address the building standards for energy storage systems and set them aside as separate electrical systems, saying that all permanently-installed energy storage systems are separate systems that provide a separate power source



and are often interconnected with other power production sources, such as wind, photovoltaic (PV), and generators. BESS could be standalone to provide emergency power, load shifting, peak shaving, or demand response; they can do multiple things by themselves such as being connected with a fuel cell, solar, wind, or a generator.

Mr. Henrich said that the rules in Chapters 1 – 4 of the NEC apply in addition to the rules in Article 706. Because the NEC has captured within Article 706 that energy systems are separate electrical systems, clarity is needed from CSLB that installation of these systems when performed by a specialty contractor shall be covered by the C-10 Electrical classification. The voltage in Article 706 is for energy storage systems operating above 50 volts AC (alternating current) or 60 volts DC (direct current).

Mr. Henrich said that the NEC requires that a “qualified individual” install interconnected power systems, and that C-10 Electrical contractors are required to utilize State-certified electricians when connections are being made of electrical devices of over 100 volt-amperes per the Labor Code. The NEC requirement of a qualified individual is a key point in the issue because it is a clear indicator that C-46 workers who perform the installation and maintenance of PV systems are not qualified individuals to install BESS and the associated electrical work with them. Per Article 100 of the NFPA 70E or the NEC, a qualified person is one who has demonstrated skills and knowledge related to construction and operation of electrical equipment and installations and has received safety training to identify the hazards and reduce the associated risks.

Mr. Henrich said that the C-46 contractor’s exam is an employers’ test, not a test of a solar worker who actually performs the installation. While some solar installers may have years of experience installing solar PV systems, that is not the necessary electrical experience required to safely and effectively install and maintain BESS and the associated electrical work. There is no state testing requirement and certification for electrical experience, training, and skills of a C-46 installer, which means that there are no state-recognized means of determining or qualifying the electrical skill level of C-46 workers to install BESS. By definition, C-46 workers are not qualified individuals, and fail to meet the National and California Electrical Code requirements to install BESS.

Mr. Henrich asked the Committee to consider that consumer protection and safety is elevated with the requirement that C-10 Electrical contractors install BESS. C-10 Electrical contractors understand how to protect consumers from electrical hazards and that they are by far the most versed in the NEC and, under State law, must use certified electricians who have a minimum of 8,000 hours of electrical experience and training. Mr. Henrich stated that CSLB itself maintains that a C-10 license is required to install BESS as standalone systems, whereas a C-46 is not permitted to do so. Because of the ambiguity of current license law, California is the only state in the nation where lack of clarification in this area has authorized solar contractors to install BESS. Even states that have a solar classification, such as Utah and Hawaii, have made a clear clarification that BESS installations must be performed by electrical contractors.



Mr. Henrich concluded that BESS work is without question electrical work and should be performed by contractors with a C-10 Electrical contracting license using State-certified electricians. This all about safety and competence – pairing the storage to PV does not make it any less electrical or any safer.

Mr. Henrich said that the NEC and NFPA 70E have spoken on this issue, the County of Los Angeles Chief Electrical Inspector has said that he will not issue an electrical permit to a C-46 to install BESS, and the same is true in relation to the Chief Electrical Inspector for the City of Los Angeles. Michael Johnston from the NEC, who conducts and helps write code, shares that position.

### Public Comment

#### *Presentation from C-46 Solar Industry Representatives (Bernadette Del Chiaro and Jim Cahill)*

Ms. Del Chiaro said that in the seven seconds that just passed, the California solar and storage industry just installed a solar module on a roof somewhere in California; in the 15 minutes that the Committee is allotting for the presentations, they will have installed 12 solar systems throughout the State; and in the course of the day, they will have installed over 350 solar systems, 12 of which will be paired with an energy storage device, critical for helping the State meet its clean energy goals, build more climate resilient communities, and protect and save lives when disaster strikes and critical services are needed to keep the lights on. They do, will do, and have done all of this work safely, expertly, and efficiently. Despite this indisputable track record, CSLB staff are suggesting that the Committee strictly restrict them from doing the work they have been doing for decades. This baseless effort to restrict an important trade must end.

Ms. Del Chiaro introduced herself as the Executive Director of the California Solar and Storage Association (CALSSA), and said that she will be sharing her presentation time with Dan Cahill, Vice President of Field Effectiveness of Sunrun.

Ms. Del Chiaro indicated that it was CALSSA that petitioned CSLB 40 years ago to create the very license in question today, specifically to install solar electric and battery systems. They did that because they believe very strongly in the role of regulation and licensing properly designed to help build a growing market. CALSSA cheers CSLB on when they nab bad contractors; they are subject experts when CSLB designs and updates the C-46 test, the most extensive test on solar and storage; and they believe that CSLB's work in protecting consumers is unparalleled on the agency level in the State. CSLB does good and essential work, but CALSSA is appalled by the process and the subject matter being presented at this meeting.

Ms. Del Chiaro expressed that this has been a rigged process from CALSSA's point of view, where the electrician's union has co-opted staff, even hired CSLB's recently-retired Registrar, to increase costs for rooftop solar by taking the work away from the C-46 workforce that has been building these very systems for 40 years and setting it aside for C-10s and their electrical contractors only, who have less training on solar and



storage, less experience, higher costs, and inadequate numbers to meet a growing demand in the market. This contradicts longstanding State policy that promotes cost-effective rooftop solar to meet California's renewable energy goals. CSLB staff is pushing a contrived solution to a nonexistent problem. She asked the Committee what problem they are trying to solve. By CSLB's own admission, there is no problem with the work that the C-46 contractor is doing and has been doing for the past 40 years, and they are doing the lion's share of the work. This is a completely arbitrary and capricious use of CSLB power.

Ms. Del Chiaro said that, back in March, the Board directed staff to engage industry experts on this issue. There is no question that CALSSA, as the industry, are the preeminent subject matter experts who are not only installing most of the systems, but they are also designing and manufacturing the technology in question. This is their industry, they are the experts. One would think that staff would have engaged them in the substantive policy proposals being presented today, but they did not. CALSSA did not know about the proposals before the Committee today until seven days ago when the meeting packet was published. This is not how complex public policy is developed.

Ms. Del Chiaro said that when CALSSA reached out to staff to request a meeting to sit down and substantively talk about the issue with CSLB, they were denied that meeting and were told that they could only have it if the International Brotherhood of Electrical Workers (IBEW) was present. They have been specifically directed to not directly reach out to Board members, and they have been told to negotiate instead directly with the IBEW, making one wonder who is in charge here, CSLB or the IBEW.

Ms. Del Chiaro said that the IBEW has been systematically trying to push C-46s out of the solar market that they have created for years. Roughly every five years, this fight takes on a new dimension and a new form, often assisted by Pacific Gas & Electric (PG&E) and other utilities who would like to see rooftop solar disappear because it threatens their monopoly. Now CSLB is poised to do PG&E's and other utilities heavy lifting by arbitrarily taking this work away from the very people who have been doing it successfully for decades, and not just a handful of folks out in the hinterlands, but the billion dollar solar industry that has been the envy of the world with regards to solar energy that C-46s have been doing the majority of this work without incident.

Ms. Del Chiaro said that not only is the problem nonexistent, but staff is proposing solutions that are arbitrary. Staff is presenting three alternatives on which the Committee is supposed to be taking a vote that will take this work away from C-46s that hinge on a type of property and a capacity of a system. There is no basis for those distinctions, the report provides no explanation and they are completely arbitrary.

Ms. Del Chiaro explained that storage is quickly becoming dominated by plug-and-play solutions with built-in safety protections compared to custom-built systems. As CALSSA has testified numerous times to CSLB, this is the logical basis for any distinction if it were to be made, but staff has not bothered to engage the product manufacturers that



are in her association on this question. Staff have instead presented the Committee with proposals that ignore technological realities and market conditions and that State law prohibits arbitrary regulation.

Ms. Del Chiaro said that when the issue was first raised to CSLB's Licensing Committee in February 2018, IBEW was making a push to limit energy storage installations exclusively to the C-10 license, claiming that neither the C-46, the A – General Engineering, nor B – General Building had the experience, knowledge, or the certified electrician workforce needed to do the work safely. That was the proposal, it is unclear what happened with that claim. Suddenly staff are presenting the Committee with a proposal solely to restrict the C-46 license, ironically, the specialty license for installing solar and storage that CSLB admits has been doing it without issue for 40 years. It is unclear why this is, but it has been stated in meetings that IBEW does not want to take a legislative fight with the B contractors over to the Capitol. That is an arbitrary reason when it comes to setting up regulations. If IBEW's safety claims had any merit, they would apply not only to the C-46, but also to the folks that have general practice. The proposals before the Committee today subject the specialty license holder, the folks who have been developing this market for 40 years, to new restrictions relegating them to the small, cookie-cutter systems that are easier to install, leaving the larger, more complex systems to the generalists. This does not make sense.

Ms. Del Chiaro said that State law requires financial impact analysis, but staff has basically all but ignored this question. The staff report admits that they have done no real analysis on how prohibiting the 45,000 strong C-46 workforce from installing the vast majority of storage systems would impact the cost of storage on existing homes and the commercial market. This financial analysis should have been done. As for the new home market, it is important, but staff provide no more than an unsupported guess that the policy proposals before the Committee will add only \$100, which was laughable on many levels. It is unclear how staff came up with this number; the report is silent on the substance and staff refused to meet and discuss the matter with CALSSA.

Ms. Del Chiaro said that the report completely ignores the practical impact that these changes will have on the market. CSLB's sister agency, the California Energy Commission (CEC), has far more experience on these energy matters and the CEC is opposed because it would harm the State's ability to meet its clean energy and climate goals. Now is not the time to place restrictions on this market, especially without facts to justify those restrictions and especially in the face of overwhelming evidence to support the absolute opposite conclusion.

Ms. Del Chiaro said that after a year and a half of meetings, reports, and public hearings, the Committee has not been presented with a well-developed policy proposal backed by sufficient facts necessary to restrict the C-46 license. In contrast, the Committee has been presented with sufficient evidence to put this issue to rest today and vote definitively to uphold the ability of the C-46 license to modify, install, and repair solar and energy storage systems as they have expertly done for the past 40 years.



Urging the committee to vote Option 4, she turned over the remainder of her time to Jim Cahill.

Public Comment (Cont.)

*Presentation from C-46 Solar Industry Representatives (Bernadette Del Chiaro and Jim Cahill)*

Jim Cahill said he holds the A, B, C-10, and C-46 licenses within California and he has been installing solar for his own company for about 10 years and another 10 years with Solar City, Tesla, and Sunrun, so he has some experience on the topic.

Mr. Cahill said that the policy options presented by staff lack foundation, in that CALSSA, as the voice of the industry, has asked for the opportunity to provide input on the substantial matters that CSLB was directed to investigate and staff have not allowed for their input. Now staff have recommendations to the Committee without having undertaken sufficient process steps. There is a range of policy options that the Board could take to address licensing questions related to the installation of energy storage systems, but the Board must go through an open and fair process to develop those policy options and CALSSA would love to be part of that.

Mr. Cahill said that the Committee should not set hard boundaries on the range of policy solutions today. At the March 21, 2019 Board meeting, the Board adopted a motion that staff shall “consider energy storage system size, complexity, voltage, and potential risk” and “draft proposed regulatory language.” Following that meeting, staff reports that it reviewed the previous record and conducted interviews with five entities, one of which requested not to have its information entered into the record, which is not a sufficient basis for staff recommendations. CALSSA requested to provide input and was denied.

Mr. Cahill said that staff presents four options for Committee consideration, but states, “The options presented are concepts and are not intended to be and do not include draft or final regulatory language.” They would argue that these concepts are not ready for Committee action. The four characteristics that staff was tasked with investigating are size, complexity, voltage, and potential risks. The report notes comments that have been made to staff over the past 15 months in summary form, but that have not been incorporated into the staff proposals before the Committee today.

Mr. Cahill noted that the Option 2 concept includes a size limit for 10 kilowatts for a PV system, which is puzzling because C-46 contractors are eligible to install PV systems of any size currently. No justification is given to create a new restriction for PV. Staff drew the 10-kilowatt reference from California Solar Rights Act that has no relevance to safety; the Act protects the rights of customers to maintain unobstructed sunlight and prohibits homeowner associations and local governments from denying permission for solar installations based on aesthetic concerns. Those protections are not related in any way to code compliance or contractor licensing.



Regarding complexity, Mr. Cahill said that staff report that energy storage systems commonly installed for residential customers have built-in circuit protections that preclude the arc flash and thermal runaway, and installers do not have to access the terminals. This is important information, but the relevant conclusion is that a C-46 contractor should be permitted to install any integrated energy storage systems that do not have exposed battery terminals. The Option 2 concept does not include this threshold, and the Option 3 concept includes a requirement for plans to be drawn or approved by an electrical engineer, but the supporting information does not present a level of complexity that would require an engineering stamp. As a professional engineer (PE) in California for 30 years, these plans do not require a stamp. Most energy storage systems have template designs. The staff report notes that the calculations are required to ensure that the existing electrical system can withstand installing a BESS. This is the exact same calculation that is needed for every single solar system. Solar contractors do these calculations every day.

In relation to voltage, Mr. Cahill said that the staff report includes no information about voltage considerations. The Committee should not accept the staff report without this information that staff was tasked with considering. Voltage should be a main consideration. The NEC makes a clear distinction for devices that have exposed DC terminals greater than 60 volts DC. If a device does not have exposed terminals greater than 60 volts DC, it is considered an appliance that can be handled by people without any specialized training. If a device does have exposed terminals above 60 volts DC, it must be installed by “qualified persons.” CALSSA contends that the C-46 contractors are qualified persons.

Mr. Cahill said that CALSSA does not feel that there are any potential safety risks and none were identified in the report. The cost factor is way out of line. They would ask the Board to start from scratch and go back to the drawing board and CALSSA would be willing to work with the Committee to develop anything that would be a concern to them.

#### Public Comment

##### *Presentation from California Building Officials Representative (Shane Diller)*

Shane Diller identified himself as the Assistant Director of Development Services for the City of Elk Grove and the Vice President of the California Building Officials Association (CALBO). They have been following the issue since it first came before the Board and have testified in the past about their interest in staying engaged and watching the issue that comes forward. After the agenda and formal options were published, they reviewed those and have been in discussion with folks involved in this issue, including the California Building Industry Association (CBIA).

Mr. Diller said that CALBO and CBIA would like to jointly support either Option 2 or 3, depending on what the specificity of those come out to be, with the caveat that they feel as though right now the proposals need a little more development of the details. CALBO and CBIA would like to offer their assistance or support on identifying the appropriate





delineation from a code compliance and a public safety standpoint would be in regard to where to split the work between a C-46 and a C-10.

Mr. Diller said that primarily based on technical requirements for the work and how that impacts the safety of a structure, CALBO, in discussion with CBIA, recognizes the need for both solar and housing industries in California to accomplish the installation of PV systems and the associated energy storage systems that are being driven by the new code requirements coming out in 2020. They believe that there is middle ground to be found in Options 2 or 3. Through improved testing or certification and appropriate delineation of the technical work, the issue could be solved to be sure that the work is done by the people with the right expertise. As building officials, they are committed to working and provide any expertise they have on the inspection side and the plan review side to help decide where that delineation is made. They otherwise align their comments with Dan Henrich (above).

#### Board Member Comment

Committee Chair Beltran thanked Mr. Diller and asked the Committee members if they had any relevant questions of the speakers.

Board Member David Dias affirmed that CALBO voted for Option 2 or 3 and that C-46 voted for Option 4, but sought clarification from the C-10 presenter about his vote. Mr. Henrich said that he is advocating for Option 1.

Board Member Kevin Albanese asked Mr. Henrich about his discussion regarding Section 706 of the NEC relating to voltage operating at 50 AC or 60 DC or greater requiring a C-10 license. He asked if and how that corresponds with the 5 kilowatts and 20 kilowatt hours on the BESS in the Option 2.

#### Public Comment

Mr. Henrich said that it corresponds in relation to the discussions others have been having on the plug-and-play systems, saying that the connection from the system to the electrical equipment within the house or building requires a C-10 license and is covered under the NEC and the NFPA 70E.

#### Board Member Comment

Board Member Albanese asked if currently when a C-46 installs a PV system, does a C-10 typically then come in and make the connection to the electrical equipment. Mr. Henrich said yes, and referred Mr. Albanese to the drawing he distributed for his presentation, and he explained the flow of connections from one product to the next on the diagram. He said that C-46 work stops at the inverter, and the connection from the inverter to the electrical equipment within the building is done by a C-10 per the NEC and NFPA 70E.

Board Member Albanese asked if that was what was currently happening in practice now. Mr. Henrich said no, he thinks a lot of C-46s are installing from the inverter to the



electrical equipment. He said that in his professional opinion, and pursuant to the NEC, the NFPA 70E, and in the City and County of Los Angeles, C-46s are not qualified to do that work.

#### Public Comment

Mr. Cahill responded to Mr. Henrich's opinion by saying that the C-46 is a multi-trade discipline that has roofing work going on within the C-46 and electrical work going. He said that they actually tie in the systems to the electrical systems at the home. Mr. Cahill said that if they need to do a main panel upgrade, they will typically sub that work out to a C-10.

#### Board Member Comment

Board Member Albanese asked Mr. Henrich about Utah and Hawaii that specifically segregate out the energy system from their solar contractor and Mr. Henrich's comment that California is the only one that does not. He asked if there are any other states in addition to Utah and Hawaii that keep them separate. Mr. Henrich said that he believes that there are other states and some of the other speakers will clarify that. Mr. Albanese said that it would be great to see the models that Utah and Hawaii use to keep them segregated for the Committee's consideration.

#### Public Comment

Ms. Del Chiaro said that California is the oldest and the only state that created a license 40 years ago that included energy storage. She said that the other states have relatively new markets, so they have established licenses that apply to everybody and apply to the different technologies as they come to that marketplace. Ms. Del Chiaro said that California is very unique in terms of our history and our development of this technology. She said that the C-46s have been the leaders and not only the inventors but the installers of these very technologies under one license for 40 years.

#### Board Member Comment

Board Member Albanese asked Ms. Del Chiaro, in the 40 years since we have been doing solar in California, how long battery systems have been around. He said that he thinks that solar is a relatively new technology, relative to everything else that CSLB regulates, but how long have BESS been on the market and installed by C-46s.

#### Public Comment

Ms. Del Chiaro said that per the staff report, the C-46 license created in 1981 was specifically created to allow contractors to install solar PV systems paired with batteries, back in the 1980s. This is not actually all that new, and as they have testified, those technologies were actually more dangerous than the technologies being packaged and presented and ready for market and install today. Of the 4,000 solar and storage systems that have been installed in California every year for the past several years, the vast majority are being installed by C-46 licensed contractors. They are familiar with this work, have been doing this work, are experts in this work, and they do not need to be restricted because there is no evidence at all. It is true the technology is constantly



evolving and they are proud of that evolution. The C-46s are the inventors and creators of clean energy, so they know what it takes to do it well.

#### Board Member Comment

Board Member Albanese asked Mr. Cahill about his discussion about open battery terminals versus the plug-and-play, asking what are some of the distinctions that the Committee should consider. He asked if the Board should be thinking about open terminals when drawing a line, if a line is to be drawn. Mr. Cahill said that he thinks that open terminals are pretty rare these days because of the manufacturing and the plug-and-play systems that have their own inverters inside, so it is completely enclosed. He said that in the early years, there were battery systems that were put together by C-46 and designed by C-46 contractors that were combined from various equipment because there were no plug-and-play systems, which there now are, so it should not be an issue with the current systems.

#### Public Comment

Mr. Henrich said that he got started in the telecom industry in the early 1990s, doing fire alarms system that had a huge area where they were going to install batteries, so he studied that technology and started doing the installation. Those installations are still going on and those are open terminals that are exposed and require a lot of knowledge and skill to do those installations. All of the different technologies have different requirements, such as containment for lead acid and air exchange for the hydrogen and hydrogen sensors, and there are special tools, such as insulated tools, that are required because people are working on live batteries as they are stringing batteries together. Those types of batteries are still being used and lead acid is very inexpensive and the technology is evolving constantly, so he does not feel that those installations have gone away, they are still going on.

Mr. Diller said that he had nothing specific to add, but made notes about reviewing the delineations of the requirements of Utah and Hawaii, and he will look at those if they are given the opportunity to continue to work with staff on fleshing out Option 2 or 3.

#### Board Member Comment

Board Member Dias asked for clarification on how the C-46 classification came into play.

#### Staff Comment

Legislation Chief Jamnetski said that the mention of storage and the regulatory development of the C-46 in the early 1980s was in reference to thermal storage; however, the Board also did discuss making electrical connections in the development of the classification.

#### Board Member Comment

Board Member David De La Torre said that the technology that has been around for decades, and in April, the Board directed staff to do an analysis and bring up data of



any faulty installations of BESS, but so far there have not been any. He asked Mr. Henrich why these concerns are being brought up now after decades of installations.

#### Public Comment

Mr. Henrich said that he thinks that it is because of the technology as it is evolving. He said that the electrical grid has been the same for 140 years, and overnight it has changed. Mr. Henrich referenced some of the systems he mentioned earlier and said that they are all new systems. He said that the NEC and the NFPA 70E have begun to address it, which they do every year through code additions to address new technologies as they come out and what is happening in the industry. He said he thinks that is what is driving the issue.

#### Board Member Comment

Board Member De La Torre said that with evolving technologies come certain safeguards that come with the evolution. He asked if that would allay the safety concerns. Mr. Henrich said that it gets back to who is the more qualified individual as he discussed earlier, saying that the State certified electricians take a test on the NEC, national installation standards, and safety to be certified, but C-46s do none of that. He said that the NEC is the subject manager of this new technology and code, and they are the ones dictating who is authorized and who is qualified to do this work. Mr. Henrich said that certified electricians have 8,000 hours of experience, but you could have a C-46 who has been on the job one week and he is going to connect to an electrical panel. He said that that does not make any sense to him at all.

#### Public Comment

Ms. Del Chiaro said that on page 79 of the staff report, it states that CSLB created the C-46 license in 1981 specifically to specialize in the installation of “all types” of solar systems and that C-46s have testified that they have been installing these systems for 40 years, which is repeated several times in different reports. The C-46 license was not limited to solar thermal back in the 1980s. The CSLB C-46 test, as Wendi Balvanz [Chief of Testing, CSLB] has testified multiple times in the last year and a half, extensively tests contractors on solar and storage and has been doing so for decades. Ms. Balvanz has further testified that the C-10 test is devoid of any questions, except for in the past couple of years, occasionally a test will pop up with one or two questions on solar and storage.

Ms. Del Chiaro questioned if the C-46 contractor was incapable of doing these installations, why has CSLB been testing them and allowing them to do it for decades. To answer Mr. De La Torre’s question about why now, it is because storage is now being mandated on every new home in California along with solar, and the C-10s want to take this market for their own. This is not fair practice and not fair trade. No one is saying that the C-10 cannot do this and CALSSA have many excellent C-10 contractors in their membership doing excellent work. This is a multi-craft trade that involves many different skills, and the battery being added to it does not change a thing.



### Board Member Comment

Board Member Dias said a contractor's license does not train any workforce at all. He said that he used to work for an HVAC company for 36 years and they trained through their apprenticeship, but they did not get trained because one of their contractors had a license. Mr. Dias asked what the required training is, not what training is available, but the required training for a C-46 employee. Mr. Dias said that a certified electrician has to be trained and take a test, and he asked if there was anything comparable for the C-46 that is required by the State of California.

### Public Comment

Ms. Del Chiaro said that the C-46 is the licensed contractor that is responsible for their employees and for providing the training for their employees, like every other license except hazardous waste material haulers as she understands. C-46s do an excellent job of training their staff, going through OSHA-required training and manufacturer-required training. The manufacturers that are present at the meeting can testify to the fact that they do not allow the systems to go out without people being properly trained on how to install them. C-46s have their own way of training, just like the two general contractor licenses do. It is not necessary to require a certified electrician to install a multi-craft technology.

### Board Member Comment

Committee Chair Beltran asked Mr. Cahill what his electricians do since he is also a C-10 licensee. Mr. Cahill said that they have journeyman electricians who install residential PV systems. He continued to say that it is not exclusively electricians; they have both types of people in their organization – some that work purely on solar and when they sometimes have to do a main panel upgrade, electricians do that work.

Committee Chair Beltran invited the public to comment for two minutes apiece limited to the topic of the expert testimony presented

### Public Comment on Agenda Item E

An unidentified C-46 contractor, his company has installed over 1,000 BESS in the last few months with no incidents, using C-10 licensees when a main panel upgrade is involved. The NEC contains no mandate that installations must be done by C-10s, only the reference to qualified personnel. The NFPA has no PE requirement relating to BESS; C-46s could go up to a 5-megawatt system without a PE being mandated, even though it may be recommended. Technical advances have brought safety improvements, and international codes are improving safety as well. A BESS fire in Arizona last year involved an unlisted system, but he would not install such a system.

Todd Farhat, C-46 licensee for about 12 years, recently got his C-10 license, but there was no influx of knowledge with the additional classification, no new safety knowledge



about installations. Relating to PV and storage, the C-10 license was far inferior to the C-46. Mr. Farhat encouraged the Committee to consider Option 4.

Barry Cinnamon, C-46 and C-10 licensee for nearly 40 years, said that Mr. Henrich misrepresented BESS on small- and medium-sized systems and the ability and training of C-46s to install them, just as many other specialty contractors have connected other devices to the electrical system in buildings. The majority of BESS are integrated systems with one inverter than connects to both solar (typically operating at about 400-600 volts) and storage (typically with protected terminals or plug-and-play) with safety built into the system by new technology. This will hurt the ability to solve the global warming problem.

Ian Rodriguez, representative for an A licensee, says no need has been shown with empirical evidence that there is any risk to life and limb caused by a solar contractor. This issue threatens an entire industry and interferes with green energy initiatives statewide but does nothing to protect consumers or homeowners.

Diane Ravnick, former Chief of the California Division of Apprenticeship Standard, said that approved and monitored apprenticeship standards for both union and nonunion workers produce a highly skilled, trained workforce for trades in the construction industry, which helps ensure the safety of the workforce, consumers, and the public in general. There is a five-year training requirement for State-certified electricians, but none specified for solar installers. The C-10s workforce is the most qualified.

Jason Bodruk, representing a manufacturer and with an engineering background, said that they depend on the standards, Underwriters Laboratories (UL) 1741 and 9540, and today's UL-listed systems are plug-and-play systems and engineered appliances that cannot be shorted out, so they cannot injure a person. They are designed to be installed by qualified persons, which includes both C-46s and C-10s. They train all of their installers to ensure safe systems.

Bret Young, supplier of solar-based and solar/storage inverters, thinks that both C-10 and C-46 are competent and capable of installing systems and storage, reading blueprints, and doing testing. No two buildings are the same, so there is always a variety of circumstances under which installations take place, so there is a place for both C-10s and C-46s. The C-46s are qualified personnel and there is no need to create an unnecessary barrier to slow things down.

Allen Sloan, credentialed safety professional and C-10 contractor for more than 20 years, questioned the C-46s claim that there have been no serious injury or death with energy storage systems and that it's more likely injuries did occur (e.g., electrical shock or burn) but were misclassified as just construction issues because solar and storage do not have a category of their own.



Charlie Kuffner, worker in commercial construction and solar for more than 30 years, said that safety is the first priority, and, as with every industry, training takes precedence and makes for a safe industry. There does not appear to be a record of safety issues with C-46-performed installations. The NEC does not define solar requirements because it is just a small trade and only active in a few states. They regularly work at voltages at 480 volts AC and 1500 volts DC, and they learn about new technologies and train their employees to work safely, just like any other trade group.

Alex Lantsberg, C-10 contractor, supports greater licensing requirements. He questioned the solar industry's statement that there are 45,000 solar workers. Based on figures provided by the solar foundation, there are between 18,000 – 21,000 people installing solar of any sort in California. Utility-scale and institutional and commercial installations dominate the market over the past six years at approximately 80 percent of the market. The industry probably has some good C-46s who are good at what they do but CSLB does not regulate for the good guys, they regulate for the bad ones.

Ashton Thurneysson, C-10 and C-46 licensee representing a manufacturer/installer, train and extensively vet their certified installers that include both C-10s and C-46s. Their products are getting better and safer all of the time, using a simpler system that is AC coupled, so there is no separate inverter, and a lot of other manufacturers are following that model. Limiting the workforce that does this work goes against the advancement of the goal of energy sustainability.

Julius Cherry, public safety expert and retired Chief of Sacramento Fire Department, wants the highest standards for installers because of the potential fire risks involved (e.g., arcing, meltdowns, explosions), and to protect first responders and members of the public. The California Fire Code regulates BESS differently from PV solar systems; and, from a public safety perspective, State-certified electricians supervised by a C-10 contractor are the most qualified for these installations.

An unidentified speaker, C-10 and C-46 licensee with 25 years in the solar industry, said his company uses both solar technicians and electricians, and they give the technicians the option of entering into the electrician apprenticeship program, but some solar technicians who love solar work elect to not pursue their C-10 certification training because it involves a lot of general electrical content that is not relevant or necessary to complete solar work. While there is always room for improvement, making a classification distinction would not be an improvement.

Jim Wilson, representative of C-10 contractors, said that the 45,000 solar and storage workers in California claimed by CALSSA are not certified. According to California Employment Development Department (EDD), there are only 3,920 solar PV installers in California, excluding electricians who install and work on solar. CALSSA's concerns about the 1-1-1 ratio required for certified electricians to apprentices to trainees are questionable.



Scott Wetch, representing utility employees and electrical workers, said that CALSSA claims they perform the vast majority of solar work and that there is not enough C-10 workers to perform the work. But there are over 30,000 licensed C-10 contractors in California and approximately 1,400 C-46s. C-10s originally did solar installations after the industry came out of solar thermal for swimming pools. CSLB's regulations say that C-46s are not authorized to install BESS as separate systems and they are not authorized to upgrade an electrical panel, so they should not be allowed to install BESS that connect to a panel. The serious safety hazard potentials with lithium ion BESS contained in the NFPA are voltage, arc flash blast potential, fire potential, vented gas combustibility, and vented gas toxicity. Back feed can also be a problem that is regularly experienced with PV and storage systems.

Joe Kane, civil engineer, said that the statement that the NEC requires C-10s for interconnection is not true. Hawaii's C-60 license allows assembly and installation of PV panels, batteries, controls, and related low-voltage DC wiring. The legislative intent of the Solar Rights Act was to remove barriers to rapid deployment of renewable energy systems, including batteries that will be an important option after the upcoming energy standard changes. Any considerations on this issue need an open process and stakeholder engagement.

Mark Krausse, on behalf of Pacific Gas & Electric (PG&E), supports Option 1. They have been educating customers about their de-energization programs due to wildfire risks, and that includes discussions about backup systems. They are encouraging renewable energy options like BESS, but this brings an increased reliability factor that impacts the overall safety concerns.

Kent Stodd, who has worked in the solar industry for about 12 years, said that this issue is limiting the industry by fighting between C-10s and C-46s. The sides should work together for the benefit of both C-10s and C-46s, as they are sisters and brothers.

Jason Eshelman questioned why there are 30,000 certified electricians and 45,000 solar and storage workers in California. There are actually less than 4,000 solar workers, as well as 7,615 state-approved electrical apprentices, 11,627 state-registered electrical trainees, and about 30,000 electricians, totaling more than 50,000 electrical workers in California who do this work.

Alex Tigo said that there are 32,000 C-10 contractors, as opposed to 1,425 C-46 contractors, 450 of whom also have the C-10 license, so only 976 only hold the C-46. Since the stated cost difference is only \$100 per project and C-10s have far greater numbers and the skills to perform the work safely, all BESS should be installed by C-10 contractors.

Bob Lilley, representing a large C-10 contractor that has been doing BESS since 1946, said battery storage work is much more powerful and dangerous than PV solar work. BESSs provide emergency power and exist completely separately from solar systems





and without any solar components. They employ a well-trained, State-certified workforce, and this is clearly electrical work that should be performed only by C-10 contractors for the safety of workers and the public.

Blair Swezey, C-46 contractor and solar manufacturer, said that his company has extensive experience in installing paired solar and energy storage systems. Today's energy storage technologies are safer, simpler to install, and many are plug-and-play and UL-listed as an engineered system with safety features. Safety is of the utmost importance to his company, and they work with a trained workforce of 200 different C-46 installers. There is no evidence that the installation of BESS needs to be restricted to a C-10 license.

Antonio Sanchez, on behalf of various electrical workers, said a letter was submitted to CSLB in March from 70 elected officials that supported having C-10s be solely authorized to install BESS for safety reasons. Another speaker, David Clark, read some of the names of people who signed the letter mentioned above.

S.B. Phillips said she is studying to be an electrician, with 1,000 hours of classroom instruction and 8,000 hours of on-the-job training that covers the NEC for proper and safe AC and DC electrical installations. Only C-10 contractors should do BESS work.

Jesse Elliott, A, C-10, and C-46 licensee doing solar work for more than 15 years, has hired many employees at various levels and their prior training or testing does not matter; the only thing that matters is their in-house training once they are hired. The electrical trade is very vast, and there is always a need for specific training. Electricians often do not understand solar work before they are hired because they had been doing things like installing lighting inside a building. The best thing for safety of the workers and the installations is the quality control program that a company has in place.

Byron Benton, electrician for 32 years, has been running a C-10 training center for 17 years, and the NEC is clear that BESS over 50 volts AC and 60 volts DC should be installed only by a qualified person to protect from hazards from electricity. This requirement is not being adhered to by C-46s. He described an incident where a panel being worked on by two uncertified workers exploded in Emeryville. State-certified C-10s should be required to install BESS.

Brian Deppen, manager with Southern California Edison, reviews solar plans and troubleshoot, considering the safety of utility employees, their customers, and the public at large. C-10s are properly authorized to install BESS as standalone systems, and it should be the same with paired systems.

Dave Iloff, certified electrician, said that C-46s are not qualified because they have not had training on the proper use of equipment, and they do not have a fundamental understanding of electrical systems, safety issues, or toxic chemicals involved.



Jerome Braxton, an apprentice electrician, said that a UL listing does not guarantee safety because such systems still require proper calculations and installation. C-46s are not qualified because they do not have the required training or certification, but C-10s do.

Jack Ramsey, a C-46 and C-10 licensee, said that if a C-10 license is required to install BESS, CSLB will have to notify HVAC and appliance contractors that what they are doing is against the law as well because they also make connections with electrical equipment and upgrade panels.

Kathleen Barber, certified electrician for 35 years and training director for more than 600 qualified electricians, said that they are required to have more than 1,200 hours of classroom instruction and a minimum of 8,000 hours of on-the-job training. It is inaccurate to state that electricians do not work with DC power; it constitutes 220 hours of their training and they have been doing it since the invention of the DC motor and uninterrupted power supply (UPS) backup systems.

Jennifer Collins, apprentice electrician, said that C-10s are doing megawatts of renewable energy that is DC work, and they have requirements for safety knowledge, skills, and abilities (KSA), but there is no way to know what KSAs C-46s have because there are no State training requirements to confirm their electrical skills related to BESS. All BESS should be installed by C-10s only.

Stacey Reineksis, founder of energy storage companies, has installed more than 100 solar systems in California and several hundred in the United States and Canada using C-46 installers with no incidents so far, and strongly supports the CALSSA position. If there was a requirement for only C-10s to install, there would not be enough labor workforce available, and it would result in a significant loss of jobs and a hold back of technological development that is essential for greenhouse gas reduction. Strongly opposes the idea of requiring only C-10s to install BESS because it would have ramifications, including restricting the market and contributing to climate issues.

Eddie Bernacchi, representative of the National Electrical Contractors Association, said that the claim that this was a rigged process without enough input is a misrepresentation. Multiple meetings were held to discuss the issue, including a Board meeting, and staff did extensive outreach to C-10 and C-46 experts to see how the industry works, as well as to State agencies that would be impacted. It was inappropriate for the C-46s to make this claim to get it on the record for this issue.

Bob Ward, IBEW representative and electrician for 24 years, said there has been a lot of discussion about plug-and-play, and there are a lot of plug-and-play batteries that plug directly into the inverter, but the interconnection of the device into the panel is not plug-and-play. When you have to drill a hole into a UL-listed cabinet and run wiring and pipe across live bus bars, there is nothing plug-and-play about it. Since that is how it is done with every installation, it should be C-10 work only.



Tara Hammond, CALSSA member, said her company utilizes only certified electricians for installing both solar and storage. As more C-46 installers get into storage, there will be more safety risks and potential for accidents that could harm the installers, property owners, and emergency responders. Since the Solar Consumer Protection bill was passed, CSLB is tasked with tracking complaints about solar companies because some solar companies were operating unethically, and the unethical companies will not train their workers properly. She is in support of Option 1.

Celine Lawrence, from the same company as Ms. Hammond that was founded in 2004. In the past few years, solar storage has been increasing rapidly, but it is still in its infancy. Storage is much more complex and dangerous than solar alone, involving complex circuitry, wiring, and electrical assessment and calculations. The existing electrical condition of homes varies greatly and can pose a safety threat if not assessed properly, which would put workers and the industry at risk. They recommend requiring C-10s to install storage paired with solar for safety reasons.

Taylor Markwith, from the same company as Ms. Hammond, said that solar panel expertise does not translate to BESS expertise because solar power is a flow of energy. They support requiring C-10s only as the C-46 exam does not cover the workers.

Matt Stoutenburg, C-10 and C-46 licensee, said his company has completed over 7,000 residential solar projects. The people at the meeting are passionate on both sides of the issue and are the most skilled workers, but they are not the only people doing the work. The solar industry is littered with a zero-barrier of entry from the public outreach to the installers. There are no standards for the installations, and installers think of themselves as electricians, but they quickly fail tests his organizations puts them through. In support of Option 1 to raise the standards for installations in California.

Chris Tillery, State-certified journey-level electrician and instructor, said it is inaccurate to state that C-10s do AC work and not DC work because electricians have more training, experience, and expertise in DC power.

Yvonne de la Peña, representing firefighters and builders, echoes the remarks made by Chief Cherry (above), saying that as BESS become more prevalent, C-10s should perform the work for safety reasons. Fires are often the fault of improper installation and maintenance, and fires involving BESS can burn at extreme heat, react violently with water, and reignite after being exhausted. The California Professional Firefighters encourages the Board to make it clear that only C-10 licensees and certified electricians should install and maintain BESS.

Gretchen Newsom, representing electricians, signed the letter previously mentioned that was signed by 140 supporters of restricting BESS installations to only C-10 licensees to protect public safety. She read an excerpt regarding the public safety risks of BESS that are not installed by certified electricians and encouraged the Board to limit



such work to only C-10s, as they are required to employ State-certified electricians, but C-46s are not.

Jeanine Cotter, C-46 licensee since 2004, said that, in 2007, then-Mayor of San Francisco Gavin Newsom headed an effort to remove barriers to the solar industry, and now many people who benefitted from that training have 10-plus years of experience installing solar and BESS. Based on all the testimony today, it is clear that there is not enough information yet to make a decision that would impact the ability of C-46s to do their work. There is currently a shortage of skilled labor throughout the construction industry, but there are C-46s who are skilled to do this work and have been doing it safely. The Committee should consider how their decision could transform an industry in a way that people would not be able to get in and do qualified work. Standards are important, but the impacts must be considered, and the board should wait to have sufficient facts to make a decision.

Don Osborne, C-10 licensee with 40-plus years in the solar industry and worked on renewable energy with utilities, strongly urged the Committee to adopt Option 4 based on the Board's own record that there has been no indication that there is a problem that warrants this kind of restrictive solution. There is an industry that has been doing highly qualified, effective, and safe work for 40 years and the solution being proposed would restrict the development of the industry unfairly and without cause. The Committee should look at the facts and keep the industry moving along as it needs to be.

Gary Gerber, C-46 licensee for 42 years, said that when they first started installing batteries, it was dangerous dealing with live wires, but it is a completely different world now with batteries that are sealed and very safe. Trains all 70 of their employees, even the certified electricians, because they will not have the necessary knowledge for the installations. They get the training from the manufacturers. The license test and the certification test does not guarantee that the person knows anything about batteries. All C-46s and C-10s alike, need to be installing solar without restriction on the industry to keep it growing.

Martin Herzfeld, solar master trainer and holder of C-46, C-7, D-31, and D-56 licenses, said that there have been changes to the fire code and the international code in 2018 regarding BESS and size and voltage restrictions (706.30A), and all contractors should follow the codes. There must be evidence of a certified electrician making an interconnection for a residential property that caused a fire. Greed should not overshadow a logical outcome, and he votes for Option 4.

Glenn Harris, solar businessman for 20-plus years who does not hold C-46 or C-10, said that each side claims the other side does not know enough. Everyone must learn all the way through, there needs to be a fifth option where each group gets to learn what the other group knows, which would take some time and would require the license classifications to be updated to reflect the additional knowledge required. Now is not the



time to reduce the number of people working in solar because there is a lot of work to do, and restricting licenses is not the solution.

**The Committee recessed at 12:00 p.m.**

**The Committee reconvened at 1:00 p.m.**

Paul Thoreau, C-10 licensee of a company founded in 1919, whose company has done solar, wind, and BESS work for 40-plus years, and employs more than 1,300 State-certified electricians in California. Current batteries are more powerful and potentially more dangerous if not handled with skill, and whether or not paired with solar, battery work is electrical work. Non-electricians are not qualified to perform BESS work, and the Board should restrict BESS work to only C-10 licensees.

Pete Chureson, apprentice electrician trainer and 25-year electrician, said that apprenticeship training covers Office of Safety and Health Administration (OSHA) safety courses, and there is ongoing journey-level training on various topics to keep electricians' skills up-to-date throughout their careers. All PV energy systems must be installed by State-certified, trained electricians employed by C-10 licensees.

Joel Coppel, San Francisco planning commissioner and apprenticeship program graduate, said that the C-46s are underemphasizing the need for comprehensive training, not only for installations, but for testing, repairing, and maintaining systems. An understanding of electrical theory is essential for these systems. On March 12, the City and County of San Francisco Board of Supervisors hearing unanimously approved a resolution urging CSLB to ensure that BESS are installed only by valid C-10 licensees. The committee should vote for Option 1.

Mike Ennett, electrician, said that worker and public safety will be at risk because non-electrical solar installers have no training or certification requirements. Improperly installed or maintained electrical equipment caused more than 53,000 residential fires in the United States each year. BESS are primarily lithium, not lead acid as they used to be, which is more dangerous and should be installed only by C-10 licensees. Having C-46s putting in breakers in electrically charged panels will be dangerous. The committee should vote for Option 1.

Steven Booker, journey-level electrician for more than 20 years, said that solar and BESS are distinctive and separate with their own inherent risks, technical specifications, codes, installations, and fire safety hazards. 8,000 hours of hands-on training and passing a comprehensive test to be certified is required to have a thorough understanding of the NEC and safely do work on BESS that now vary widely in type and size. BESS work is electrical and should be performed by C-10s for the consumer safety mission of CSLB. The Committee should vote option 1.



Steve Campbell, solar developer, said that substantial evidence is required in the record to prove that change is necessary, in addition to performing an industry fiscal economic impact assessment. What evidence has proven the need for a change? The record shows no incidents. The economic impact assessment of \$100 per unit did not seem to be reached in a consensus-driven manner, so the threshold for change has not been met. Unnecessarily increasing the costs will impact low-income Californians who need BESS the most to deal with rising energy costs and other impacts of climate change. He agrees with the California Energy Commission and votes for Option 4.

John Reusche, B contractor since 1981 who works for company that also holds an A and C-10 license has been doing solar since 2008. This proposal is being backed by unions and utilities because solar threatens their business model. This proposal would result in a shortage of solar workers and put thousands of installers out of work who are often entry-level construction workers who go on to become skilled craftsmen. The unaffordability of solar will negatively impact the installers, contractors, customers, and California's ability to meet green energy goals and mandates. This is a solution in search of a problem that does not exist. Recommended Option 4.

Casey Saucauskas, industrial and utility electrician, recommended that C-46s not be allowed to perform any BESS work of any type or size because the anticipated increase in the number of BESS and volume of interconnections to the utility power distribution systems means that the quality, reliability, and safety of BESS will similarly have an increasing impact the distribution grid. There are many stakeholders that have an interest in the successful integration of BESS into the statewide power system, which can be accomplished only if all BESS installations and maintenance are performed by C-10 licensees who are duly qualified to install standalone BESS. While C-46s are licensed to install, modify, and repair PV systems, those skills are not sufficient for BESS for safety reasons. For the safety of the utilities' employees, customers, contractors, and the public at large, recommend the Committee votes to limit the work to C-10 contractors.

Andrew Christenson, attorney and solar developer since 2012, said his company employs both C-10 and C-46 licensees, and is concerned about their workforce that is trained and qualified and has successfully installed without incident. You need to show cause and why there is a problem or need for change, but there has not been any incident or concern about their ability to successfully deploy storage. Vote Option 4.

Zac Goodman, State-certified journey-level electrician and instructor, said that C-10 employees have training requirements. While C-46s are trained by their specific employers, the overall training is important. Vote 100 percent for safety.

Ed Smeloff, non-profit solar provider, said that energy storage is ready to grow over the next decade, needing ten times the amount of storage than is currently installed. There is an enormous amount of work for everyone – C-10s and C-46s and the electric utilities – and they need to be cognizant and not restrain competition or entry into the field



because everybody's effort will be needed. Over a million solar PV systems have been installed over the past decade with very few problems, so there is a quality workforce in both fields. Paired solar and BESS is the future to manage power throughout the day, and the Committee should adopt Option 4.

Carlos Ramirez, safety professional with 30 years of experience, said that there has been a lot of discussion about fear regarding installations; he designs safety solutions for the industry. There are some solar companies with fantastic safety numbers and are far superior to other industries because they are intent on protecting every installer and every home that they install on. Most fires and failures that occur are component issues not installer errors, so they have the manufacturers repair those products and seek better products in the future. Their company and others have their safety data that they would be happy to share with CSLB, and hope the Committee will consider the facts.

Travis Dodge, representing C-10 contractor with 90 years of experience, said that there are many hazards associated with BESS and their electricians have direct training on those systems, but very few C-46s have comparable safety training or equipment. BESS is electrical work and should only be performed by C-10s for safety reasons.

Daniel Barnett, representing the same company as Mr. Dodge, said that although C-46s may have some PV training, they are not certified electricians and do not have the knowledge and training to safely install BESS of any size. Electricians have been installing various types and sizes of storage systems for decades, and are trained to do such installations properly and safely with specialized tools and personal protective equipment. BESS work should only be performed by C-10s and certified electricians who work for them.

Tim Ramage, solar and storage contractor, said that this capricious change would drastically change his company and impact the installers of solar and storage who have worked their way up from working on the rooftops to being lead installers and have worked for a decade without incident. If limited to hiring a C-10 contractor, there will be a bidding war that will only benefit C-10s because everyone will need them. There is already a short supply, especially for smaller, residential projects. Storage used to be about three percent of the jobs, but it is now about 30 percent, and this change will preclude keeping up with the 6,000 installations for his company. The time-of-use programs that the utilities are implementing are driving the need for more storage so people can manage their electricity throughout the day. This will affect workforce. There is one permit for solar and storage, and the two cannot be separated.

Michael Ingram, C-46 contractor, said that when he got into the field 10 years ago, he went through multiple solar-specific schools and got his license and he has been installing BESS and non-BESS solar safely since then because safety is a priority. Batteries are on the rise, but they are not new and the C-46s, as the C-10s, are qualified and have been installing them for decades.



Jim Jenner, solar and storage contractor, said that Option 1 would put him out of a job in about five years because nearly all PV systems will include storage at that time. Options 2 and 3 would limit about half of his business. Urges the Committee to vote for Option 4 based on the facts.

Riley Riggs, C-10 employed by a solar company, said a lot of new construction will have batteries along with their solar. It has been stated batteries are a separate power source, but technically the data shows they are all tied together in one system that cannot be separated. Despite a C-10 license, solar craft safety requires going through training from manufacturers that have UL-listed products. Everyone must install per the code, based on approved plans, and subject to inspection before being energized, so the safety aspect is moot. Taking the C-10 test does not better prepare you for the work. C-46s have more skin in the game because they have to make sure the systems work, or the free market will put them out of business.

Seamus Brennan, solar contractor, said that storage will be essential for solar in the future, and the only way to get there is if everyone is on the same page with paths for both the C-46s and C-10s to work together. Last month was the 415<sup>th</sup> month that the average temperature exceeded the 20<sup>th</sup> century temperature, and customers will be relying on storage more and more. The Committee should not rule anything out and vote for Option 4.

Doug Mangione, 40-year electrician and IBEW representative, said that there is talk of plug-and-play and that the systems are tied together, but they are not, and electricians have been installing energy storage since the 1980s in buildings that had no solar whatsoever. The codes treat them as two different systems, and batteries are not integral to solar. BESS stand on their own and utilize chemical energy to make electricity. The Board's job is to make sure that California's commercial and residential customers have safe and reliable systems installed by safe and reliable construction workers and electricians.

Dan Martin, solar contractor, said that everything he does, commercial and residential, has energy storage, and this fight and uncertainty are costing him money right now. The batteries he puts in buildings are in locked rooms and behind fences and yet people are driving around in vehicles that are powered by batteries and there is no concern about those mobile batteries. The safety claims are misleading because there is no evidence that they ever started a fire. If there are safety issues, take some time and set a bar for safety and have the C-46s and the C-10s adhere to that bar, but do not take away business from people who have installed 90 percent of the BESS to date. C-10s and C-46s are both needed, but more uncertainty and costs are not. The earth is running out of time to do this as well.

John Berdner, 35-year solar contractor and code developer, said that being an expert on State and national code issues, would like to have been contacted by staff as they did their research on this issue. The facts show that there is not a problem with C-46s or





C-10s installing BESS. The issues they have seen with fires with lithium chemistry have been problems with product standards and installation standards, not problems with the training of the installers. Their installers are trained and they see no difference between the installers that are C-46s and C-10s. Committee should vote for Option 4 because there is no problem that needs to be solved.

Ms. Del Chiaro said some of the testimony called some of her presentation into question. The Solar Foundation reports that there are 46,000 installers, the folks out in the field handling the installations, in 2017; 42,000 in 2018; and they anticipate 45,000 now in 2019. The point they were making with those facts is that IBEW's own numbers say that there are 50,000 combined electricians and registered apprentices, so the C-46 installer workforce cannot simply be replaced with the C-10 workforce. Regarding the swimming pool comment, at a 1981 Board meeting, it was said that the intent of the new C-46 classification was to include the "electrical components" of solar systems, and since the systems at the time were off-grid, they did not get installed without batteries.

Ms. Del Chiaro said CSLB's own report said that of the 21,000 complaints about solar projects, not one involved energy storage, and CSLB's own documents say that there is no difference between C-10 and C-46 on consumer protection. The Committee should not confuse those issues. Another speaker questioned the percentage of work being done by contractors holding C-46 licenses and there is factual evidence on this matter, including that of the 393 paired solar and storage systems that received a rebate from the State's self-generation incentive program, 312 were installed by contractors with C-46 licenses, so they are doing the bulk of the work without incident.

Ms. Del Chiaro said that her concern with the process is that she brought a panel of experts to inform a report that staff took a year to write and that was presented to the Board in March, and the Board went through this exact same process in March in San Diego, and there was not one piece of evidence in that report that there is a safety problem, such as incidents, injuries, or fires, being caused by the C-46 contractors. This is problematic because not once were the experts asked about whether a line should be drawn at residential property, whether that was the logical place to draw a line.

Tom Enso said that C-46 licenses are not energy storage licenses and never have been able to do standalone BESS. It is being suggested that the proposals being discussed are trying to take away solar jobs, but no one is trying to replace that workforce or take away those jobs. when a panel needs to be upgraded, that work gets subcontracted out to a C-10, so the same would be for when C-46s are doing solar work and they need to add a BESS, they would have to subcontract that to a C-10. Regarding the idea that the Board cannot take action that would be considered arbitrary and capricious because there is no evidence supporting the need, that is not how the law works because under that theory, the recent State Fire Marshall's action about fire and safety would be arbitrary and capricious as well. Precautionary action can be taken based on concerns of harm or technical testimony about potential for harm. The State Water Resources Control Board said that "agencies have the authority to enact precautionary regulations



to reduce identified risks or prevent future harm,” and that is what is happening here. A study by the utilities a few years ago said that 85 percent of residential BESS are under five kilowatts, but commercial systems can be one or two megawatts, which are almost utility-level systems.

Bernie Cottlier, representing C-10 contractors, questioned the information about the number of installers reported in today’s testimony. The Board should look at State statistics. Regarding safety and supposed plug-and-play systems, it does not matter how safe a device is because it is going into an electrical environment that have all different situations that must be assessed and evaluated, and calculations must be made. There is no such thing as plug-and-play because the whole system must be assessed, and electricians are the only ones who can do that safely.

Chair Beltran thanked the public commenters and introduced item F.

**F. REVIEW, DISCUSSION, AND CONSIDERATION OF THE PROPER CLASSIFICATION TO INSTALL BATTERY ENERGY STORAGE SYSTEMS AND OPTIONS FOR REGULATORY PROPOSAL TO RESTRICT THE C-46 (SOLAR CONTRACTOR) LICENSE CLASSIFICATION**

Committee Chair Beltran explained, for background purposes, that on March 21, 2019, the board unanimously adopted a motion to consider battery energy storage system size, complexity, voltage and potential risks, draft proposed regulatory language to present to the board for consideration that would prohibit or restrict certain contractor classifications from performing the installation of battery energy storage systems; and assign this to the appropriate board committee or committees and provide updates at each board meeting.

Chair Beltran stated that CSLB currently authorized four license contractor classifications to install ESS, in some cases with certain restrictions, the “A” General Engineering, “B” General Building, C-10 Electrical, and C-46 Solar licensees.

Chair Beltran explained that in May, CSLB Executive Staff met with leaders of the electrical, solar, and home building industries to discuss next steps. At this meeting, CSLB staff shared its plan to meet with various entities to obtain their insight regarding the development of the proposed regulatory language. A summary of this meeting is posted on the CSLB website under the Energy Storage Systems page.

Chair Beltran stated that over the next few weeks, CSLB staff had conversations with staff representing the California Department of Finance, California Public Utilities Commission, Governor’s Office of Business and Economic Development, California Building Industry Association, California Building Officials Association, and the California Energy Commission. Summaries of some of these conversations are included in the packet.



Chair Beltran asked the Board to consider relevant facts and evidence that support the need for any proposed regulation. Chair Beltran thanked staff for presenting the four options that begin on page 72 of the packet, and for providing the facts obtained from its research and information collecting and pairing them with each option for the Committee to consider.

Chair Beltran stated that the Legislative Committee has now heard the presentations provided by experts today, and has heard testimony on this topic over several meetings over the last two years. Members of this committee have also reviewed the facts and information in this packet as well as the Energy Storage Systems Report issued by CSLB staff in March of this year. As a result, the Committee is now being asked to consider options for this item. There are currently four for consideration but committee members may suggest others.

Chair Beltran then introduced the four options and explained that the Committee may then make a motion for one of the options or develop its own option if they so choose, including directing staff to conduct further research into other options. It was clarified that the options relate only to the C-46 solar classification and would make no change to any other license classification. The current suggested options are as follows:

**Option 1:** Recommend directing staff to prepare regulatory language to preclude the C-46 Solar classification from installing battery energy storage systems

**Option 2:** Recommend directing staff to prepare regulatory language to permit the C-46 Solar classification to install battery energy storage systems on specified residential units with restrictions

**Option 3:** Recommend directing staff to prepare regulatory language to permit the C-46 Solar classification to install battery energy storage systems on residential units with restrictions

**Option 4:** Make no change to the existing C-46 Solar classification

Chair Beltran then invited public comment and limited it to one minute to ensure everyone gets an opportunity to speak.

#### Public Comment on Agenda Item F

Jeremy Smith, representing construction workers, stands for health and safety, good wages and benefits, workers being trained for careers not just jobs, and employing a skilled and trained workforce. C-10s, with their 8,000 hours of training, are skilled, trained, and safe, and have a career, and stand for these principles. The same cannot be said about C-46 licensees or their workers. BESS installations are electrical work, and it is recommended the Committee chooses Option 1.



Lauren Cullem, Sierra Club, supports SB 100, which leads California to a clean energy economy by 2045, and BESS will be critical elements along with solar and other clean energy sources. Only qualified people should install and maintain BESS, whether standalone or paired with solar, in the most safe and effective manner, so all BESS should be installed by C-10s with State-certified electricians. This initiative is an opportunity to build a stronger and more equitable California by bringing clean air to communities and providing jobs and careers for residents. Improper installations of BESS could be harmful to the environment and consumers. It is recommended that BESS work be performed by C-10s only.

Mr. Herzfeld said that all contractors need to follow the code and have a hazard-free workplace. The Committee is asked to vote for Option 4 for no changes.

Tim Ramage, PetersenDean. The first three options won't work because items are sold together. The first three options would limit how BESS can be sold it because it would require finding certified electricians for all of them. Also precludes original installing contractor from going back to work on their own jobs and would void the warranty to have someone else work on it.

Todd Tyler, certified electrician. Improperly installed energy systems pose risks to everyone. Dangers are not diminished when BESS is paired with solar. They are separate and unique systems from each other. Because C-46 contractors are not required to use certified electricians their scope of work should not be expanded.

Mark Rodriguez, Sunrun, Permitting Chair for CalSSA. Regarding complexity and calculations of doing interconnection, from a PV system to a BESS, the interconnection piece follows the same rules. Those rules can be found in tables in the NEC and the California Solar Permitting Guidebook. The calculations are so easy that they have been done for you. As long as you fit within certain parameters, you do not need to do the calculations. This is to help contractors and jurisdiction officials speed up the permitting process. Recommend option 4.

Bernadette Del Chiaro, a residential solar system is not a small system. Large off grid systems are up to 20 kw, so 10 kw is an arbitrary number.

Jim Cahill, Options 2 and 3 preclude upgrades or alteration to the existing electrical system of the structure. Just by the nature of the C-46, that means no one can connect to the structure, because an alteration to the main panel could be as simple as a breaker being added. So just as they read, options 2 and 3 don't make sense, or C-46s couldn't do anything.

[Did not identify]. There is an underlying current of unskilled people with both C-10s and C-46s causing problems in the industry. The standards should be raised



Joe Cann, CalSSA. Nevada, Connecticut, Florida, Idaho, allow PV installers to do batteries. Proponent of Option 4.

[Did not identify]. Staff should study what the licenses are being tested on and find out what the manufacturers qualifications are for their contractors installing their equipment. Use the resources around you to answer these questions.

Ed Smallwell, VoteSolar. The 10kw cap is arbitrary. If you look at the facts, less than 30% of systems in commercial are 10kw and less. Please re-review the facts on the size of installations.

#### Board Member Comment

Committee Chair Beltran brought the matter back to the board. He explained that the members have listened to quite a few people today, reviewed letters from leaders, the legislature, first responders, utilities, building officials, apprenticeship standards, sellers of batteries. Chair Beltran expressed the opinion that if you reach a decision that nobody likes it's probably the right one. Chair Beltran stated that he is in support of Option 2 and invited Board Member De La Torre to speak.

Board Member De La Torre stated that the last speaker mentioned that 10kw was too low, and asked the speaker what would be acceptable in instead.

#### Public Comment

Bernadette Del Chiaro, stated that CalSSA would be willing to come to the table and negotiate a line under which there is a difference between C-10 and C-46. That line is not 10kw, and would start at 1MW. 1MW is a very large behind the meter system more in line with utility-scale projects, which is the sole and exclusive jurisdiction of the C-10 contractor today. We are doing a lot of solar in this state that is all utility scale in front of the meter, the C-46 does not go there. To split this market and be fair to everyone, you have to start at 1MW and go from there. This has to be based in facts.

#### Board Member Comment

Board Member Albanese stated that he agreed that option 2 is the correct direction. He is not convinced that the numbers are right. CSLB licenses employers and not the individuals. The skill of the qualified electricians are not being question and the apprenticeship program is fantastic, but the CSLB regulate contractors and we are here to protect the consumer through that regulation. The licenses are not mutually exclusive. Some work can be done under multiple licenses. Option 2 with some additional staff research, expert testimony, that addresses what the board asked for in March: size, complexity, voltage, and risk should be the direction. With that input and more specifics on that, we could get to where we need to get. We do not have enough information to say that we need to change this entire industry because of the great training the electricians have. It is different work, and there are different sizes we need to consider.



Board Member Dias, stated that Option 4 is “not an option” for him. He stated he is uncomfortable leaving the status quo because of the new technologies that are coming out, nor was he comfortable allowing up to 1 MW. He stated that he was initially leaning toward Option 1, but some of the testimony clarified that Option 2 is probably the best option. Talking with building officials is recommended to see which direction should go, whether it should 10kw or another number; CALBO wanted Option 2 or 3.

Committee Chair Beltran invited a motion. Board Member Dias moved for Option 2, Board Member De La Torre seconded.

#### Staff Comment

Legal Counsel Schioldge requested that there be clarification whether the motion is to accept Option 2 as written or amend it with clarification as was just discussed by Board Member Albanese.

#### Board Member Comment

Board Member Dias stated his acceptance of Option 2 with Mr. Albanese’s clarification.

Board Member Albanese stated that he would offer an amendment, that the selection is Option 2, but subject to staff developing and presenting a potential regulation addressing the size, complexity, voltage and risks of energy storage systems. That’s one modification. The other suggestion is to address one of the audience members. It sounds like the C-46 is installing the PV system and plugging it in to the utility without upgrading the utility or making any other modifications other than that connection. It is not the intent of the Board to change that aspect of what they are doing. So those would be the two amendments to Option 2.

Board Member De la Torre accepted the amendments. Board Member Dias accepted the amendments.

#### Staff Comment

Counsel Schioldge, emphasizing the importance of creating a record, asked Mr. Dias to discuss the concerns he believed this proposal would address and how he thinks the selected option would help address that issue.

#### Board Member Comment

Board Member Dias stated that the option would limit the installations to PV paired with storage, not PV only, which is preferable to the concern of C-46 contractors installing BESS alone. Mr. Dias explained that because of the testimony heard, there is concern about whether 10kw is the right number. Mr. Dias explained his preference that a motion to be passed to the full board.

Committee Chair Beltran, in rephrasing Board Member Dias’ comments, explained that it seemed for Mr. Dias that Option 4 is not an option, and that Option 1 is too restrictive,



and that Option 2 would provide the best opportunity to work with the community and stakeholders.

#### Staff Comment

Counsel Schieldge asked if the members foresee working on this proposal before presenting it to the Board for full consideration, so that the Legislative Committee would work on the details about how the work on the issue would proceed in Legislative.

#### Board Member Comment

Committee Chair Beltran stated that Counsel Schieldge's assessment was correct.

Board Member De La Torre confirmed the numbers will still be reviewed before decisions are made.

Board Member Albanese explained that the purpose of Option 2 and studying it further is because at the current time the specifics are lacking to allow anyone to say with certainty where the line is. The range of systems are a residential house system to a utility grade multi-megawatt system. Without having that finite information, he proposes looking carefully at the issue rather than making a broad sweeping decision today.

Board Member Dias explained his understanding that some residential systems can be quite large and that experts are needed to determine how large they can get.

Chair Beltran invited public comment.

#### Public Comment

Scott Wetch, for the State Association of Electrical Workers, requested clarification of the Board's motion.

#### Board Member Dias

Board Member Dias stated that he wanted to make sure what is recommended through staff be brought to the full board for decision

Chair Beltran explained that the staff recommendation is not ready for the full board yet.

#### Staff Comment

Counsel Schieldge explained that the committee typically does the heavy lifting of clarifying and specifying the proposal before it is presented to the full board. The committee works out the proposal, get the specificity done, and if the proposal as currently drafted is not sufficient, it is recommended that it go back to staff to work with stakeholders to make changes to address the concerns just raised, and then bring it back to this committee for further discussion and deliberation before the final recommendation is brought to the board. The board usually votes on the final proposal, that is what committee work is for, to make that specificity.



### Board Member Comment

Board Member Dias explained that he understands Counsel's explanation but that he concerned that the original motion is now too broad. He explained that, for example, it is currently limited to residential, and now it is unclear whether it will be expanded.

### Staff Comment

Counsel Schieldge explained that if the concern is the scope of the motion that the motion should be clarified further so that the restriction to residential installation is clear and have staff explore the size, complexity, voltage and other criteria mentioned and bring it back to this committee for further discussion.

### Board Member Comment

Committee Chair Beltran invited public comment.

### Public Comment

Bob Raymer of the California Building Industry Association expressed strong support of Option 2.

Meghan (no last name provided), a solar contractor representative, explained that 10kw would limit their ability to install batteries. There are not enough C-10 contractors in their area to install batteries. They are already two weeks out on bids and that is unacceptable.

### Board Member Comment

Board Member Albanese clarified that even if the committee limited the decision to Option 2 only, the issue would still have to go back to staff to develop regulatory language that would ultimately have to go back to this committee. It cannot be voted to the Board now it has to come back to this committee.

### Staff Comment

Counsel Schieldge stated that this is correct, the committee has to approve what is being recommended to the board for a regulatory proposal

### Board Member Comment

Board Member Albanese explained that the matter is in concept form right now and the direction is to go back to staff to develop the details, propose more concrete regulations that the members would review and make a determination before it goes back to the board.

Chair Beltran stated that staff needs the time to put the text together. He clarified that what staff currently has is concept, and that staff has to work with industry to get the details in and then it comes back to the committee who may vote to submit it to the board.

### Public Comment





Barry Cinnamon stated that there is a lot of confusion about the difference between kilowatts, and watts, and kilowatt hours and power and energy. Contractors on both sides would welcome the opportunity to provide a little education for the board about what these numbers mean so that the board understands these systems their capacity and what they do.

Mark Rodriguez for CalSSA explained that Option 2 restricts size and zoning to residential units. It does not matter what the size is, the system is still the same. You are dealing with basically similar voltages, and you have to deal with three-phases, but the same principles are behind 208 just as well as 240, they are both part of the calculations, which don't really change with the addition of an BESS. So for Option 2 the Board is urged to consider a restriction on the size but not on the zoning, because it does not really matter either way. It is the same.

[did not identify] 35% of Californians live in multi-family housing. The average size of a multi-family job is 200kw. That is a big difference between what is in Option 2 as currently written.

Jack Ramsey votes no on Option 2. The 10kw limit is really off base. The C-10s do not understand what C-46s do. It is a symbiotic relationship with customers. Bring the C-46 classification up to a limit on current or something like that rather than make an arbitrary decision. He monitors hundreds of systems and does not believe people are set up to do that.

Martin Herzfeld votes no on Option 2. The international fire code set the limit at 20kwh arbitrarily in 608.1 which refers you to over 608.3 for the maximum allowable capacities at 600 kwh, which is arbitrary too. 690.1.6 sets it at 5mw before using a professional engineer. Please no changes at this time.

#### Board Member Comment

Chair Beltran expressed the need to restate the motion. It is Option 2 with the recommendation that staff be directed to prepare regulatory language to permit C-46 classification to install battery energy storage systems on specified residential units with restrictions, including the clarification made by Board Member Albanese.

#### Staff Comment

Legislative Chief Jamnetski restated Board Member Albanese's motion from earlier, that Option 2 be subject to further staff attention to address size, complexity, voltage and risk, and it's not the intention of the board to change the aspect of any contractors who are connecting to utilities and installing PV systems.

#### Board Member Comment

Board Member Albanese affirmed that this is his motion with the additional comment that it be left to staff and their discussions on the residential component that just because it is residential now does not mean that has to be part of the final version.



Staff Comment

Counsel Schiedge clarified that these are concepts and this is not regulatory language, that language will be coming back at a future meeting where there will be further public comment at that time.

**MOTION:** Recommend directing staff to prepare regulatory language to permit the C-46 Solar Contractor classification to install battery energy storage systems on specified residential units with restrictions, with the further recommendation that staff study ESS size, complexity, voltage, and risk, and bring back to this committee

(from above) David Dias moved; David De La Torre seconded. The motion carried unanimously, 4-0, as follows.

**YEA:** Kevin J. Albanese, Augie Beltran, David De La Torre, David Dias

**NAY:** None

**ABSENT:** Marlo Richardson

**G. ADJOURNMENT**

**MOTION:** To adjourn the August 6, 2019 Legislative Committee meeting at approximately 2:29 p.m.

Kevin Albanese moved; David De La Torre seconded. The motion carried unanimously, 4-0, as follows.

**YEA:** Kevin J. Albanese, Augie Beltran, David De La Torre, David Dias

**NAY:** None

**ABSENT:** Marlo Richardson

## AGENDA ITEM G-2

# Update on Previously Considered 2019-20 Pending or Enacted Legislation

- a. AB 193 (Patterson) Professions and Vocations
- b. AB 544 (Brough) Profession and Vocations:  
Inactive License Fees and Accrued and Unpaid Renewal Fees
- c. AB 613 (Low) Professions and Vocations: Regulatory Fees
- d. AB 1024 (Fazier) Home Inspectors: Licensing:  
Contractors State License Board
- e. AB 1545 (Oberholte) Civil Penalty Reduction Policy
- f. AB 1551 (Daly) Property Assessed Clean Energy Program
- g. SB 144 (Mitchell and Hertzberg) Criminal Fees
- h. SB 556 (Pan) Professional Land Surveyors and Engineers
- i. AB 1076 (Ting) Criminal Records: Automatic Relief
- j. SB 53 (Wilk) Open Meetings
- k. SB 255 (Bradford) Women, Minority, Disabled Veteran, and LGBT  
Business Enterprise Procurement: Electric Service Providers: Energy  
Storage System Companies: Community Choice Aggregators
- l. SB 601 (Morrell) State Agencies: Licenses: Fee Waiver
- m. SB 610 (Glazer) Contractors: Licensing and Regulation





# CONTRACTORS STATE LICENSE BOARD

## UPDATE ON PREVIOUSLY CONSIDERED 2019-20 LEGISLATION

### Update on Previously Considered 2019-20 Legislation

The following information is current as of August 26, 2019. Any updates will be provided orally at the September 24, 2019 board meeting.

The board last voted on the following bills at its June 6, 2019 meeting. The bills are ordered by their current status in the legislature.

#### Two Year Bills - No Further Action Required from the Board:

- a. **AB 193 (Patterson) Professions and Vocations:** Would require the Department of Consumer Affairs (DCA) to review the license requirements of every board and bureau and identify unnecessary licensing requirements. Board Position: **WATCH**.

**Status:** This is now a two-year bill. No further action is required from the board.

- b. **AB 544 (Brough) Professions and Vocations: Inactive License Fees and Accrued and Unpaid Renewal Fees:** Would reduce the fee to reactive an inactive license by 50 percent and may preclude all delinquency fees. Board Position: **OPPOSE**.

**Status:** This is now a two-year bill. No further action is required from the board.

- c. **AB 613 (Low) Professions and Vocations: Regulatory Fees:** Would authorize DCA boards and bureaus to raise licensing fees once quadrennially with increases in the California Consumer Price Index. Board Position: **SUPPORT IF AMENDED**.

**Status:** This is now a two-year bill. No further action is required from the board.

- d. **AB 1024 (Frazier) Home Inspectors: Licensing: CSLB:** Would require a person who performs home inspections to obtain a license from CSLB beginning in 2022. Board Position: **WATCH**.

**Status:** This is now a two-year bill. No further action is required from the board.

- e. **AB 1545 (Oberholte) Civil Penalty Reduction Policy:** Would require agencies that regulate small businesses to assist businesses in complying with the law, including establishing a policy for reducing civil penalties for violations by said businesses. Board Position: **OPPOSE**.

**Status:** This is now a two-year bill. No further action is required from the board.



- f. **AB 1551 (Daly) Property Assessed Clean Energy Program (PACE):** Would prohibit a PACE assessment contract from containing a penalty for early payment and provide for certain disclosures to the property owners. Board Position: **WATCH**.

**Status:** This is now a two-year bill. No further action is required from the board.

- g. **SB 144 (Mitchell and Hertzberg) Criminal Fees:** Places limitations on the court's ability to order full restitution to a consumer harmed in a disaster zone. Board Position: **OPPOSE**.

**Status:** This is now a two-year bill. No further action is required from the board.

- h. **SB 556 (Pan) Professional Land Surveyors and Engineers:** Would amend Professional Land Surveyors' Act to clarify when a licensed land surveyor, rather than a licensed contractor, is required on the pre-construction phase of a project. Board Position: **WATCH**.

**Status:** The bill is now a two-year bill. No further action is required from the board.

**Bills Pending Before the Legislature:**

- i. **AB 1076 (Ting) Criminal Records: Automatic Relief:** Would require the Department of Justice to automatically seal eligible arrest and conviction records without requiring any action from a petitioner. Would preclude CSLB from reviewing all misdemeanors that meet certain restrictions within a year of conviction and certain felonies that meet certain restrictions within three years of conviction. Board Position: **OPPOSE**.

**Status:** On the Senate Appropriations "Suspense Calendar" for August 30, 2019.

- j. **SB 53 (Wilk) Open Meetings:** Would subject two-person advisory committees of a state board to the Bagley-Keene Open Meeting Act. Board Position: **OPPOSE**.

**Status:** On the Assembly Appropriations "Suspense Calendar" for August 30, 2019.

- k. **SB 255 (Bradford) Women, Minority, Disabled Veteran, and LGBT Business Enterprise Procurement: Electric Service Providers: Energy Storage System Companies: Community Choice Aggregators:** Would require CSLB to assist the Public Utilities Commission in identifying distributed energy resource contractors. Board Position: **WATCH**.

**Status:** On the Assembly Appropriations "Suspense Calendar" for August 30, 2019.



- I. SB 601 (Morrell) State Agencies: Licenses: Fee Waiver:** Would authorize any state agency to reduce or waive certain fees for licensees displaced by a state or federally declared emergency within one year of the incident. Would require regulations to implement. Board Position: **SUPPORT.**

**Status:** On the “Consent Calendar” for the August 26, 2019 meeting of the Assembly Floor session.

- m. SB 610 (Glazer) Contractors: Licensing and Regulation:** CSLB’s “Sunset” bill. Would extend CSLB’s “sunset” date from January 1, 2020 to January 1, 2024; would require the board to make all regularly scheduled quarterly meetings available as a webcast; would require the board to maintain its existing online contractor license check function to locate contractors geographically; would require CSLB to consider whether the current \$15,000 contractor license bond is sufficient and report its findings to the legislature by January 2021; would authorize CSLB to automatically suspend a licensee who is subject to an unsatisfied construction related civil judgment if that licensee is named in the civil action as either an individual or entity; would authorize CSLB to assess a \$20 fee to enforce the electrician certification requirements on the license renewals of C-10 Electrical Contractors; and would make other technical or non-substantive changes to the California contractors’ state license law in response to CSLB’s 2018 Sunset Review Report and the Senate’s “omnibus” request for technical, non-substantive changes to the law. Board Position: **SUPPORT.**

**Status:** On the Assembly Appropriations “Suspense Calendar” for August 30, 2019.

AMENDED IN ASSEMBLY MARCH 20, 2019

AMENDED IN ASSEMBLY MARCH 5, 2019

CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

**ASSEMBLY BILL**

**No. 193**

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**Introduced by Assembly Member Patterson**  
**(Coauthors: Assembly Members Choi, Gallagher, Lackey, Melendez,**  
**and Voepel)**

(Coauthors: Senators Bates, Morrell, and Nielsen)

January 10, 2019

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An act to amend Sections 7316, 19011, 19017, 19051, 19059.5, 19060.6, and 19170 of, to add and repeal Section 101.5 of, and to repeal Sections 19010.1 and 19052 of, the Business and Professions Code, and to amend Section 110371 of the Health and Safety Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 193, as amended, Patterson. Professions and vocations.

(1) Existing law establishes the Department of Consumer Affairs in the Business, Consumer Services, and Housing Agency to, among other things, ensure that certain businesses and professions that have potential impact upon the public health, safety, and welfare are adequately regulated.

This bill would require the department, beginning on January 1, 2021, to conduct a comprehensive review of all licensing requirements for each profession regulated by a board within the department and identify unnecessary licensing requirements, as defined by the bill. *The bill, beginning February 1, 2021, and every 2 years thereafter, would require each board within the department to submit to the department an*

*assessment on the board's progress in implementing policies to facilitate licensure portability for active duty service members, veterans, and military spouses that includes specified information.* The bill would require the department to report to the Legislature on ~~January~~ *March* 1, 2023, and every 2 years thereafter, on the department's ~~progress;~~ *progress in conducting its review,* and would require the department to issue a final report to the Legislature no later than ~~January~~ *March* 1, 2033. The bill would require the biennial reports *to the Legislature to include the assessment information submitted by each board to the department, to identify the professions reviewed, reviewed by the department,* each unnecessary licensing requirement, and the department's recommendations to the Legislature on whether to keep, modify, or eliminate the unnecessary licensing requirement. The bill would require the department to apply for federal funds that have been made available specifically for the purpose of reviewing, updating, and eliminating overly burdensome licensing requirements, as provided.

(2) Existing law, the Barbering and Cosmetology Act, provides for the licensure and regulation of the practice of cosmetology by the State Board of Barbering and Cosmetology in the department and defines the practice of both barbering and cosmetology to include shampooing the hair of any person. The act also specifies that, within the practice of cosmetology, there is the specialty branch of skin care, which includes applying makeup.

This bill would delete shampooing another person from the practice of barbering and cosmetology, and would delete the act of applying makeup on another person from the specialty practice of skin care. The bill would require a person who does not hold a barbering or cosmetology license to disclose that fact before the unlicensed person applies makeup to or shampoos the hair of another person.

(3) Existing law provides for the regulation of custom upholsterers by the Bureau of Household Goods and Services in the department, and requires every custom upholsterer to hold a custom upholsterer's license.

This bill would delete those provisions requiring licensure of custom upholsterers.

~~(4) The bill would make conforming and other nonsubstantive changes.~~

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



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

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) Many entities, including the Federal Trade Commission, the  
4 United States Department of Labor, and the Milton Marks “Little  
5 Hoover” Commission on California State Government Organization  
6 and Economy, have acknowledged the unnecessary burdens that  
7 occupational licensing places on otherwise qualified workers.

8 (b) Unnecessary licensing increases costs for consumers and  
9 restricts opportunities for workers.

10 (c) Researchers show that occupational licensing restrictions  
11 can result in almost three million fewer jobs and a cost of over  
12 \$200,000,000,000 to consumers.

13 (d) The Institute for Justice estimates that burdensome licensing  
14 in California results in a loss of 195,917 jobs and \$22,000,000,000  
15 in misallocated resources.

16 (e) California is the most broadly and onerously licensed state  
17 in the nation and has been identified as the nation’s worst licensing  
18 environment for workers in lower-income occupations.

19 (f) Licensing is also believed to disproportionately affect  
20 minorities and exacerbate income inequality.

21 SEC. 2. Section 101.5 is added to the Business and Professions  
22 Code, to read:

23 101.5. (a) The department shall apply for federal funds that  
24 have been made available specifically for the purposes of  
25 reviewing, updating, and eliminating overly burdensome licensing  
26 requirements.

27 (b) Beginning on January 1, 2021, the department shall conduct  
28 a comprehensive review of all licensing requirements for each  
29 profession and shall identify unnecessary licensing requirements.  
30 The department shall conduct the review whether or not the state  
31 receives federal funds pursuant to subdivision (a).

32 (c) (1) *Beginning on February 1, 2021, and every two years*  
33 *thereafter, each board identified in Section 101 shall submit to the*  
34 *department an assessment on the board’s progress in implementing*  
35 *policies to facilitate licensure portability for active duty service*  
36 *members, veterans, and military spouses. The assessment shall*  
37 *include the following information:*

- 1 (A) *The number of active duty service members, veterans, and*  
 2 *military spouses who applied for licensure for each of the previous*  
 3 *two calendar years.*
- 4 (B) *The board's process for expediting applications for active*  
 5 *duty service members, veterans, and military spouses, the average*  
 6 *processing time for an expedited application, and the number of*  
 7 *expedited application requests received in each of the previous*  
 8 *two calendar years.*
- 9 (C) *The number of applications for waived renewal fees*  
 10 *submitted by active duty service members in each of the previous*  
 11 *two calendar years.*
- 12 (D) *If the board issues temporary licenses pursuant to Section*  
 13 *115.6, the duration of, and requirements for obtaining, the*  
 14 *temporary license.*
- 15 (E) *Whether an applicant may apply, and the requirements, for*  
 16 *licensure by endorsement.*
- 17 (F) *A list of the states with which the board maintains*  
 18 *reciprocity agreements, if any.*
- 19 (2) *The department shall submit the information received*  
 20 *pursuant to paragraph (1) as part of the report required to be*  
 21 *submitted to the Legislature pursuant to subdivision (d).*
- 22 (e)
- 23 (d) *The department shall report to the Legislature on ~~January~~*  
 24 *March 1, 2023, and every two years thereafter until the department*  
 25 *has completed its review, on the department's progress in*  
 26 *conducting the review. The department shall issue a final report*  
 27 *to the Legislature no later than ~~January~~ March 1, 2033. Each*  
 28 *biennial report shall be organized by board and shall include all*  
 29 *of the following:*
- 30 (1) *The professions reviewed by the department in the preceding*  
 31 *two years.*
- 32 (2) *Unnecessary licensing requirements identified by the*  
 33 *department for each profession reviewed.*
- 34 (3) *For each unnecessary licensing requirement, the department's*  
 35 *recommendation to the Legislature to keep, modify, or eliminate*  
 36 *the unnecessary licensing requirement.*
- 37 (4) *For each unnecessary licensing requirement that the*  
 38 *department recommends to keep, facts supporting the department's*  
 39 *recommendation.*

1 (5) *The information submitted to the department pursuant to*  
2 *paragraph (2) of subdivision (c).*

3 ~~(d)~~

4 (e) The department may use national licensing standards, where  
5 applicable, as a baseline for evaluating the necessity of licensing  
6 requirements.

7 ~~(e)~~

8 (f) For purposes of this section, the following definitions apply:

9 (1) *“Military spouse” means a person who is married to, or in*  
10 *a domestic partnership or other legal union with, an active duty*  
11 *member of the Armed Forces of the United States who is assigned*  
12 *to a duty station in this state under official active duty military*  
13 *orders.*

14 ~~(1)~~

15 (2) *“Profession” means a profession or vocation regulated by a*  
16 *board identified in Section 101.*

17 ~~(2)~~

18 (3) *“Unnecessary licensing requirement” means a licensing*  
19 *requirement that does not satisfy either of the following criteria:*

20 (A) *Protects the health and safety of the public or a licensee.*

21 (B) *Satisfies a national licensing or certification requirement.*

22 ~~(f)~~

23 (g) A report to be submitted pursuant to subdivision ~~(e)~~ (d) shall  
24 be submitted in compliance with Section 9795 of the Government  
25 Code.

26 ~~(g)~~

27 (h) Notwithstanding Section 10231.5 of the Government Code,  
28 this section is repealed on January 1, 2034.

29 SEC. 3. Section 7316 of the Business and Professions Code is  
30 amended to read:

31 7316. (a) The practice of barbering is all or any combination  
32 of the following practices:

33 (1) Shaving or trimming the beard or cutting the hair.

34 (2) Giving facial and scalp massages or treatments with oils,  
35 creams, lotions, or other preparations either by hand or mechanical  
36 appliances.

37 (3) Singeing, arranging, dressing, curling, waving, chemical  
38 waving, hair relaxing, or dyeing the hair or applying hair tonics.

39 (4) Applying cosmetic preparations, antiseptics, powders, oils,  
40 clays, or lotions to scalp, face, or neck.

- 1 (5) Hairstyling of all textures of hair by standard methods that  
 2 are current at the time of the hairstyling.
- 3 (b) The practice of cosmetology is all or any combination of  
 4 the following practices:
- 5 (1) Arranging, dressing, curling, waving, machineless permanent  
 6 waving, permanent waving, cleansing, cutting, relaxing, singeing,  
 7 bleaching, tinting, coloring, straightening, dyeing, applying hair  
 8 tonics to, beautifying, or otherwise treating by any means, the hair  
 9 of any person.
- 10 (2) Massaging, cleaning, or stimulating the scalp, face, neck,  
 11 arms, or upper part of the human body, by means of the hands,  
 12 devices, ~~apparatus~~ *apparatus*, or appliances, with or without the  
 13 use of cosmetic preparations, antiseptics, tonics, lotions, or creams.
- 14 (3) Beautifying the face, neck, arms, or upper part of the human  
 15 body, by use of cosmetic preparations, antiseptics, tonics, lotions,  
 16 or creams.
- 17 (4) Removing superfluous hair from the body of any person by  
 18 the use of depilatories or by the use of tweezers, chemicals, or  
 19 preparations or by the use of devices or appliances of any kind or  
 20 description, except by the use of light waves, commonly known  
 21 as rays.
- 22 (5) Cutting, trimming, polishing, tinting, coloring, cleansing,  
 23 or manicuring the nails of any person.
- 24 (6) Massaging, cleansing, treating, or beautifying the hands or  
 25 feet of any person.
- 26 (c) Within the practice of cosmetology there exist the specialty  
 27 branches of skin care and nail care.
- 28 (1) Skin care is any one or more of the following practices:
- 29 (A) Giving facials, giving skin care, removing superfluous hair  
 30 from the body of any person by the use of depilatories, ~~tweezers~~  
 31 *tweezers*, or waxing, or applying eyelashes to any person.
- 32 (B) Beautifying the face, neck, arms, or upper part of the human  
 33 body, by use of cosmetic preparations, antiseptics, tonics, lotions,  
 34 or creams.
- 35 (C) Massaging, cleaning, or stimulating the face, neck, arms,  
 36 or upper part of the human body, by means of the hands, devices,  
 37 apparatus, or appliances, with the use of cosmetic preparations,  
 38 antiseptics, tonics, lotions, or creams.
- 39 (2) Nail care is the practice of cutting, trimming, polishing,  
 40 coloring, tinting, cleansing, manicuring, or pedicuring the nails of

1 any person or massaging, cleansing, or beautifying from the elbow  
2 to the fingertips or the knee to the toes of any person.

3 (d) The practice of barbering and the practice of cosmetology  
4 do not include any of the following:

5 (1) The mere sale, fitting, or styling of wigs or hairpieces.

6 (2) Natural hair braiding. Natural hair braiding is a service that  
7 results in tension on hair strands or roots by twisting, wrapping,  
8 weaving, extending, locking, or braiding by hand or mechanical  
9 device, provided that the service does not include haircutting or  
10 the application of dyes, reactive chemicals, or other preparations  
11 to alter the color of the hair or to straighten, curl, or alter the  
12 structure of the hair.

13 (3) Threading. Threading is a technique that results in removing  
14 hair by twisting thread around unwanted hair and pulling it from  
15 the skin and the incidental trimming of eyebrow hair.

16 (4) Shampooing hair. However, before a person who does not  
17 hold a barbering or cosmetology license shampoos the hair of  
18 another person, the unlicensed person shall disclose verbally or in  
19 writing to the other person that they do not hold a barbering or  
20 cosmetology license.

21 (5) Applying makeup. However, before a person who does not  
22 hold a barbering or cosmetology license applies makeup to another  
23 person, the unlicensed person shall disclose verbally or in writing  
24 to the other person that they do not hold a barbering or cosmetology  
25 license.

26 (e) Notwithstanding paragraph (2) of subdivision (d), a person  
27 who engages in natural hairstyling, which is defined as the  
28 provision of natural hair braiding services together with any of the  
29 services or procedures defined within the regulated practices of  
30 barbering or cosmetology, is subject to regulation pursuant to this  
31 chapter and shall obtain and maintain a barbering or cosmetology  
32 license as applicable to the services respectively offered or  
33 performed.

34 (f) Electrolysis is the practice of removing hair from, or  
35 destroying hair on, the human body by the use of an electric needle  
36 only.

37 “Electrolysis” as used in this chapter includes electrolysis or  
38 thermolysis.

39 SEC. 4. Section 19010.1 of the Business and Professions Code  
40 is repealed.

1 SEC. 5. Section 19011 of the Business and Professions Code  
2 is amended to read:

3 19011. “Manufacturer” means a person who, either by  
4 themselves or through employees or agents, makes any article of  
5 upholstered furniture or bedding in whole or in part, using either  
6 new or secondhand material.

7 SEC. 6. Section 19017 of the Business and Professions Code  
8 is amended to read:

9 19017. “Owner’s material” means any article or material  
10 belonging to a person for their own, or their tenant’s use, that is  
11 sent to any manufacturer or bedding renovator or used in repairing  
12 or renovating.

13 SEC. 7. Section 19051 of the Business and Professions Code  
14 is amended to read:

15 19051. Every upholstered-furniture retailer, unless the person  
16 holds an importer’s license, a furniture and bedding manufacturer’s  
17 license, a wholesale furniture and bedding dealer’s license, or a  
18 retail furniture and bedding dealer’s license, shall hold a retail  
19 furniture dealer’s license.

20 (a) This section does not apply to a person whose sole business  
21 is designing and specifying for interior spaces, and who purchases  
22 specific amenable upholstered furniture items on behalf of a client,  
23 provided that the furniture is purchased from an appropriately  
24 licensed importer, wholesaler, or retailer. This section does not  
25 apply to a person who sells “used” and “antique” furniture as  
26 defined in Sections 19008.1 and 19008.2.

27 (b) This section does not apply to a person who is licensed as  
28 a home medical device retail facility by the State Department of  
29 Health Services, provided that the furniture is purchased from an  
30 appropriately licensed importer, wholesaler, or retailer.

31 SEC. 8. Section 19052 of the Business and Professions Code  
32 is repealed.

33 SEC. 9. Section 19059.5 of the Business and Professions Code  
34 is amended to read:

35 19059.5. Every sanitizer shall hold a sanitizer’s license unless  
36 the person is licensed as a home medical device retail facility by  
37 the State Department of Health Services or as an upholstered  
38 furniture and bedding manufacturer, retail furniture and bedding  
39 dealer, or retail bedding dealer.

1 SEC. 10. Section 19060.6 of the Business and Professions  
2 Code is amended to read:

3 19060.6. Every person who, on their own account, advertises,  
4 solicits, or contracts to manufacture upholstered furniture or  
5 bedding, and who either does the work themselves or has others  
6 do it, shall obtain the particular license required by this chapter  
7 for the particular type of work that the person solicits or advertises  
8 that the person will do, regardless of whether the person has a shop  
9 or factory.

10 SEC. 11. Section 19170 of the Business and Professions Code  
11 is amended to read:

12 19170. (a) The fee imposed for the issuance and for the  
13 biennial renewal of each license granted under this chapter shall  
14 be set by the chief, with the approval of the director, at a sum not  
15 more nor less than that shown in the following table:

	Maximum	Minimum
	fee	fee
19 Importer’s license .....	\$940	\$120
20 Furniture and bedding manufacturer’s		
21 license .....	940	120
22 Wholesale furniture and bedding		
23 dealer’s license .....	675	120
24 Supply dealer’s license .....	675	120
25		
26 Sanitizer’s license .....	450	80
27 Retail furniture and bedding dealer’s license .....	300	40
28 Retail furniture dealer’s license .....	150	20
29 Retail bedding dealer’s license .....	150	20
30		

31 (b) Individuals who, in their own homes and without the  
32 employment of any other person, make, sell, advertise, or contract  
33 to make pillows, quilts, quilted pads, or comforters are exempt  
34 from the fee requirements imposed by subdivision (a). However,  
35 these individuals shall comply with all other provisions of this  
36 chapter.

37 (c) Retailers who only sell “used” and “antique” furniture as  
38 defined in Sections 19008.1 and 19008.2 are exempt from the fee  
39 requirements imposed by subdivision (a). Those retailers are also  
40 exempt from the other provisions of this chapter.

1 (d) A person who makes, sells, or advertises upholstered  
2 furniture and bedding as defined in Sections 19006 and 19007,  
3 and who also makes, sells, or advertises furniture used exclusively  
4 for the purpose of physical fitness and exercise, shall comply with  
5 the fee requirements imposed by subdivision (a).

6 (e) A person who has paid the required fee and who is licensed  
7 as an upholstered furniture and bedding manufacturer under this  
8 chapter shall not be required to additionally pay the fee for a  
9 sanitizer’s license.

10 ~~SEC. 12. Section 110371 of the Health and Safety Code is~~  
11 ~~amended to read:~~

12 ~~110371. (a) A professional cosmetic manufactured on or after~~  
13 ~~July 1, 2020, for sale in this state shall have a label affixed on the~~  
14 ~~container that satisfies all of the labeling requirements for any~~  
15 ~~other cosmetic pursuant to the Federal Food, Drug, and Cosmetic~~  
16 ~~Act (21 U.S.C. Sec. 301, et seq.), and the federal Fair Packaging~~  
17 ~~and Labeling Act (15 U.S.C. Sec. 1451, et seq.):~~

18 ~~(b) The following definitions shall apply to this section:~~

19 ~~(1) “Ingredient” has the same meaning as in Section 111791.5.~~

20 ~~(2) “Professional” means a person that has been granted a license~~  
21 ~~by the State Board of Barbering and Cosmetology to practice in~~  
22 ~~the field of cosmetology, barbering, or esthetics.~~

23 ~~(3) “Professional cosmetic” means a cosmetic product as it is~~  
24 ~~defined in Section 109900 that is intended or marketed to be used~~  
25 ~~only by a professional on account of a specific ingredient, increased~~  
26 ~~concentration of an ingredient, or other quality that requires safe~~  
27 ~~handling, or is otherwise used by a professional.~~

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**ASSEMBLY BILL**

**No. 544**

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**Introduced by Assembly Member Brough**

February 13, 2019

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~~An act to amend Section 4073 of the Business and Professions Code, relating to healing arts.~~ *An act to amend Sections 121.5, 462, 703, 1006.5, 1718, 1718.3, 1936, 2427, 2456.3, 2535.2, 2538.54, 2646, 2734, 2892.1, 2984, 3147, 3147.7, 3524, 3774, 3775.5, 4545, 4843.5, 4901, 4966, 4989.36, 4999.104, 5070.6, 5600.2, 5680.1, 6796, 6980.28, 7076.5, 7417, 7672.8, 7725.2, 7729.1, 7881, 7883, 8024.7, 8802, 9832, 9832.5, 9884.5, 19170.5, and 19290 of the Business and Professions Code, relating to professions and vocations.*

LEGISLATIVE COUNSEL'S DIGEST

AB 544, as amended, Brough. ~~Prescriptions.~~ *Professions and vocations: inactive license fees and accrued and unpaid renewal fees.*

*Existing law provides for the licensure and regulation of professions and vocations by various boards within the Department of Consumer Affairs. Existing law provides for the payment of a fee for the renewal of certain licenses, certificates, or permits in an inactive status, and, for certain licenses, certificates, and permits that have expired, requires the payment of all accrued fees as a condition of reinstatement of the license, certificate, or permit.*

*This bill would limit the maximum fee for the renewal of a license in an inactive status to no more than 50% of the renewal fee for an active license. The bill would also prohibit a board from requiring payment of accrued and unpaid renewal fees as a condition of reinstating an expired license or registration.*

~~The Pharmacy Law provides for the licensure and regulation of pharmacists and pharmacies by the California State Board of Pharmacy, which is within the Department of Consumer Affairs, and authorizes a pharmacist filling a prescription order for a drug product prescribed by its brand or trade name to select another drug product with the same active chemical ingredients of the same strength, quantity, and dosage form, and of the same generic drug name of those drug products having the same active chemical ingredients, as specified.~~

~~This bill would make a nonsubstantive change to that provision.~~

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

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

1     SECTION 1. Section 121.5 of the Business and Professions  
2     Code is amended to read:

3     121.5. (a) Except as otherwise provided in this code, the  
4     application of delinquency fees ~~or accrued and unpaid renewal~~  
5     fees for the renewal of expired licenses or registrations shall not  
6     apply to licenses or registrations that have lawfully been designated  
7     as inactive or retired.

8     (b) *Notwithstanding any other law, a board shall not require a*  
9     *person to pay accrued and unpaid renewal fees as a condition of*  
10    *reinstating an expired license or registration.*

11    SEC. 2. Section 462 of the Business and Professions Code is  
12    amended to read:

13    462. (a) Any of the boards, bureaus, commissions, or programs  
14    within the department may establish, by regulation, a system for  
15    an inactive category of licensure for persons who are not actively  
16    engaged in the practice of their profession or vocation.

17    (b) The regulation shall contain the following provisions:

18    (1) The holder of an inactive license issued pursuant to this  
19    section shall not engage in any activity for which a license is  
20    required.

21    (2) An inactive license issued pursuant to this section shall be  
22    renewed during the same time period in which an active license  
23    is renewed. The holder of an inactive license need not comply with  
24    any continuing education requirement for renewal of an active  
25    license.

1 (3) The renewal fee for a license in ~~an active status shall apply~~  
2 ~~also for a renewal of a license in an inactive status, unless a lesser~~  
3 ~~renewal fee is specified by the board.~~ *status shall be no more than*  
4 *50 percent of the renewal fee for a license in an active status.*

5 (4) In order for the holder of an inactive license issued pursuant  
6 to this section to restore ~~his or her~~ *the* license to an active status,  
7 the holder of an inactive license shall comply with all the  
8 following:

9 (A) Pay the renewal fee.

10 (B) If the board requires completion of continuing education  
11 for renewal of an active license, complete continuing education  
12 equivalent to that required for renewal of an active license, unless  
13 a different requirement is specified by the board.

14 (c) This section shall not apply to any healing arts board as  
15 specified in Section 701.

16 *SEC. 3. Section 703 of the Business and Professions Code is*  
17 *amended to read:*

18 703. (a) An inactive healing arts license or certificate issued  
19 pursuant to this article shall be renewed during the same time  
20 period at which an active license or certificate is renewed. In order  
21 to renew a license or certificate issued pursuant to this article, the  
22 holder thereof need not comply with any continuing education  
23 requirement for renewal of an active license or certificate.

24 (b) ~~The~~ *Notwithstanding any other law, the* renewal fee for a  
25 license or certificate in an ~~active~~ *inactive* status shall ~~apply also~~  
26 ~~for renewal of a license or certificate in an inactive status, unless~~  
27 ~~a lower fee has been established by the issuing board.~~ *be no more*  
28 *than 50 percent of the renewal fee for a license in an active status.*

29 *SEC. 4. Section 1006.5 of the Business and Professions Code*  
30 *is amended to read:*

31 1006.5. Notwithstanding any other law, the amount of  
32 regulatory fees necessary to carry out the responsibilities required  
33 by the Chiropractic Initiative Act and this chapter are fixed in the  
34 following schedule:

35 (a) Fee to apply for a license to practice chiropractic: three  
36 hundred seventy-one dollars (\$371).

37 (b) Fee for initial license to practice chiropractic: one hundred  
38 eighty-six dollars (\$186).

39 (c) Fee to renew an ~~active or inactive~~ license to practice  
40 chiropractic: three hundred thirteen dollars (\$313).

- 1     (d) Fee to renew an inactive license to practice chiropractic:
- 2     no more than 50 percent of the renewal fee for an active license.
- 3     ~~(d)~~
- 4     (e) Fee to apply for approval as a continuing education provider:
- 5     eighty-four dollars (\$84).
- 6     ~~(e)~~
- 7     (f) Biennial continuing education provider renewal fee: fifty-six
- 8     dollars (\$56).
- 9     ~~(f)~~
- 10    (g) Fee to apply for approval of a continuing education course:
- 11    fifty-six dollars (\$56) per course.
- 12    ~~(g)~~
- 13    (h) Fee to apply for a satellite office certificate: sixty-two dollars
- 14    (\$62).
- 15    ~~(h)~~
- 16    (i) Fee to renew a satellite office certificate: thirty-one dollars
- 17    (\$31).
- 18    ~~(i)~~
- 19    (j) Fee to apply for a license to practice chiropractic pursuant
- 20    to Section 9 of the Chiropractic Initiative Act: three hundred
- 21    seventy-one dollars (\$371).
- 22    ~~(j)~~
- 23    (k) Fee to apply for a certificate of registration of a chiropractic
- 24    corporation: one hundred eighty-six dollars (\$186).
- 25    ~~(k)~~
- 26    (l) Fee to renew a certificate of registration of a chiropractic
- 27    corporation: thirty-one dollars (\$31).
- 28    ~~(l)~~
- 29    (m) Fee to file a chiropractic corporation special report:
- 30    thirty-one dollars (\$31).
- 31    ~~(m)~~
- 32    (n) Fee to apply for approval as a referral service: five hundred
- 33    fifty-seven dollars (\$557).
- 34    ~~(n)~~
- 35    (o) Fee for an endorsed verification of licensure: one hundred
- 36    twenty-four dollars (\$124).
- 37    ~~(o)~~
- 38    (p) Fee for replacement of a lost or destroyed license: fifty
- 39    dollars (\$50).
- 40    ~~(p)~~

1 (q) Fee for replacement of a satellite office certificate: fifty  
2 dollars (\$50).

3 ~~(q)~~

4 (r) Fee for replacement of a certificate of registration of a  
5 chiropractic corporation: fifty dollars (\$50).

6 ~~(r)~~

7 (s) Fee to restore a forfeited or canceled license to practice  
8 chiropractic: double the annual renewal fee specified in subdivision  
9 (c).

10 ~~(s)~~

11 (t) Fee to apply for approval to serve as a preceptor: thirty-one  
12 dollars (\$31).

13 ~~(t)~~

14 (u) Fee to petition for reinstatement of a revoked license: three  
15 hundred seventy-one dollars (\$371).

16 ~~(u)~~

17 (v) Fee to petition for early termination of probation: three  
18 hundred seventy-one dollars (\$371).

19 ~~(v)~~

20 (w) Fee to petition for reduction of penalty: three hundred  
21 seventy-one dollars (\$371).

22 *SEC. 5. Section 1718 of the Business and Professions Code is*  
23 *amended to read:*

24 1718. Except as otherwise provided in this chapter, an expired  
25 license may be renewed at any time within five years after its  
26 expiration on filing of application for renewal on a form prescribed  
27 by the board, and payment of ~~all accrued~~ *the* renewal and  
28 delinquency fees. If the license is renewed more than 30 days after  
29 its expiration, the licensee, as a condition precedent to renewal,  
30 shall also pay the delinquency fee prescribed by this chapter.  
31 Renewal under this section shall be effective on the date on which  
32 the application is filed, on the date on which the renewal fee is  
33 paid, or on the date on which the delinquency fee, if any, is paid,  
34 whichever last occurs. If so renewed, the license shall continue in  
35 effect through the expiration date provided in Section 1715 which  
36 next occurs after the effective date of the renewal, when it shall  
37 expire if it is not again renewed.

38 *SEC. 6. Section 1718.3 of the Business and Professions Code*  
39 *is amended to read:*

1 1718.3. (a) A license which is not renewed within five years  
 2 after its expiration may not be renewed, restored, reinstated, or  
 3 reissued thereafter, but the holder of the license may apply for and  
 4 obtain a new license if the following requirements are satisfied:

5 (1) No fact, circumstance, or condition exists which would  
 6 justify denial of licensure under Section 480.

7 (2) ~~He or she~~ *The person* pays all of the fees which would be  
 8 required of ~~him or her if he or she~~ *if the person* were then applying  
 9 for the license for the first time and ~~all the~~ renewal and delinquency  
 10 fees which have accrued since the date on which he or she last  
 11 renewed his or her license. *fees.*

12 (3) ~~He or she~~ *The person* takes and passes the examination, if  
 13 any, which would be required of ~~him or her if he or she~~ *if the*  
 14 *person* were then applying for the license for the first time, or  
 15 otherwise establishes to the satisfaction of the board that with due  
 16 regard for the public interest, ~~he or she~~ *the person* is qualified to  
 17 practice the profession or activity in which ~~he or she~~ *again the*  
 18 *person* seeks to be licensed.

19 (b) The board may impose conditions on any license issued  
 20 pursuant to this section, as it deems necessary.

21 (c) The board may by regulation provide for the waiver or refund  
 22 of all or any part of the examination fee in those cases in which a  
 23 license is issued without an examination under this section.

24 *SEC. 7. Section 1936 of the Business and Professions Code is*  
 25 *amended to read:*

26 1936. Except as otherwise provided in this article, an expired  
 27 license may be renewed at any time within five years after its  
 28 expiration by filing an application for renewal on a form prescribed  
 29 by the hygiene board and payment of ~~all accrued~~ *the* renewal and  
 30 delinquency fees. If the license is renewed after its expiration, the  
 31 licensee, as a condition precedent of renewal, shall also pay the  
 32 delinquency fee prescribed by this article. Renewal under this  
 33 section shall be effective on the date on which the application is  
 34 filed, on the date on which the renewal fee is paid, or on the date  
 35 on which the delinquency fee, if any, is paid, whichever last occurs.  
 36 If so renewed, the license shall continue in effect until the  
 37 expiration date provided in Section 1935 that next occurs after the  
 38 effective date of the renewal.

39 *SEC. 8. Section 2427 of the Business and Professions Code is*  
 40 *amended to read:*

1 2427. (a) Except as provided in Section 2429, a license which  
2 has expired may be renewed at any time within five years after its  
3 expiration on filing an application for renewal on a form prescribed  
4 by the licensing authority and payment of ~~all accrued~~ *the* renewal  
5 ~~fees~~ *fee* and any other fees required by Section 2424. If the license  
6 is not renewed within 30 days after its expiration, the licensee, as  
7 a condition precedent to renewal, shall also pay the prescribed  
8 delinquency fee, if any. Except as provided in Section 2424,  
9 renewal under this section shall be effective on the date on which  
10 the renewal application is filed, on the date on which the renewal  
11 ~~fee or accrued renewal fees are~~ *is* paid, or on the date on which  
12 the delinquency fee or the delinquency fee and penalty fee, if any,  
13 are paid, whichever last occurs. If so renewed, the license shall  
14 continue in effect through the expiration date set forth in Section  
15 2422 or 2423 which next occurs after the effective date of the  
16 renewal, when it shall expire and become invalid if it is not again  
17 renewed.

18 (b) Notwithstanding subdivision (a), the license of a doctor of  
19 podiatric medicine which has expired may be renewed at any time  
20 within three years after its expiration on filing an application for  
21 renewal on a form prescribed by the licensing authority and  
22 payment of ~~all accrued~~ *the* renewal ~~fees~~ *fee* and any other fees  
23 required by Section 2424. If the license is not renewed within 30  
24 days after its expiration, the licensee, as a condition precedent to  
25 renewal, shall also pay the prescribed delinquency fee, if any.  
26 Except as provided in Section 2424, renewal under this section  
27 shall be effective on the date on which the renewal application is  
28 filed, on the date on which the renewal ~~fee or accrued renewal fees~~  
29 ~~are~~ *is* paid, or on the date on which the delinquency fee or the  
30 delinquency fee and penalty fee, if any, are paid, whichever last  
31 occurs. If so renewed, the license shall continue in effect through  
32 the expiration date set forth in Section 2422 or 2423 which next  
33 occurs after the effective date of the renewal, when it shall expire  
34 and become invalid if it is not again renewed.

35 *SEC. 9. Section 2456.3 of the Business and Professions Code*  
36 *is amended to read:*

37 2456.3. Except as provided in Section 2429, a license which  
38 has expired may be renewed at any time within five years after its  
39 expiration by filing an application for renewal on a form prescribed  
40 by the board and payment of ~~all accrued~~ *the* renewal ~~fees~~ *fee* and

1 any other fees required by Section 2455. Except as provided in  
 2 Section 2456.2, renewal under this section shall be effective on  
 3 the date on which the renewal application is filed, on the date on  
 4 which the renewal fee ~~or accrued renewal fees are~~ *is* paid, or on  
 5 the date on which the delinquency fee or the delinquency fee and  
 6 penalty fee, if any, are paid, whichever last occurs. If so renewed,  
 7 the license shall continue in effect through the expiration date set  
 8 forth in Section 2456.1 which next occurs after the effective date  
 9 of the renewal.

10 *SEC. 10. Section 2535.2 of the Business and Professions Code*  
 11 *is amended to read:*

12 2535.2. Except as provided in Section 2535.3, a license that  
 13 has expired may be renewed at any time within five years after its  
 14 expiration upon filing of an application for renewal on a form  
 15 prescribed by the board and payment of ~~all accrued and unpaid~~  
 16 ~~renewal fees.~~ *the renewal fee.* If the license is not renewed on or  
 17 before its expiration, the licensee, as a condition precedent to  
 18 renewal, shall also pay the prescribed delinquency fee. Renewal  
 19 under this section shall be effective on the date on which the  
 20 application is filed, on the date on which ~~all the renewal fees are~~  
 21 *fee is* paid, or on the date on which the delinquency fee is paid,  
 22 whichever last occurs. If so renewed, the license shall continue in  
 23 effect through the expiration date provided in Section 2535, after  
 24 the effective date of the renewal, when it shall expire and become  
 25 invalid if it is not again renewed.

26 *SEC. 11. Section 2538.54 of the Business and Professions Code*  
 27 *is amended to read:*

28 2538.54. Except as otherwise provided in this article, an expired  
 29 license may be renewed at any time within three years after its  
 30 expiration on filing of an application for renewal on a form  
 31 prescribed by the board, and payment of ~~all accrued and unpaid~~  
 32 ~~renewal fees.~~ *the renewal fee.* If the license is renewed after its  
 33 expiration the licensee, as a condition precedent to renewal, shall  
 34 also pay the delinquency fee prescribed by this article. Renewal  
 35 under this section shall be effective on the date on which the  
 36 application is filed, on the date on which the renewal fee is paid,  
 37 or on the date on which the delinquency fee, if any, is paid,  
 38 whichever last occurs. If so renewed, the license shall continue in  
 39 effect through the date provided in Section 2538.53 which next



1 occurs after the effective date of the renewal, when it shall expire  
2 if it is not again renewed.

3 *SEC. 12. Section 2646 of the Business and Professions Code*  
4 *is amended to read:*

5 2646. A license that has expired may be renewed at any time  
6 within five years after its expiration by applying for renewal as  
7 set forth in Section 2644. Renewal under this section shall be  
8 effective on the date on which the renewal application is filed, on  
9 the date on which the renewal fee ~~or accrued renewal fees are~~ *is*  
10 paid, or on the date on which the delinquency fee and penalty fee,  
11 if any, are paid, whichever last occurs. A renewed license shall  
12 continue in effect through the expiration date set forth in Section  
13 2644 that next occurs after the effective date of the renewal, at  
14 which time it shall expire and become invalid if it is not so  
15 renewed.

16 *SEC. 13. Section 2734 of the Business and Professions Code*  
17 *is amended to read:*

18 2734. Upon application in writing to the board and payment  
19 of ~~the a fee not to exceed 50 percent of the~~ biennial renewal fee,  
20 a licensee may have ~~his~~ *their* license placed in an inactive status  
21 for an indefinite period of time. A licensee whose license is in an  
22 inactive status may not practice nursing. However, such a licensee  
23 does not have to comply with the continuing education standards  
24 of Section 2811.5.

25 *SEC. 14. Section 2892.1 of the Business and Professions Code*  
26 *is amended to read:*

27 2892.1. Except as provided in Sections 2892.3 and 2892.5, an  
28 expired license may be renewed at any time within four years after  
29 its expiration upon filing of an application for renewal on a form  
30 prescribed by the board, payment of ~~all accrued and unpaid renewal~~  
31 ~~fees,~~ *the renewal fee,* and payment of any fees due pursuant to  
32 Section 2895.1.

33 If the license is renewed more than 30 days after its expiration,  
34 the licensee, as a condition precedent to renewal, shall also pay  
35 the delinquency fee prescribed by this chapter. Renewal under this  
36 section shall be effective on the date on which the application is  
37 filed, on the date on which ~~all the renewal fees are~~ *fee is* paid, or  
38 on the date on which the delinquency fee is paid, whichever last  
39 occurs. If so renewed, the license shall continue in effect through  
40 the date provided in Section 2892 which next occurs after the

1 effective date of the renewal, when it shall expire if it is not again  
2 renewed.

3 *SEC. 15. Section 2984 of the Business and Professions Code*  
4 *is amended to read:*

5 2984. Except as provided in Section 2985, a license that has  
6 expired may be renewed at any time within three years after its  
7 expiration on filing of an application for renewal on a form  
8 prescribed by the board and payment of ~~all accrued and unpaid~~  
9 ~~the renewal fees.~~ *fee*. If the license is renewed after its expiration,  
10 the licensee, as a condition precedent to renewal, shall also pay  
11 the prescribed delinquency fee, if any. Renewal under this section  
12 shall be effective on the date on which the application is filed, on  
13 the date on which ~~all the renewal fees are~~ *fee is* paid, or on the date  
14 on which the delinquency fee, if any, is paid, whichever last occurs.  
15 If so renewed, the license shall continue in effect through the  
16 expiration date provided in Section 2982 which next occurs after  
17 the effective date of the renewal, when it shall expire and become  
18 invalid if it is not again renewed.

19 *SEC. 16. Section 3147 of the Business and Professions Code*  
20 *is amended to read:*

21 3147. (a) Except as otherwise provided by Section 114, an  
22 expired optometrist license may be renewed at any time within  
23 three years after its expiration, and a retired license issued for less  
24 than three years may be reactivated to active status, by filing an  
25 application for renewal or reactivation on a form prescribed by the  
26 board, paying ~~all accrued and unpaid the renewal fees~~ *fee* or  
27 ~~reactivation fees~~ *fee* determined by the board, paying any  
28 delinquency fees prescribed by the board, and submitting proof of  
29 completion of the required number of hours of continuing education  
30 for the last two years, as prescribed by the board pursuant to  
31 Section 3059. Renewal or reactivation to active status under this  
32 section shall be effective on the date on which all of those  
33 requirements are satisfied. If so renewed or reactivated to active  
34 status, the license shall continue as provided in Sections 3146 and  
35 3147.5.

36 (b) Expired statements of licensure, branch office licenses, and  
37 fictitious name permits issued pursuant to Sections 3070, 3077,  
38 and 3078, respectively, may be renewed at any time by filing an  
39 application for renewal, paying ~~all accrued and unpaid renewal~~

1 ~~fees, the renewal fee~~, and paying any delinquency fees prescribed  
2 by the board.

3 *SEC. 17. Section 3147.7 of the Business and Professions Code*  
4 *is amended to read:*

5 3147.7. The provisions of Section 3147.6 shall not apply to a  
6 person holding a license that has not been renewed within three  
7 years of expiration, if the person provides satisfactory proof that  
8 ~~he or she~~ *the person* holds an active license from another state and  
9 meets all of the following conditions:

10 (a) Is not subject to denial of a license under Section 480.

11 (b) Applies in writing for restoration of the license on a form  
12 prescribed by the board.

13 (c) Pays ~~all accrued and unpaid~~ *the renewal fees fee* and any  
14 delinquency fees prescribed by the board.

15 (d) Submits proof of completion of the required number of hours  
16 of continuing education for the last two years.

17 (e) Takes and satisfactorily passes the board's jurisprudence  
18 examination.

19 *SEC. 18. Section 3524 of the Business and Professions Code*  
20 *is amended to read:*

21 3524. A license or approval that has expired may be renewed  
22 at any time within five years after its expiration by filing an  
23 application for renewal on a form prescribed by the board or  
24 Medical Board of California, as the case may be, and payment of  
25 ~~all accrued and unpaid renewal fees.~~ *the renewal fee*. If the license  
26 or approval is not renewed within 30 days after its expiration, the  
27 licensed physician assistant and approved supervising physician,  
28 as a condition precedent to renewal, shall also pay the prescribed  
29 delinquency fee, if any. Renewal under this section shall be  
30 effective on the date on which the application is filed, on the date  
31 on which ~~all the renewal fees are~~ *fee is* paid, or on the date on  
32 which the delinquency fee, if any, is paid, whichever occurs last.  
33 If so renewed, the license shall continue in effect through the  
34 expiration date provided in Section 3522 or 3523 which next occurs  
35 after the effective date of the renewal, when it shall expire, if it is  
36 not again renewed.

37 *SEC. 19. Section 3774 of the Business and Professions Code*  
38 *is amended to read:*

39 3774. On or before the birthday of a licensed practitioner in  
40 every other year, following the initial licensure, the board shall

1 mail to each practitioner licensed under this chapter, at the latest  
 2 address furnished by the licensed practitioner to the executive  
 3 officer of the board, a notice stating the amount of the renewal fee  
 4 and the date on which it is due. The notice shall state that failure  
 5 to pay the renewal fee on or before the due date and submit  
 6 evidence of compliance with Sections 3719 and 3773 shall result  
 7 in expiration of the license.

8 Each license not renewed in accordance with this section shall  
 9 expire but may within a period of three years thereafter be  
 10 reinstated upon payment of ~~all accrued and unpaid~~ *the* renewal  
 11 fees and penalty fees required by this chapter. The board may also  
 12 require submission of proof of the applicant’s qualifications, except  
 13 that during the three-year period no examination shall be required  
 14 as a condition for the reinstatement of any expired license that has  
 15 lapsed solely by reason of nonpayment of the renewal fee.

16 *SEC. 20. Section 3775.5 of the Business and Professions Code*  
 17 *is amended to read:*

18 3775.5. The fee for an inactive license shall be ~~the same as~~ *no*  
 19 *more than 50 percent of the renewal fee for an active license* for  
 20 the practice of respiratory care as specified in Section 3775.

21 *SEC. 21. Section 4545 of the Business and Professions Code*  
 22 *is amended to read:*

23 4545. Except as provided in Section 4545.2, a license that has  
 24 expired may be renewed at any time within four years after its  
 25 expiration on filing an application for renewal on a form prescribed  
 26 by the board, payment of ~~all accrued and unpaid renewal fees, the~~ *the*  
 27 *renewal fee*, and payment of all fees required by this chapter. If  
 28 the license is renewed more than 30 days after its expiration, the  
 29 holder, as a condition precedent to renewal, shall also pay the  
 30 delinquency fee prescribed by this chapter. Renewal under this  
 31 section shall be effective on the date on which the application is  
 32 filed, on the date on which the renewal fee is paid, or on the date  
 33 on which the delinquency fee, if any, is paid, whichever last occurs.  
 34 If so renewed, the license shall continue in effect through the date  
 35 provided in Section 4544 which next occurs after the effective date  
 36 of the renewal, when it shall expire if it is not again renewed.

37 A certificate which was forfeited for failure to renew under the  
 38 law in effect before October 1, 1961, shall, for the purposes of this  
 39 article, be considered to have expired on the date that it became  
 40 forfeited.

1     *SEC. 22. Section 4843.5 of the Business and Professions Code*  
2     *is amended to read:*

3     4843.5. Except as otherwise provided in this article, an expired  
4     certificate of registration may be renewed at any time within five  
5     years after its expiration on filing of an application for renewal on  
6     a form prescribed by the board, and payment of ~~all accrued and~~  
7     ~~unpaid renewal fees.~~ *the renewal fee.* If the certificate of  
8     registration is renewed more than 30 days after its expiration, the  
9     registrant, as a condition precedent to renewal, shall also pay the  
10    delinquency fee prescribed by this article. Renewal under this  
11    section shall be effective on the date on which the application is  
12    filed, on the date ~~all the renewal fees are~~ *fee is* paid, or on the date  
13    on which the delinquency fee, if any, is paid, whichever occurs  
14    last.

15    *SEC. 23. Section 4901 of the Business and Professions Code*  
16    *is amended to read:*

17    4901. Except as otherwise provided in this chapter, an expired  
18    license or registration may be renewed at any time within five  
19    years after its expiration on filing of an application for renewal on  
20    a form prescribed by the board, and payment of ~~all accrued and~~  
21    ~~unpaid renewal fees.~~ *the renewal fee.* If the license or registration  
22    is renewed more than 30 days after its expiration, the licensee or  
23    registrant, as a condition precedent to renewal, shall also pay the  
24    delinquency fee prescribed by this chapter. Renewal under this  
25    section shall be effective on the date on which the application is  
26    filed, on the date on which ~~all renewal fees are~~ *the renewal fee is*  
27    paid, or on the date on which the delinquency fee, if any, is paid,  
28    whichever last occurs. If so renewed, the license or registration  
29    shall continue in effect through the expiration date provided in  
30    Section 4900 that next occurs after the effective date of the renewal,  
31    when it shall expire if it is not again renewed.

32    *SEC. 24. Section 4966 of the Business and Professions Code*  
33    *is amended to read:*

34    4966. Except as provided in Section 4969, a license that has  
35    expired may be renewed at any time within three years after its  
36    expiration by filing of an application for renewal on a form  
37    provided by the board, paying ~~all accrued and unpaid renewal fees,~~  
38    *the renewal fee,* and providing proof of completing continuing  
39    education requirements. If the license is not renewed prior to its  
40    expiration, the acupuncturist, as a condition precedent to renewal,

1 shall also pay the prescribed delinquency fee. Renewal under this  
 2 section shall be effective on the date on which the application is  
 3 filed, on the date on which the renewal fee is paid, or on the date  
 4 the delinquency fee is paid, whichever occurs last. If so renewed,  
 5 the license shall continue in effect through the expiration date  
 6 provided in Section 4965, after the effective date of the renewal,  
 7 when it shall expire and become invalid if it is not again renewed.

8 *SEC. 25. Section 4989.36 of the Business and Professions Code*  
 9 *is amended to read:*

10 4989.36. A licensee may renew a license that has expired at  
 11 any time within three years after its expiration date by taking all  
 12 of the actions described in Section 4989.32 and by paying ~~all~~  
 13 ~~unpaid prior renewal fees and delinquency fees.~~ *the delinquency*  
 14 *fee.*

15 *SEC. 26. Section 4999.104 of the Business and Professions*  
 16 *Code is amended to read:*

17 4999.104. Licenses issued under this chapter that have expired  
 18 may be renewed at any time within three years of expiration. To  
 19 renew an expired license described in this section, the licensee  
 20 shall do all of the following:

21 (a) File an application for renewal on a form prescribed by the  
 22 board.

23 ~~(b) Pay all fees that would have been paid if the license had not~~  
 24 ~~become delinquent.~~

25 ~~(c)~~

26 (b) Pay ~~all~~ *the delinquency fees.* *fee.*

27 ~~(d)~~

28 (c) Certify compliance with the continuing education  
 29 requirements set forth in Section 4999.76.

30 ~~(e)~~

31 (d) Notify the board whether ~~he or she~~ *the licensee* has been  
 32 convicted, as defined in Section 490, of a misdemeanor or felony,  
 33 or whether any disciplinary action has been taken by any regulatory  
 34 or licensing board in this or any other state, subsequent to the  
 35 licensee's last renewal.

36 *SEC. 27. Section 5070.6 of the Business and Professions Code*  
 37 *is amended to read:*

38 5070.6. Except as otherwise provided in this chapter, an expired  
 39 permit may be renewed at any time within five years after its  
 40 expiration upon the filing of an application for renewal on a form

1 prescribed by the board, payment of ~~all accrued and unpaid renewal~~  
2 ~~fees~~ *the renewal fee*, and providing evidence satisfactory to the  
3 board of compliance as required by Section 5070.5. If the permit  
4 is renewed after its expiration, its holder, as a condition precedent  
5 to renewal, shall also pay the delinquency fee prescribed by this  
6 chapter. Renewal under this section shall be effective on the date  
7 on which the application is filed, on the date on which the ~~accrued~~  
8 ~~renewal fees are~~ *fee is* paid, or on the date on which the  
9 delinquency fee, if any, is paid, whichever last occurs. If so  
10 renewed, the permit shall continue in effect through the date  
11 provided in Section 5070.5 that next occurs after the effective date  
12 of the renewal, when it shall expire if it is not again renewed.

13 *SEC. 28. Section 5600.2 of the Business and Professions Code*  
14 *is amended to read:*

15 5600.2. Except as otherwise provided in this chapter, a license  
16 which has expired may be renewed at any time within five years  
17 after its expiration on filing of application for renewal on a form  
18 prescribed by the board, and payment of ~~all accrued and unpaid~~  
19 ~~renewal fees.~~ *the renewal fee*. If a license is renewed more than  
20 30 days after its expiration, the licenseholder, as a condition  
21 precedent to renewal, shall also pay the delinquency fee prescribed  
22 by this chapter. Renewal under this section shall be effective on  
23 the date on which the application is filed, on the date on which the  
24 renewal fee is paid, or on the date on which the delinquency fee,  
25 if any, is paid, whichever last occurs. If so renewed, the license  
26 shall continue in effect through the expiration date provided in this  
27 chapter which next occurs after the effective date of the renewal,  
28 when it shall expire if it is not again renewed.

29 *SEC. 29. Section 5680.1 of the Business and Professions Code*  
30 *is amended to read:*

31 5680.1. Except as otherwise provided in this chapter, a license  
32 that has expired may be renewed at any time within five years after  
33 its expiration on filing of an application for renewal on a form  
34 prescribed by the board, and payment of ~~all accrued and unpaid~~  
35 ~~renewal fees.~~ *the renewal fee*. If the license is renewed more than  
36 30 days after its expiration, the licenseholder, as a condition  
37 precedent to renewal, shall also pay the delinquency fee prescribed  
38 by this chapter. Renewal under this section shall be effective on  
39 the date on which the application is filed, on the date on which ~~all~~  
40 ~~the renewal fees are~~ *fee is* paid, or on the date on which the

1 delinquency fee, if any, is paid, whichever last occurs. If so  
 2 renewed, the license shall continue in effect through the date  
 3 provided in Section 5680 that next occurs after the effective date  
 4 of the renewal, when it shall expire if it is not again renewed.

5 *SEC. 30. Section 6796 of the Business and Professions Code*  
 6 *is amended to read:*

7 6796. Except as otherwise provided in this article, certificates  
 8 of registration as a professional engineer and certificates of  
 9 authority may be renewed at any time within five years after  
 10 expiration on filing of application for renewal on a form prescribed  
 11 by the board and payment of ~~all accrued and unpaid renewal fees.~~  
 12 *the renewal fee.* If the certificate is renewed more than 60 days  
 13 after its expiration, the certificate holder, as a condition precedent  
 14 to renewal, shall also pay the delinquency fee prescribed by this  
 15 chapter. Renewal under this section shall be effective on the date  
 16 on which the application is filed, on the date on which the renewal  
 17 fee is paid, or on the date on which the delinquency fee, if any, is  
 18 paid, whichever last occurs.

19 The expiration date of a certificate renewed pursuant to this  
 20 section shall be determined pursuant to Section 6795.

21 *SEC. 31. Section 6980.28 of the Business and Professions Code*  
 22 *is amended to read:*

23 6980.28. A locksmith license not renewed within three years  
 24 following its expiration may not be renewed thereafter. Renewal  
 25 of the license within three years, or issuance of an original license  
 26 thereafter, shall be subject to payment of any ~~and all fines~~ *fine*  
 27 assessed by the chief or the director ~~which are~~ *that is* not pending  
 28 appeal and all other applicable fees.

29 *SEC. 32. Section 7076.5 of the Business and Professions Code*  
 30 *is amended to read:*

31 7076.5. (a) A contractor may inactivate ~~his or her~~ *their* license  
 32 by submitting a form prescribed by the registrar accompanied by  
 33 the current active license certificate. When the current license  
 34 certificate has been lost, the licensee shall pay the fee prescribed  
 35 by law to replace the license certificate. Upon receipt of an  
 36 acceptable application to inactivate, the registrar shall issue an  
 37 inactive license certificate to the contractor. The holder of an  
 38 inactive license shall not be entitled to practice as a contractor until  
 39 ~~his or her~~ *their* license is reactivated.



1 (b) Any licensed contractor who is not engaged in work or  
2 activities which require a contractor's license may apply for an  
3 inactive license.

4 (c) Inactive licenses shall be valid for a period of four years  
5 from their due date.

6 (d) During the period that an existing license is inactive, no  
7 bonding requirement pursuant to Section 7071.6, 7071.8 or 7071.9  
8 or qualifier requirement pursuant to Section 7068 shall apply. An  
9 applicant for license having met the qualifications for issuance  
10 may request that the license be issued inactive unless the applicant  
11 is subject to the provisions of Section 7071.8.

12 (e) The board shall not refund any of the renewal fee which a  
13 licensee may have paid prior to the inactivation of ~~his or her~~ *the*  
14 license.

15 (f) An inactive license shall be renewed on each established  
16 renewal date by submitting the renewal application and paying the  
17 inactive renewal fee.

18 (g) An inactive license may be reactivated by submitting an  
19 application acceptable to the registrar, by paying ~~the full~~ *a fee no*  
20 *more than 50 percent of the* renewal fee for an active ~~license~~  
21 *license*, and by fulfilling all other requirements of this chapter. No  
22 examination shall be required to reactivate an inactive license.

23 (h) The inactive status of a license shall not bar any disciplinary  
24 action by the board against a licensee for any of the causes stated  
25 in this chapter.

26 *SEC. 33. Section 7417 of the Business and Professions Code*  
27 *is amended to read:*

28 7417. Except as otherwise provided in this article, a license  
29 that has expired for failure of the licensee to renew within the time  
30 fixed by this article may be renewed at any time within five years  
31 following its expiration upon application and payment of ~~all~~  
32 ~~accrued and unpaid~~ *the* renewal ~~fees~~ and delinquency fees. If the  
33 license is renewed after its expiration, the licensee, as a condition  
34 precedent to renewal, shall also pay the delinquency fee and meet  
35 current continuing education requirements, if applicable, prescribed  
36 by this chapter. Renewal under this section shall be effective on  
37 the date on which the application is filed, or on the date on which  
38 ~~the accrued renewal fees are~~ *fee is* paid, or on the date on which  
39 the delinquency fee, if any, is paid, whichever occurs last. If so  
40 renewed, the license shall continue in effect through the expiration

1 date provided in this article which next occurs following the  
2 effective date of the renewal, when it shall expire if it is not again  
3 renewed.

4 *SEC. 34. Section 7672.8 of the Business and Professions Code*  
5 *is amended to read:*

6 7672.8. All cremated remains disposer registrations shall expire  
7 at midnight on September 30 of each year. A person desiring to  
8 renew ~~his or her~~ *their* registration shall file an application for  
9 renewal on a form prescribed by the bureau accompanied by the  
10 required fee. A registration that has expired may be renewed within  
11 five years of its expiration upon payment of ~~all accrued and unpaid~~  
12 ~~renewal fees.~~ *the renewal fee.* The bureau shall not renew the  
13 registration of any person who has not filed the required annual  
14 report until ~~he or she~~ *the person* has filed a complete annual report  
15 with the department.

16 *SEC. 35. Section 7725.2 of the Business and Professions Code*  
17 *is amended to read:*

18 7725.2. Except as otherwise provided in this chapter, a license  
19 that has expired may be renewed at any time within five years after  
20 its expiration on filing of an application for renewal on a form  
21 prescribed by the bureau and payment of ~~all accrued and unpaid~~  
22 ~~renewal fees.~~ *the renewal fee.* If the license is not renewed within  
23 30 days after its expiration the licensee, as a condition precedent  
24 to renewal, shall also pay the delinquency fee prescribed by this  
25 chapter. Renewal under this section shall be effective on the date  
26 on which the application is filed, on the date on which ~~all the~~  
27 ~~renewal fees are~~ *fee is* paid, or on the date on which the  
28 delinquency fee, if any, is paid, whichever last occurs. If so  
29 renewed, the license shall continue in effect through the date  
30 provided in Section 7725 that next occurs after the effective date  
31 of the renewal, when it shall expire if it is not again renewed.

32 If a license is not renewed within one year following its  
33 expiration, the bureau may require as a condition of renewal that  
34 the holder of the license pass an examination on the appropriate  
35 subjects provided by this chapter.

36 *SEC. 36. Section 7729.1 of the Business and Professions Code*  
37 *is amended to read:*

38 7729.1. The amount of fees prescribed for a license or  
39 certificate of authority under this act is that fixed by the following  
40 provisions of this article. Any license or certificate of authority

1 provided under this act that has expired may be renewed within  
2 five years of its expiration upon payment of ~~all accrued and unpaid~~  
3 ~~renewal and regulatory fees.~~ *the renewal fee.*

4 *SEC. 37. Section 7881 of the Business and Professions Code*  
5 *is amended to read:*

6 7881. Except as otherwise provided in this article, certificates  
7 of registration as a geologist or as a geophysicist, or certified  
8 specialty certificates, may be renewed at any time within five years  
9 after expiration on filing an application for renewal on a form  
10 prescribed by the board and payment of ~~all accrued and unpaid~~  
11 ~~renewal fees.~~ *the renewal fee.* If the certificate is renewed more  
12 than 30 days after its expiration, the certificate holder, as a  
13 condition precedent to renewal, shall also pay the delinquency fee  
14 prescribed by this chapter. Renewal under this section shall be  
15 effective on the date on which the application is filed, on the date  
16 on which ~~all the renewal fees are~~ *fee is* paid, or on the date on  
17 which the delinquency fee, if any, is paid, whichever last occurs.  
18 If so renewed, the certificate shall continue in effect through the  
19 date provided in Section 7880 that next occurs after the effective  
20 date of the renewal, when it shall expire if it is not again renewed.

21 *SEC. 38. Section 7883 of the Business and Professions Code*  
22 *is amended to read:*

23 7883. A revoked certificate is subject to expiration as provided  
24 in this article, but it may not be renewed. If it is reinstated after its  
25 expiration, the holder of the certificate, as a condition precedent  
26 to its reinstatement, shall pay a reinstatement fee in an amount  
27 equal to the renewal fee in effect on the last regular date before  
28 the date on which it is ~~reinstated, plus all accrued and unpaid~~  
29 ~~renewal fees~~ *reinstated* and the delinquency fee, if any, accrued  
30 at the time of its revocation.

31 *SEC. 39. Section 8024.7 of the Business and Professions Code*  
32 *is amended to read:*

33 8024.7. The board shall establish an inactive category of  
34 licensure for persons who are not actively engaged in the practice  
35 of shorthand reporting.

36 (a) The holder of an inactive license issued pursuant to this  
37 section shall not engage in any activity for which a license is  
38 required.

39 (b) An inactive license issued pursuant to this section shall be  
40 renewed during the same time period in which an active license

1 is renewed. The holder of an inactive license is exempt from any  
 2 continuing education requirement for renewal of an active license.

3 (c) The renewal fee for a license in an active status shall ~~apply~~  
 4 ~~also for a renewal of a license in an inactive status, unless a lesser~~  
 5 ~~renewal fee is specified by the board.~~ *be no more than 50 percent*  
 6 *of the renewal fee for a license in an active status.*

7 (d) In order for the holder of an inactive license issued pursuant  
 8 to this section to restore ~~his or her~~ *their* license to an active status,  
 9 the holder of an inactive license shall comply with both of the  
 10 following:

- 11 (1) Pay the renewal fee.
- 12 (2) If the board requires completion of continuing education for  
 13 renewal of an active license, complete continuing education  
 14 equivalent to that required for renewal of an active license, unless  
 15 a different requirement is specified by the board.

16 *SEC. 40. Section 8802 of the Business and Professions Code*  
 17 *is amended to read:*

18 8802. Except as otherwise provided in this article, licenses  
 19 issued under this chapter may be renewed at any time within five  
 20 years after expiration on filing of application for renewal on a form  
 21 prescribed by the board and payment of ~~all accrued and unpaid~~  
 22 ~~renewal fees.~~ *the renewal fee.* If the license is renewed more than  
 23 30 days after its expiration, the licensee, as a condition precedent  
 24 to renewal, shall also pay the delinquency fee prescribed by this  
 25 chapter. Renewal under this section shall be effective on the date  
 26 on which the application is filed, on the date on which the renewal  
 27 fee is paid, or on the date on which the delinquency fee, if any, is  
 28 paid, whichever last occurs. If so renewed, the license shall  
 29 continue in effect through the date provided in Section 8801 which  
 30 next occurs after the effective date of the renewal, when it shall  
 31 expire if it is not again renewed.

32 *SEC. 41. Section 9832 of the Business and Professions Code*  
 33 *is amended to read:*

34 9832. (a) Registrations issued under this chapter shall expire  
 35 no more than 12 months after the issue date. The expiration date  
 36 of registrations shall be set by the director in a manner to best  
 37 distribute renewal procedures throughout the year.

38 (b) To renew an unexpired registration, the service dealer shall,  
 39 on or before the expiration date of the registration, apply for

1 renewal on a form prescribed by the director, and pay the renewal  
2 fee prescribed by this chapter.

3 (c) To renew an expired registration, the service dealer shall  
4 apply for renewal on a form prescribed by the director, pay the  
5 renewal fee in effect on the last regular renewal date, and pay ~~all~~  
6 ~~accrued and unpaid~~ the delinquency ~~and renewal fees.~~ *fee.*

7 (d) Renewal is effective on the date that the application is ~~filed,~~  
8 ~~filed and~~ the renewal fee is paid, and ~~all~~ delinquency fees are paid.

9 (e) For purposes of implementing the distribution of the renewal  
10 of registrations throughout the year, the director may extend by  
11 not more than six months, the date fixed by law for renewal of a  
12 registration, except that in that event any renewal fee that may be  
13 involved shall be prorated in a manner that no person shall be  
14 required to pay a greater or lesser fee than would have been  
15 required had the change in renewal dates not occurred.

16 *SEC. 42. Section 9832.5 of the Business and Professions Code*  
17 *is amended to read:*

18 9832.5. (a) Registrations issued under this chapter shall expire  
19 no more than 12 months after the issue date. The expiration date  
20 of registrations shall be set by the director in a manner to best  
21 distribute renewal procedures throughout the year.

22 (b) To renew an unexpired registration, the service contractor  
23 shall, on or before the expiration date of the registration, apply for  
24 renewal on a form prescribed by the director, and pay the renewal  
25 fee prescribed by this chapter.

26 (c) To renew an expired registration, the service contractor shall  
27 apply for renewal on a form prescribed by the director, pay the  
28 renewal fee in effect on the last regular renewal date, and pay ~~all~~  
29 ~~accrued and unpaid~~ the delinquency and renewal fees.

30 (d) Renewal is effective on the date that the application is ~~filed,~~  
31 ~~filed and~~ the renewal fee is paid, and ~~all~~ delinquency fees are paid.

32 (e) For purposes of implementing the distribution of the renewal  
33 of registrations throughout the year, the director may extend, by  
34 not more than six months, the date fixed by law for renewal of a  
35 registration, except that, in that event, any renewal fee that may  
36 be involved shall be prorated in such a manner that no person shall  
37 be required to pay a greater or lesser fee than would have been  
38 required had the change in renewal dates not occurred.

39 (f) This section shall remain in effect only until January 1, 2023,  
40 and as of that date is repealed.

1     *SEC. 43. Section 9884.5 of the Business and Professions Code*  
 2     *is amended to read:*

3     9884.5. A registration that is not renewed within three years  
 4 following its expiration shall not be renewed, restored, or reinstated  
 5 thereafter, and the delinquent registration shall be canceled  
 6 immediately upon expiration of the three-year period.

7     An automotive repair dealer whose registration has been canceled  
 8 by operation of this section shall obtain a new registration only if  
 9 ~~he or she~~ *the automotive repair dealer* again meets the requirements  
 10 set forth in this chapter relating to registration, is not subject to  
 11 denial under Section 480, and pays the applicable fees.

12     An expired registration may be renewed at any time within three  
 13 years after its expiration upon the filing of an application for  
 14 renewal on a form prescribed by the bureau and the payment of  
 15 ~~all accrued~~ *the* renewal and delinquency fees. Renewal under this  
 16 section shall be effective on the date on which the application is  
 17 filed and ~~all~~ *the* renewal and delinquency fees are paid. If so  
 18 renewed, the registration shall continue in effect through the  
 19 expiration date of the current registration year as provided in  
 20 Section 9884.3, at which time the registration shall be subject to  
 21 renewal.

22     *SEC. 44. Section 19170.5 of the Business and Professions Code*  
 23     *is amended to read:*

24     19170.5. (a) Except as provided in Section 19170.3, licenses  
 25 issued under this chapter expire two years from the date of  
 26 issuance. To renew ~~his or her~~ *a* license, a licensee shall, on or  
 27 before the date on which it would otherwise expire, apply for  
 28 renewal on a form prescribed by the chief, and pay the fees  
 29 prescribed by Sections 19170 and 19213.1. If a licensee fails to  
 30 renew ~~his or her~~ *their* license before its expiration, a delinquency  
 31 fee of 20 percent, but not more than one hundred dollars (\$100),  
 32 notwithstanding the provisions of Section 163.5, shall be added  
 33 to the renewal fee. If the renewal fee and delinquency fee are not  
 34 paid within 90 days after expiration of a license, the licensee shall  
 35 be assessed an additional penalty fee of 30 percent of the renewal  
 36 fee.

37     (b) Except as otherwise provided in this chapter, a licensee may  
 38 renew an expired license within six years after expiration of the  
 39 license by filing an application for renewal on a form prescribed

1 by the bureau, and paying ~~all accrued renewal, delinquent, the~~  
2 ~~renewal, delinquency,~~ and penalty fees.

3 (c) A license that is not renewed within six years of its expiration  
4 shall not be renewed, restored, reinstated, or reissued, but the holder  
5 of the license may apply for and obtain a new license if both of  
6 the following requirements are satisfied:

7 (1) No fact, circumstance, or condition exists which would  
8 justify denial of licensure under Section 480.

9 (2) The licensee pays ~~all the~~ renewal, delinquency, and penalty  
10 fees ~~that have accrued since the date on which the license was last~~  
11 ~~renewed.~~ fees.

12 (d) The bureau may impose conditions on any license issued  
13 pursuant to subdivision (c).

14 *SEC. 45. Section 19290 of the Business and Professions Code*  
15 *is amended to read:*

16 19290. (a) Permits issued under this chapter expire two years  
17 from the date of issuance. To renew a permit, a permittee shall,  
18 on or before the date on which it would otherwise expire, apply  
19 for renewal on a form prescribed by the chief, and continue to pay  
20 the fees prescribed in Sections 19288 and 19288.1. Notwithstanding  
21 Section 163.5, if a permittee fails to renew the permit before its  
22 expiration, a delinquency fee of 20 percent of the most recent fee  
23 paid to the bureau pursuant to Sections 19288 and 19288.1 shall  
24 be added to the amount due to the bureau at the next fee interval.  
25 If the renewal fee and delinquency fee are not paid within 90 days  
26 after expiration of a permit, the permittee shall be assessed an  
27 additional fee of 30 percent of the most recent fee paid to the  
28 bureau pursuant to Sections 19288 and 19288.1.

29 (b) Except as otherwise provided in this chapter, a permittee  
30 may renew an expired permit within two years after expiration of  
31 the permit by filing an application for renewal on a form prescribed  
32 by the bureau, and paying all ~~accrued~~ fees.

33 (c) A permit that is not renewed within two years of its  
34 expiration shall not be renewed, restored, reinstated, or reissued,  
35 but the holder of the expired permit may apply for and obtain a  
36 new permit as provided in this chapter, upon payment of all fees  
37 that accrued since the date the permit was last renewed.

38 (d) The bureau may impose conditions on any permit issued  
39 pursuant to subdivision (c).

1 SECTION 1. ~~Section 4073 of the Business and Professions~~  
2 ~~Code is amended to read:~~

3 4073. (a) ~~A pharmacist filling a prescription order for a drug~~  
4 ~~product prescribed by its trade or brand name may select another~~  
5 ~~drug product with the same active chemical ingredients of the same~~  
6 ~~strength, quantity, and dosage form, and of the same generic drug~~  
7 ~~name as determined by the United States Adopted Names (USAN)~~  
8 ~~and accepted by the federal Food and Drug Administration (FDA),~~  
9 ~~of those drug products having the same active chemical ingredients.~~

10 (b) ~~In no case shall a selection be made pursuant to this section~~  
11 ~~if the prescriber personally indicates, either orally or in the~~  
12 ~~prescriber's own handwriting, "Do not substitute," or words of~~  
13 ~~similar meaning. Nothing in this subdivision shall prohibit a~~  
14 ~~prescriber from checking a box on a prescription marked "Do not~~  
15 ~~substitute"; provided that the prescriber personally initials the box~~  
16 ~~or checkmark. To indicate that a selection shall not be made~~  
17 ~~pursuant to this section for an electronic data transmission~~  
18 ~~prescription as defined in subdivision (c) of Section 4040, a~~  
19 ~~prescriber may indicate "Do not substitute," or words of similar~~  
20 ~~meaning, in the prescription as transmitted by electronic data, or~~  
21 ~~may check a box marked on the prescription "Do not substitute."~~  
22 ~~In either instance, it shall not be required that the prohibition on~~  
23 ~~substitution be manually initialed by the prescriber.~~

24 (c) ~~Selection pursuant to this section is within the discretion of~~  
25 ~~the pharmacist, except as provided in subdivision (b). The person~~  
26 ~~who selects the drug product to be dispensed pursuant to this~~  
27 ~~section shall assume the same responsibility for selecting the~~  
28 ~~dispensed drug product as would be incurred in filling a~~  
29 ~~prescription for a drug product prescribed by generic name. There~~  
30 ~~shall be no liability on the prescriber for an act or omission by a~~  
31 ~~pharmacist in selecting, preparing, or dispensing a drug product~~  
32 ~~pursuant to this section. In no case shall the pharmacist select a~~  
33 ~~drug product pursuant to this section unless the drug product~~  
34 ~~selected costs the patient less than the prescribed drug product.~~  
35 ~~Cost, as used in this subdivision, is defined to include any~~  
36 ~~professional fee that may be charged by the pharmacist.~~

37 (d) ~~This section shall apply to all prescriptions, including those~~  
38 ~~presented by or on behalf of persons receiving assistance from the~~  
39 ~~federal government or pursuant to the California Medical~~  
40 ~~Assistance Program set forth in Chapter 7 (commencing with~~



1 ~~Section 14000) of Part 3 of Division 9 of the Welfare and~~  
2 ~~Institutions Code.~~  
3 ~~(e) When a substitution is made pursuant to this section, the use~~  
4 ~~of the cost-saving drug product dispensed shall be communicated~~  
5 ~~to the patient and the name of the dispensed drug product shall be~~  
6 ~~indicated on the prescription label, except where the prescriber~~  
7 ~~orders otherwise.~~

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**ASSEMBLY BILL**

**No. 613**

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**Introduced by Assembly Member Low**

February 14, 2019

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An act to add Section 101.1 to the Business and Professions Code, relating to professions and vocations, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 613, as introduced, Low. Professions and vocations: regulatory fees.

Existing law establishes the Department of Consumer Affairs, which is comprised of boards that are established for the purpose of regulating various professions and vocations, and generally authorizes a board to charge fees for the reasonable regulatory cost of administering the regulatory program for the profession or vocation. Existing law establishes the Professions and Vocations Fund in the State Treasury, which consists of specified special funds and accounts, some of which are continuously appropriated.

This bill would authorize each board within the department to increase every 4 years any fee authorized to be imposed by that board by an amount not to exceed the increase in the California Consumer Price Index for the preceding 4 years, subject to specified conditions. The bill would require the Director of Consumer Affairs to approve any fee increase proposed by a board except under specified circumstances. By authorizing an increase in the amount of fees deposited into a continuously appropriated fund, this bill would make an appropriation.

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

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

1 SECTION 1. Section 101.1 is added to the Business and  
2 Professions Code, to read:

3 101.1. (a) Notwithstanding any other law, no more than once  
4 every four years, any board listed in Section 101 may increase any  
5 fee authorized to be imposed by that board by an amount not to  
6 exceed the increase in the California Consumer Price Index, as  
7 determined pursuant to Section 2212 of the Revenue and Taxation  
8 Code, for the preceding four years in accordance with the  
9 following:

10 (1) The board shall provide its calculations and proposed fee,  
11 rounded to the nearest whole dollar, to the director and the director  
12 shall approve the fee increase unless any of the following apply:

13 (A) The board has unencumbered funds in an amount that is  
14 equal to more than the board’s operating budget for the next two  
15 fiscal years.

16 (B) The fee would exceed the reasonable regulatory costs to the  
17 board in administering the provisions for which the fee is  
18 authorized.

19 (C) The director determines that the fee increase would be  
20 injurious to the public health, safety, or welfare.

21 (2) The adjustment of fees and publication of the adjusted fee  
22 list is not subject to the Administrative Procedure Act (Chapter  
23 3.5 (commencing with Section 11340) of Part 1 of Division 3 of  
24 Title 2) of the Government Code.

25 (b) For purposes of this section, “fee” includes any fees  
26 authorized to be imposed by a board for regulatory costs. “Fee”  
27 does not include administrative fines, civil penalties, or criminal  
28 penalties.

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**ASSEMBLY BILL**

**No. 1024**

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**Introduced by Assembly Member Frazier**

February 21, 2019

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An act to add Section 7195.1 to the Business and Professions Code, relating to contractors.

LEGISLATIVE COUNSEL'S DIGEST

AB 1024, as introduced, Frazier. Home inspectors: licensing: Contractors' State License Board.

Existing law, the Contractors' State License Law, provides for the licensure and regulation of contractors by the Contractors' State License Board in the Department of Consumer Affairs. Existing law requires the board to appoint a registrar of contractors to carry out administrative duties, as provided.

Existing law defines home inspection and establishes a standard of care for persons performing home inspections.

This bill, beginning January 1, 2022, would require a person performing a home inspection, as defined, to be licensed by the Contractors' State License Board. The bill would authorize the board to establish criteria for licensing home inspectors and establish fees for licensing and renewal. The bill would authorize the registrar to enforce the licensing provisions. The bill would exempt a licensed general contractor, pest control operator, architect, or professional engineer from these licensing provisions.

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

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

- 1 SECTION 1. Section 7195.1 is added to the Business and
- 2 Professions Code, to read:
- 3 7195.1. (a) Beginning January 1, 2022, a person who performs
- 4 home inspections, as defined in Section 7195, shall obtain a license
- 5 from the Contractors' State License Board.
- 6 (b) The Contractors' State License Board shall establish criteria
- 7 for licensing home inspectors under this section, including setting
- 8 reasonable fees for licensing and renewal.
- 9 (c) The registrar shall have the authority to enforce these
- 10 licensing requirements.
- 11 (d) This section shall not apply to a person performing home
- 12 inspections who is a licensed general contractor, pest control
- 13 operator, architect, or professional engineer.

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AMENDED IN ASSEMBLY APRIL 8, 2019  
AMENDED IN ASSEMBLY MARCH 26, 2019  
CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1545**

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**Introduced by Assembly Member Obernolte**

February 22, 2019

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An act to add Chapter 3.7 (commencing with Section 11367) to Part 1 of Division 3 of Title 2 of the Government Code, relating to small business.

LEGISLATIVE COUNSEL'S DIGEST

AB 1545, as amended, Obernolte. Civil penalty reduction policy.

Existing law, the Administrative Procedure Act, governs the procedures for the adoption, amendment, or repeal of regulations by state agencies and requires, among other things, that a state agency make available to the public facts, evidence, documents, testimony, or other evidence on which the state agency relies to support the agency's determination that the proposed action will not have a significant adverse economic impact on business.

Existing law establishes the Office of Small Business Advocate, within the Governor's Office of Business and Economic Development, and establishes the duties and functions of the Director of the Office of Small Business Advocate including, among other duties, representing the views and interests of small businesses before other state agencies whose policies and activities may affect small businesses. Existing law requires each state agency that significantly regulates small business or that significantly impacts small business to designate at least one person who is required to serve as a small business liaison.

This bill would, with certain exceptions, require a state agency to assist a small business, as defined, in complying with all statutes and regulations administered by the state agency and in any enforcement action by the state agency. The bill would require a state agency to establish a policy, by December 31, 2020, that provides for the reduction of civil penalties for violations of regulatory or statutory requirements by a small business under appropriate circumstances. The bill would authorize the state agency to update the policy to reflect current issues and conditions affecting small businesses and the state agency.

This bill would require the state agency to post a current copy of the policy on the state agency’s internet website and, until June 30, 2024, to annually post specified information about enforcement actions and penalty reductions (annual report). The bill would require a state agency to notify the Office of Small Business Advocate of certain events relating to its policy and annual report.

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

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

1 SECTION 1. This act shall be known, and may be cited, as the  
2 California Small Business Regulatory Fairness Act.

3 SEC. 2. Chapter 3.7 (commencing with Section 11367) is added  
4 to Part 1 of Division 3 of Title 2 of the Government Code, to read:

5  
6 CHAPTER 3.7. CALIFORNIA SMALL BUSINESS REGULATORY  
7 FAIRNESS ACT  
8

9 11367. The following terms shall have the following meanings  
10 for purposes of this chapter:

11 (a) “Small business” means a business that is all of the  
12 following:

- 13 (1) Independently owned and operated.
- 14 (2) Not dominant in its field of operation.
- 15 (3) Has fewer than 100 employees.
- 16 (4) Has average annual gross receipts of ~~ten~~ *fifteen* million  
17 dollars (~~\$10,000,000~~) (*\$15,000,000*) or less over the previous three  
18 years.

19 (b) “State agency” means any state agency, department, board,  
20 or commission that has significant rulemaking authority over small

1 businesses, except the Franchise Tax Board, the California  
2 Department of Tax and Fee Administration, or the State Board of  
3 Equalization.

4 11367.1. (a) A state agency shall do all of the following:

5 (1) Assist a small business in achieving compliance with statutes  
6 and regulations administered by the state agency. This requirement  
7 may be met through the implementation of the requirements in  
8 Section 11148.5.

9 (2) Assist a small business during an enforcement action by the  
10 state agency.

11 (3) (A) By December 31, 2020, establish a policy to provide  
12 for the reduction of civil penalties for violations of regulatory or  
13 statutory requirements by a small business under appropriate  
14 circumstances.

15 (B) The policy shall exclusively be applied to small businesses  
16 that meet all of the following criteria:

17 (i) The violation by the small business did not involve willful  
18 or criminal conduct.

19 (ii) The violation by the small business did not pose an imminent  
20 health, safety, or environmental threat.

21 (iii) The small business has a low degree of culpability when  
22 its conduct is judged in light of its size, length of operation, and  
23 the sophistication of its owners or managers.

24 (C) The policy shall include the factors that shall be considered  
25 when the agency determines if, and to what extent, the fine shall  
26 be reduced. The policy shall be designed to result in a range of  
27 reductions, based upon the following factors, which include, but  
28 are not limited to:

29 (i) The degree to which the small business cooperated during  
30 any investigation by the state agency.

31 (ii) The degree to which the small business engaged in  
32 subsequent action to correct the violation, as appropriate.

33 (iii) The prior history of the small business in meeting regulatory  
34 requirements of the agency.

35 (iv) The degree to which the level of the penalty would impede  
36 the small business from continuing to conduct business.

37 (b) The state agency may update the policy from time to time  
38 to reflect current issues and conditions affecting small businesses  
39 and the state agency.



1 (c) (1) The state agency shall post a current copy of the policy  
2 on the state agency’s internet website within 30 days of adoption  
3 or amendment of the policy.

4 (2) The state agency shall annually post information on the state  
5 agency’s internet website as to the aggregate number and category  
6 of enforcement actions that were reviewed pursuant to this section,  
7 the total number of small businesses and actions that qualified for  
8 civil penalty reductions in the report period, and the total dollar  
9 amount of reductions issued. The requirement for annual reporting  
10 imposed by this paragraph shall become inoperative on June 30,  
11 2024.

12 (d) The notice shall include a link to where the policy and annual  
13 utilization report pursuant to paragraph (2) of subdivision (c) is  
14 posted on the state agency’s internet website. The state agency  
15 shall notify the Office of Small Business Advocate within 15  
16 working days of the following situations occurring:

- 17 (1) The policy is adopted or amended.
- 18 (2) The annual utilization report is posted.
- 19 (3) The policy or the annual utilization report is relocated from  
20 the state agency’s internet website. The notice shall include a link  
21 to the new internet website location.
- 22 (4) The policy or the annual utilization report is removed from  
23 the state agency’s internet website. The notice shall include an  
24 explanation as to why the information was removed.

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AMENDED IN ASSEMBLY APRIL 1, 2019  
AMENDED IN ASSEMBLY MARCH 28, 2019  
CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1551**

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**Introduced by Assembly Member Arambula**

February 22, 2019

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An act to amend Section 22684 of the Financial Code, and to amend Section 5913 ~~of~~ *of, and to add Section 5913.1 to*, the Streets and Highways Code, relating to financial institutions.

LEGISLATIVE COUNSEL'S DIGEST

AB 1551, as amended, Arambula. Property Assessed Clean Energy program.

(1) Existing law, commonly known as the Property Assessed Clean Energy (PACE) program, authorizes public agency officials and property owners, as provided, to enter into voluntary contractual assessments, known as PACE assessments, to finance the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to real property.

Existing law, the California Financing Law (CFL), requires a program administrator who administers a PACE program on behalf of, and with the written consent of, a public agency to comply with specified requirements relating to the PACE program.

The CFL prohibits a program administrator from executing an assessment contract, prohibits any work from commencing under a home improvement contract that is financed by that assessment contract, and prohibits the execution of that home improvement contract, unless

the program administrator ensures that certain criteria related to that assessment contract are satisfied.

This bill would include within the criteria that an assessment contract is required to meet that the contract does not contain a penalty for early payment.

(2) Existing law requires a program administrator to provide an oral confirmation of the key terms of an assessment contract with the property owner on the call, or the property owner’s authorized representative, and to retain a copy of a recording of that confirmation for a period of 5 years after the recording is made. Existing law requires that oral confirmation to contain specified information.

The bill would require a program administrator to include in that oral confirmation that the property owner may repay an amount owed pursuant to an assessment contract before the date that amount is due under the contract without early repayment penalty.

*This bill would prohibit a property owner from executing an assessment contract unless the program administrator completes and delivers a printed disclosure form to the property owner. The bill would require that disclosure form to list various information related to the terms of the contract, including that the PACE assessment is not with the government and that the assessment contract will be recorded as a lien on the property owner’s property.*

The bill would also make nonsubstantive changes.

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

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

- 1 SECTION 1. Section 22684 of the Financial Code is amended
- 2 to read:
- 3 22684. A program administrator shall not execute an
- 4 assessment contract, and no work shall commence under a home
- 5 improvement contract that is financed by that assessment contract
- 6 nor shall that home improvement contract be executed unless the
- 7 following criteria are satisfied:
- 8 (a) All property taxes for the property that will be subject to the
- 9 assessment contract are current. The program administrator shall
- 10 ask a property owner whether there has been no more than one
- 11 late payment of property taxes on the property for the previous

1 three years or since the current owner acquired the property,  
2 whichever period is shorter.

3 (b) The property that will be subject to the assessment contract  
4 has no recorded and outstanding involuntary liens in excess of one  
5 thousand dollars (\$1,000).

6 (c) The property that will be subject to the assessment contract  
7 has no notices of default currently recorded that have not been  
8 rescinded.

9 (d) The property owner has not been a party to any bankruptcy  
10 proceedings within the last four years, except that the property  
11 owner may have been party to a bankruptcy proceeding that was  
12 discharged or dismissed between two and four years before the  
13 application date and the property owner has had no payments more  
14 than 30 days past due on any mortgage debt or nonmortgage debt,  
15 excluding medical debt, during the 12 months immediately  
16 preceding the application date.

17 (e) The property owner is current on all mortgage debt on the  
18 subject property and has no more than one late payment during  
19 the six months immediately preceding the application date and if  
20 the late payment did not exceed 30 days past due.

21 (f) The property that will be subject to the assessment contract  
22 is within the geographical boundaries of the applicable PACE  
23 program.

24 (g) The measures to be installed pursuant to the assessment  
25 contract are eligible under the terms of the applicable PACE  
26 program.

27 (h) The financing is for less than 15 percent of the value of the  
28 property, up to the first seven hundred thousand dollars (\$700,000)  
29 inclusive of the existing assessments, and is for less than 10 percent  
30 of the remaining value of the property above seven hundred  
31 thousand dollars (\$700,000).

32 (i) The total PACE assessments and the mortgage-related debt  
33 on the property subject to the PACE assessment will not exceed  
34 97 percent of the market value of the property as established by  
35 the valuation required by Section 22685.

36 (j) The term of the assessment contract shall not exceed the  
37 estimated useful life of the measure to which the greatest portion  
38 of funds disbursed under the assessment contract is attributable.  
39 The program administrator shall determine useful life for purposes  
40 of this subdivision based upon credible third-party standards or

1 certification criteria that have been established by appropriate  
 2 government agencies or nationally recognized standards and testing  
 3 organizations.

4 (k) The program administrator shall verify the existence of  
 5 recorded PACE assessments and shall ask if the property owner  
 6 has authorized additional PACE assessments on the same subject  
 7 property that have not yet been recorded. The failure of a property  
 8 owner to comply with this subdivision shall not invalidate an  
 9 assessment contract or any obligations thereunder, notwithstanding  
 10 if the combined amount of the PACE assessments exceed the  
 11 criteria set forth in subdivision (h) or (i). The existence of a prior  
 12 PACE assessment or a prior assessment contract shall not constitute  
 13 evidence that the assessment contract under consideration is  
 14 affordable or meets any other program requirements.

15 (l) The assessment contract does not contain a penalty for early  
 16 repayment of an amount owed under the contract.

17 (m) The program administrator shall use commercially  
 18 reasonable and available methods to verify the above.

19 SEC. 2. Section 5913 of the Streets and Highways Code, as  
 20 amended by Chapter 837 of the Statutes of 2018, is amended to  
 21 read:

22 5913. (a) (1) Before a property owner executes an assessment  
 23 contract the program administrator shall do the following:

24 (A) Make an oral confirmation that at least one owner of the  
 25 property has a copy of the contract assessment documents required  
 26 by paragraph (2) of subdivision (a) of Section 5898.20 or Section  
 27 5899, 5899.3, or 5899.4, or Section 53328.1 of the Government  
 28 Code, as applicable, with all the key terms completed, the financing  
 29 estimate and disclosure form specified in Section 5898.17, and the  
 30 right to cancel form specified in Section 5898.16, with hard copies  
 31 available upon request.

32 (B) Make an oral confirmation of the key terms of the  
 33 assessment contract, in plain language, with the property owner  
 34 on the call or to a verified authorized representative of the owner  
 35 on the call and shall obtain acknowledgment from the property  
 36 owner on the call to whom the oral confirmation is given.

37 (2) The oral confirmation required pursuant to paragraph (1)  
 38 shall include, but is not limited to, all of the following information:

39 (A) The property owner on the call has the right to have other  
 40 persons present for the call, and an inquiry as to whether the

1 property owner would like to exercise the right to include anyone  
2 else on the call. This shall occur at the onset of the call, after the  
3 determination of the preferred language of communication.

4 (B) The property owner on the call is informed that they should  
5 review the assessment contract and financing estimate and  
6 disclosure form with all other owners of the property.

7 (C) The efficiency improvement being installed is being financed  
8 by a PACE assessment.

9 (D) The total estimated annual costs the property owner will  
10 have to pay under the assessment contract, including applicable  
11 fees.

12 (E) The total estimated average monthly amount of funds the  
13 property owner would have to save in order to pay the annual costs  
14 under the PACE assessment, including applicable fees.

15 (F) That the county annual secured property tax bill, which will  
16 include the installment of the PACE lien, will be mailed by the  
17 county tax collector no later than November 1 each year, and that  
18 if the lien is recorded after the fiscal year closes but before the bill  
19 is mailed, the first installment may not appear on the county tax  
20 bill until the following year.

21 (G) The term of the assessment contract.

22 (H) That payments on the assessment contract will be made  
23 through an additional annual assessment on the property and paid  
24 either directly to the county tax collector's office as part of the  
25 total annual secured property tax bill, or through the property  
26 owner's mortgage impound account, and that if the property owner  
27 pays taxes through an impound account, the property owner should  
28 notify the property owner's mortgage lender to discuss adjusting  
29 the monthly mortgage payment by the estimated monthly cost of  
30 the PACE assessment.

31 (I) That the property will be subject to a lien during the term of  
32 the assessment contract and that the obligations under the  
33 assessment contract may be required to be paid in full before the  
34 property owner sells or refinances the property.

35 (J) That the property owner has disclosed whether the property  
36 has received or is seeking additional PACE assessments and has  
37 disclosed all other PACE assessments or special taxes that are or  
38 about to be placed on the property, if known to and understood by  
39 the property owner.

1 (K) That any potential utility savings are not guaranteed, and  
2 will not reduce the assessment payments or total assessment  
3 amount.

4 (L) That the program administrator and contractor do not provide  
5 tax advice, and that the property owner should seek professional  
6 tax advice if the property owner has questions regarding tax credits,  
7 tax deductibility, or of other tax impacts on the PACE assessment  
8 or assessment contract.

9 (M) That if that property tax payment is delinquent within the  
10 fiscal year, the county tax collector will assess a 10-percent penalty  
11 and may assess related costs, as required by state law. A delinquent  
12 payment also subjects the property to foreclosure. If the delinquent  
13 payment continues past June 30 of a given year and defaults, the  
14 county tax collector will assess penalties at the rate of 1 ½ percent  
15 per month (18 percent per year), and the property will continue to  
16 be subject to foreclosure and may become subject to the county  
17 tax collector’s right to sell the property at auction.

18 (N) That the property owner has a three-business day right to  
19 cancel the assessment contract pursuant to subdivision (b) of  
20 Section 5898.16, and that canceling the assessment contract may  
21 also cancel the home improvement contract under Section 5940.

22 (O) That it is the responsibility of the property owner to contact  
23 the property owner’s home insurance provider to determine whether  
24 the efficiency improvement to be financed by the PACE assessment  
25 is covered by the property owner’s insurance plan.

26 (P) That the property owner may repay an amount owed pursuant  
27 to an assessment contract before the date that amount is due under  
28 the contract without early repayment penalty.

29 (b) The program administrator shall comply with the following  
30 when giving the oral confirmation described in subdivision (a):

31 (1) The program administrator shall record the oral confirmation  
32 in an audio format in accordance with applicable laws.

33 (2) The program administrator may not comply with the  
34 requirement in subdivision (a) through the use of a prerecorded  
35 message, or other similar device or method.

36 (3) Recording of an oral confirmation shall be retained by the  
37 program administrator for a period of at least five years from the  
38 time of the recording.

1 (c) The provisions of this section shall be in addition to the  
2 documents required to be provided to the property owner under  
3 Sections 5898.16 and 5898.17.

4 (d) At the commencement of the oral confirmation, the program  
5 administrator shall ask if the property owner on the call would  
6 prefer to communicate during the oral confirmation primarily in  
7 a language other than English that is specified in Section 1632 of  
8 the Civil Code. If the preferred language is supported by the  
9 program administrator, the oral confirmation shall be given in that  
10 primary language, except where the property owner on the call  
11 chooses to communicate through the property owner's own  
12 interpreter. If the preferred language is not supported and an  
13 interpreter is not chosen by the property owner on the call, the  
14 PACE assessment transaction shall not proceed. For purposes of  
15 this subdivision, "the property owner's own interpreter" means a  
16 person, who is not a minor, is able to speak fluently and read with  
17 full understanding both the English language and any of the  
18 languages specified in Section 1632 of the Civil Code, and who  
19 is not employed by, and whose services are not made available  
20 through, the program administrator, the public agency, or the  
21 contractor.

22 (e) (1) Beginning on January 1, 2019, if the oral confirmation  
23 was conducted primarily in a language other than English that is  
24 specified in Section 1632 of the Civil Code, the program  
25 administrator shall deliver in writing the disclosures and contract  
26 or agreement required by law, including, but not limited to, the  
27 following:

28 (A) Assessment contract documents specified in paragraph (2)  
29 of subdivision (a) of Section 5898.20 or Section 5899, 5899.3, or  
30 5899.4, or a special tax described in Section 53328.1 of the  
31 Government Code.

32 (B) The financing estimate and disclosure form specified in  
33 Section 5898.17.

34 (C) The right to cancel form specified in Section 5898.16.

35 (2) Before the execution of any contract or agreement described  
36 in paragraph (1), the program administrator shall deliver a  
37 translation of the disclosures, contract, or agreement in the  
38 language in which the oral confirmation was conducted, that  
39 includes a translation of every term and condition in that contract  
40 or agreement.



1 (f) This section shall remain in effect only until January 1, 2029,  
2 and as of that date is repealed.

3 SEC. 3. Section 5913 of the Streets and Highways Code, as  
4 added by Chapter 837 of the Statutes of 2018, is amended to read:

5 5913. (a) (1) Before a property owner executes an assessment  
6 contract the program administrator shall do the following:

7 (A) Make an oral confirmation that at least one owner of the  
8 property has a copy of the contract assessment documents required  
9 by paragraph (2) of subdivision (a) of Section 5898.20 or Section  
10 5899 or 5899.3, or Section 53328.1 of the Government Code, as  
11 applicable, with all the key terms completed, the financing estimate  
12 and disclosure form specified in Section 5898.17, and the right to  
13 cancel form specified in Section 5898.16, with hard copies  
14 available upon request.

15 (B) Make an oral confirmation of the key terms of the  
16 assessment contract, in plain language, with the property owner  
17 on the call or to a verified authorized representative of the owner  
18 on the call and shall obtain acknowledgment from the property  
19 owner on the call to whom the oral confirmation is given.

20 (2) The oral confirmation required pursuant to paragraph (1)  
21 shall include, but is not limited to, all the following information:

22 (A) The property owner on the call has the right to have other  
23 persons present for the call, and an inquiry as to whether the  
24 property owner would like to exercise the right to include anyone  
25 else on the call. This shall occur at the onset of the call, after the  
26 determination of the preferred language of communication.

27 (B) The property owner on the call is informed that they should  
28 review the assessment contract and financing estimate and  
29 disclosure form with all other owners of the property.

30 (C) The efficiency improvement being installed is being financed  
31 by a PACE assessment.

32 (D) The total estimated annual costs the property owner will  
33 have to pay under the assessment contract, including applicable  
34 fees.

35 (E) The total estimated average monthly amount of funds the  
36 property owner would have to save in order to pay the annual costs  
37 under the PACE assessment, including applicable fees.

38 (F) That the county annual secured property tax bill, which will  
39 include the installment of the PACE lien, will be mailed by the  
40 county tax collector no later than November 1 each year, and that

1 if the lien is recorded after the fiscal year closes but before the bill  
2 is mailed, the first installment may not appear on the county tax  
3 bill until the following year.

4 (G) The term of the assessment contract.

5 (H) That payments on the assessment contract will be made  
6 through an additional annual assessment on the property and paid  
7 either directly to the county tax collector's office as part of the  
8 total annual secured property tax bill, or through the property  
9 owner's mortgage impound account, and that if the property owner  
10 pays taxes through an impound account, the property owner should  
11 notify the property owner's mortgage lender to discuss adjusting  
12 the monthly mortgage payment by the estimated monthly cost of  
13 the PACE assessment.

14 (I) That the property will be subject to a lien during the term of  
15 the assessment contract and that the obligations under the  
16 assessment contract may be required to be paid in full before the  
17 property owner sells or refinances the property.

18 (J) That the property owner has disclosed whether the property  
19 has received or is seeking additional PACE assessments and has  
20 disclosed all other PACE assessments or special taxes that are or  
21 about to be placed on the property, if known to and understood by  
22 the property owner.

23 (K) That any potential utility savings are not guaranteed, and  
24 will not reduce the assessment payments or total assessment  
25 amount.

26 (L) That the program administrator and contractor do not provide  
27 tax advice, and that the property owner should seek professional  
28 tax advice if the property owner has questions regarding tax credits,  
29 tax deductibility, or of other tax impacts on the PACE assessment  
30 or assessment contract.

31 (M) That if that property tax payment is delinquent within the  
32 fiscal year, the county tax collector will assess a 10-percent penalty  
33 and may assess related costs, as required by state law. A delinquent  
34 payment also subjects the property to foreclosure. If the delinquent  
35 payment continues past June 30 of a given year and defaults, the  
36 county tax collector will assess penalties at the rate of 1 ½ percent  
37 per month (18 percent per year), and the property will continue to  
38 be subject to foreclosure and may become subject to the county  
39 tax collector's right to sell the property at auction.

1 (N) That the property owner has a three-business day right to  
2 cancel the assessment contract pursuant to subdivision (b) of  
3 Section 5898.16, and that canceling the assessment contract may  
4 also cancel the home improvement contract under Section 5940.

5 (O) That it is the responsibility of the property owner to contact  
6 the property owner’s home insurance provider to determine whether  
7 the efficiency improvement to be financed by the PACE assessment  
8 is covered by the property owner’s insurance plan.

9 (P) That the property owner may repay an amount owed pursuant  
10 to an assessment contract prior to the date that amount is due under  
11 the contract without early repayment penalty.

12 (b) The program administrator shall comply with the following  
13 when giving the oral confirmation described in subdivision (a):

14 (1) The program administrator shall record the oral confirmation  
15 in an audio format in accordance with applicable laws.

16 (2) The program administrator may not comply with the  
17 requirement in subdivision (a) through the use of a prerecorded  
18 message, or other similar device or method.

19 (3) Recording of an oral confirmation shall be retained by the  
20 program administrator for a period of at least five years from the  
21 time of the recording.

22 (c) The provisions of this section shall be in addition to the  
23 documents required to be provided to the property owner under  
24 Sections 5898.16 and 5898.17.

25 (d) At the commencement of the oral confirmation, the program  
26 administrator shall ask if the property owner on the call would  
27 prefer to communicate during the oral confirmation primarily in  
28 a language other than English that is specified in Section 1632 of  
29 the Civil Code. If the preferred language is supported by the  
30 program administrator, the oral confirmation shall be given in that  
31 primary language, except where the property owner on the call  
32 chooses to communicate through the property owner’s own  
33 interpreter. If the preferred language is not supported and an  
34 interpreter is not chosen by the property owner on the call, the  
35 PACE assessment transaction shall not proceed. For purposes of  
36 this subdivision, “the property owner’s own interpreter” means a  
37 person, who is not a minor, is able to speak fluently and read with  
38 full understanding both the English language and any of the  
39 languages specified in Section 1632 of the Civil Code, and who  
40 is not employed by, and whose services are not made available

1 through, the program administrator, the public agency, or the  
2 contractor.

3 (e) (1) Beginning on January 1, 2019, if the oral confirmation  
4 was conducted primarily in a language other than English that is  
5 specified in Section 1632 of the Civil Code, the program  
6 administrator shall deliver in writing the disclosures and contract  
7 or agreement required by law, including, but not limited to, the  
8 following:

9 (A) Assessment contract documents specified in paragraph (2)  
10 of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3,  
11 or a special tax described in Section 53328.1 of the Government  
12 Code.

13 (B) The financing estimate and disclosure form specified in  
14 Section 5898.17.

15 (C) The right to cancel form specified in Section 5898.16.

16 (2) Before the execution of any contract or agreement described  
17 in paragraph (1), the program administrator shall deliver a  
18 translation of the disclosures, contract, or agreement in the  
19 language in which the oral confirmation was conducted, that  
20 includes a translation of every term and condition in that contract  
21 or agreement.

22 (f) This section shall become operative on January 1, 2029.

23 *SEC. 4. Section 5913.1 is added to the Streets and Highways*  
24 *Code, to read:*

25 *5913.1. Before a property owner executes an assessment*  
26 *contract, the program administrator shall complete and deliver*  
27 *to the property owner a printed copy of the disclosure set forth*  
28 *below, or a substantially equivalent document that displays the*  
29 *same information in a substantially similar format, in no smaller*  
30 *than 12-point type. A sample of the disclosure set forth below shall*  
31 *be maintained on a public internet website available to property*  
32 *owners.*

33  
34 *PACE ASSESSMENT – SUMMARY DISCLOSURE OF IMPORTANT TERMS*  
35 *This is a short summary of SOME of the important terms of your PACE*  
36 *assessment contract. You must still read the full disclosure and contract before*  
37 *you agree to a PACE assessment.*  
38 *You have a right to request and receive a paper copy of the PACE assessment*  
39 *contract BEFORE signing anything.*  
40 *Borrower’s initials: \_\_\_\_\_*

1  
2 *Your contract for this PACE assessment is NOT with the government. You are*  
3 *entering into a contract with a private company.*  
4 *Borrower’s initials: \_\_\_\_\_*  
5  
6 *Should you enter into this assessment contract, a lien in the amount of the total*  
7 *amount you are financing will be recorded against your property.*  
8 *Borrower’s initials: \_\_\_\_\_*  
9  
10 *The total amount you are financing is \_\_\_\_\_.*  
11 *The total annual percentage rate on this assessment contract is \_\_\_\_\_.*  
12 *The term length of the financing is \_\_\_\_\_ years.*  
13 *Borrower’s initials: \_\_\_\_\_*  
14  
15 *If you decide to sell your home, it is likely that the buyer or the buyer’s*  
16 *mortgage company will require you to pay off the assessment contract in full.*  
17 *Borrower’s initials: \_\_\_\_\_*  
18  
19 *If you decide to refinance your mortgage, your lender will likely require you*  
20 *to pay off the assessment contract in full.*  
21 *Borrower’s initials: \_\_\_\_\_*  
22  
23 *Your payments for this PACE assessment will be ADDED to your yearly*  
24 *property tax bill. Your yearly property tax bill will increase by an estimated*  
25 *ADDITIONAL \_\_\_\_\_.*  
26 *Borrower’s initials: \_\_\_\_\_*  
27  
28 *If you pay your property taxes through an impound account, your monthly*  
29 *payment to your mortgage company will increase by an estimated \_\_\_\_\_. It*  
30 *is your responsibility to contact your mortgage company to inform them of the*  
31 *need for an increased payment.*  
32 *Borrower’s initials: \_\_\_\_\_*  
33  
34 *If your property tax bill is late, the entire amount of your increased property*  
35 *tax payments (the assessment contract plus your regular property tax bill) will*  
36 *be subject to a 10% late fee and a 1.5% per month interest penalty. If payment*  
37 *is not made, your home could be FORECLOSED ON.*  
38 *Borrower’s initials: \_\_\_\_\_*  
39

1 *Should you decide to sign the assessment contract today, you have the right*  
2 *to cancel the contract without any penalty or obligation at any time before*  
3 *midnight on \_\_\_\_\_ (Date).*

4 *Borrower's initials: \_\_\_\_\_*

5  
6 *Confirmation of Receipt:*

7 *Your signature below serves to show you have received this disclosure. Your*  
8 *signature on this form is not a contract to enter into an assessment.*

9  
10 \_\_\_\_\_

11 *Property Owner Signature    Date    Property Owner Signature    Date*

12  
13  
14 \_\_\_\_\_

15 **CORRECTIONS:**

16 **Heading—Line 1.**

17 **Digest—Page 1.**

18 \_\_\_\_\_

O



### Legislative Bill Text

**Senate Bill 144 (Mitchell and Hertzberg):** Pages 13-206 of the original bill as presented on [www.leginfo.legislature.ca.gov](http://www.leginfo.legislature.ca.gov) is intentionally omitted from this packet to save paper as they are not relevant to the Contractors State License Board. A hard copy of the entire will be available to review at the meeting or can be viewed here: [http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201920200SB144](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB144)

AMENDED IN SENATE MAY 21, 2019

AMENDED IN SENATE MARCH 27, 2019

**SENATE BILL**

**No. 144**

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**Introduced by Senators Mitchell and Hertzberg**  
**(Coauthor: Senator Skinner)**

January 18, 2019

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An act to amend Sections 7158, 7159.5, 7159.14, 7161, 9807, 9848, and 9882.14 of the Business and Professions Code, to amend Sections ~~6157, 27706, 27707, 27750, 27752, 27756, 27757, 29550, 29551, 50050, 68085, 68085.1, 68085.5, 68085.7, 68085.8, 71380, 71386, 76000.10, 76223, 77009, 77203, and 77205~~ and 76223 of, to add Section 6111 to, and to repeal Sections 22712, 27753, 29550.1, 29550.2, and 29550.3 of, and to repeal and add Section ~~68635~~ of the Government Code, to amend Section 11374.5 of, to add Section 11470.5 to, and to repeal Section 11470.2 of, the Health and Safety Code, to amend Sections 273a, 273d, 273.1, ~~273.6, 290.06, 295, 597.3, 670, 987, 987.2, 1000.3, 1001.90, 1202.4, 1202.42, 1203, 1203.016, 1203.018, 1203.066, 1203.067, 1203.097, 1203.1, 1203.1a, 1203.1ab, 1203.1d, 1203.1i, 1203.4, 1203.4a, 1203.41, 1203.42, 1203.45, 1203.9, 1205, 1208, 1208.2, 1208.3, 1210.1, 1211, 1462.5, 1463, 1463.007, 1463.010, 1463.011, 1463.012, 1463.14, 1464.8, 2085.5, 2085.6, 2085.7, 3000.07, 4011.1, 4018.6, 4024.2, and 5008.2~~ and 4024.2 of, to add Section 1465.9 to, and to repeal Sections 987.4, 987.5, 987.8, 987.81, 1001.15, 1001.16, 1203.1b, 1203.1bb, 1203.1c, 1203.1e, ~~1203.1h, 1203.1m, 1209, 1210.15, 1214.1, 1214.5, 1463.07, 3010.8, 4011.2, 5007.5, and 6266~~ of, the Penal Code, to amend Sections ~~11208, 13386, 21212, 23573, 23575.3, 40509, 40510.5, 40512, 42003, 42007, 42007.1, 42007.3, 42007.4, 42008.5, 42008.7, and 42008.8~~ and 42008.7 of, to add Section 44237 to, and to repeal Sections ~~40508.5, 40508.6, and 40611, Section 40508.5~~ of, the

97



Vehicle Code, and to amend Sections 903.45 and 904 of, and to repeal Section 903.3 of, the Welfare and Institutions Code, relating to fees.

LEGISLATIVE COUNSEL'S DIGEST

SB 144, as amended, Mitchell. Criminal fees.

(1) Existing law imposes various fees contingent upon a criminal arrest, prosecution, or conviction for the cost of administering the criminal justice system, including administering probation and diversion programs, collecting restitution orders, processing arrests and citations, administering drug testing, ~~incarcerating inmates, facilitating medical visits, and sealing or expunging criminal records.~~ *and incarcerating inmates.*

This bill would repeal the authority to collect *most of* these fees, among others. The bill would make the unpaid balance of ~~any most~~ court-imposed costs unenforceable and uncollectible and would require any portion of a judgment imposing those costs to be vacated. ~~The bill would also prohibit the imposition of trial court filing fees or costs related to the persons underlying criminal conviction.~~

(2) Existing law allows the board of supervisors of any county to establish the office of the public defender and requires the public defender to defend, without expense to the defendant, any person who is not financially able to employ counsel and who is charged with the commission of a crime. Existing law allows the court to hold a hearing to determine whether a defendant owns an interest in real property or other assets and to impose a lien on the property. Upon conclusion of trial, existing law allows the court to make a determination of a defendant's present ability to pay all or a portion of the cost of the public defender. If the court finds that the defendant has the financial ability to pay, existing law requires the court to order the defendant to pay all or a part of the costs the court believes reasonable and compatible with the defendant's financial ability.

This bill would delete the authority of the court to impose liens on the defendant's property and make a post-trial determination of the defendant's ability to pay and to order the defendant to pay the costs of the public defender. By requiring a county to provide a public defender without charge to a defendant who may have the ability to pay, this bill would impose a state-mandated local program.

~~(3) Existing law, as added by the Substance Abuse and Crime Prevention Act of 2000, adopted by voters as Proposition 36 at the~~

~~November 7, 2000, statewide general election, requires that persons convicted of certain nonviolent drug possession offenses be granted probation and be placed in an appropriate drug treatment program. The act allows the trial judge to require a person convicted of a nonviolent drug possession offense to contribute to the cost of their placement in a drug treatment program. The act allows its amendment by a statute passed by  $\frac{2}{3}$  of both houses of the Legislature and requires that all amendments further the act and be consistent with its purposes.~~

~~This bill would amend the act by deleting the authority of the court to require a person convicted of a nonviolent drug possession offense to contribute to the cost of their placement in a drug treatment program.~~

~~(4)~~

~~(3) Existing law allows the court to impose a civil assessment of up to \$300 against a defendant who fails, after notice and without good cause, to appear in court or who fails to pay all or any portion of a fine ordered by the court.~~

~~This bill would repeal the authority of the court to impose that assessment.~~

~~(5) Existing law, the Sexual Predator Punishment and Control Act: Jessica's Law, adopted by voters as Proposition 83 at the November 7, 2006, statewide general election, requires every person paroled after being committed to prison for a registerable sex offense to be monitored by a global positioning system for the term of their parole. The act requires the inmate to pay for the costs associated with the monitoring by a global positioning system unless the Department of Corrections and Rehabilitation finds the inmate has an inability to pay. The act allows its amendment by a statute passed by  $\frac{2}{3}$  of both houses of the Legislature.~~

~~This bill would amend the act by deleting the requirement that a parolee pay for the costs associated with being monitored by a global positioning system.~~

~~(6)~~

~~(4) Existing law requires a person who has been convicted of driving a motor vehicle under the influence of an alcoholic beverage or drug to install an ignition interlock device on the vehicle that person operates. Existing law requires a manufacturer certified to provide ignition interlock devices to adopt a fee schedule for the payment of costs of the device in an amount commensurate with a defendant's ability to pay. Existing law requires that a person subject to this requirement pay a percentage of the cost of the ignition interlock device program, up to~~

the full cost, based on the person's ~~income and to pay a fee to the Department of Motor Vehicles to cover the costs of administering the program.~~ *income.*

~~This bill would delete the requirement that the person pay the costs of the ignition interlock device program and the requirement that the person pay the fee to the department.~~

*This bill would prohibit the person from being responsible for the costs of the certified ignition interlock device or servicing by the installer of the device.*

(5) 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, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote:  $\frac{2}{3}$ -majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Approximately 80 percent of Californians in jail are indigent
- 4 and too many enter the criminal justice system due to the
- 5 criminalization of their poverty.
- 6 (b) Incarcerated people are disproportionately Black or Latinx
- 7 because these populations are overpoliced, have higher rates of
- 8 convictions following an arrest, and have the highest rates of
- 9 poverty. In fact, while Black Californians represent only 7 percent
- 10 of the state population, they make up 23 percent of the Californians
- 11 on probation and are also grossly overrepresented in felony and
- 12 misdemeanor arrests.
- 13 (c) People exiting jail or prison face higher rates of
- 14 unemployment and homelessness, due in part to racial
- 15 discrimination and the impact of their criminal conviction.
- 16 (d) The inability to meet basic needs has been found to
- 17 contribute to higher rates of recidivism and is a barrier to family
- 18 reunification.

1 (e) According to a report by the Ella Baker Center for Human  
2 Rights, the average debt incurred for court-ordered fines and fees  
3 was roughly equal to the annual income for respondents in the  
4 survey.

5 (f) A national survey of formerly incarcerated people found that  
6 families often bear the burden of fees, and that 83 percent of the  
7 people responsible for paying these costs are women.

8 (g) Because these fees are often assigned to people who simply  
9 cannot afford to pay them, they make poor people, their families,  
10 and their communities poorer.

11 (h) Criminal justice fees have no formal punitive or public safety  
12 function. Instead, they undermine public safety because the debt  
13 they cause can limit access to employment, housing, education,  
14 and public benefits, which creates additional barriers to successful  
15 reentry. Research also shows that criminal justice fees can push  
16 individuals into underground economies and can result in  
17 individuals turning to criminal activity or predatory lending to pay  
18 their debts.

19 (i) Research shows that criminal justice fees are difficult to  
20 collect and typically cost counties almost as much or more than  
21 they end up collecting in revenue.

22 (j) The use of criminal justice fees has been argued by some to  
23 be unconstitutional. On February 20, 2019, the United States  
24 Supreme Court ruled unanimously in *Timbs v. Indiana* that the  
25 Eighth Amendment’s Excessive Fines Clause is an incorporated  
26 protection applicable to the states and “protects people against  
27 abuses of government’s punitive or criminal-law-enforcement  
28 authority.” Justice Ginsburg wrote in her decision that the  
29 constitutional protection against excessive fines is—~~fundamental~~  
30 “*fundamental* to our scheme of ordered liberty with deep roots in  
31 our history and tradition.”

32 SEC. 2. It is the intent of the Legislature to eliminate the range  
33 of administrative fees that agencies and courts are authorized to  
34 impose to fund elements of the criminal legal system and to  
35 eliminate all outstanding debt incurred as a result of the imposition  
36 of administrative fees.

37 SEC. 3. Section 7158 of the Business and Professions Code is  
38 amended to read:

39 7158. (a) Any person who shall accept or receive a completion  
40 certificate or other evidence that performance of a contract for a

1 work of improvement, ~~including~~ *including*, but not limited to,  
 2 a home improvement, is complete or satisfactorily concluded, with  
 3 knowledge that the document is false and that the performance is  
 4 not substantially completed, and who shall utter, offer, or use the  
 5 document in connection with the making or accepting of any  
 6 assignment or negotiation of the right to receive any payment from  
 7 the owner, under or in connection with a contract, or for the  
 8 purpose of obtaining or granting any credit or loan on the security  
 9 of the right to receive any payment shall be guilty of a  
 10 misdemeanor and subject to a fine of not less than five hundred  
 11 dollars (\$500) nor more than five thousand dollars (\$5,000), or to  
 12 imprisonment in the county jail for a term of not less than one  
 13 month nor more than one year, or both.

14 (b) Any person who violates this section as part of a plan or  
 15 scheme to defraud an owner of a residential or nonresidential  
 16 structure, including a mobilehome or manufactured home, in  
 17 connection with the offer or performance of repairs to the structure  
 18 for damage caused by a natural disaster, shall be ordered by the  
 19 court to make full restitution to the victim based on the person's  
 20 ability to pay, as defined in paragraph (2) of subdivision (b) of  
 21 Section 27755 of the Government Code. In addition to full  
 22 restitution, and imprisonment authorized by subdivision (a), the  
 23 court may impose a fine of not less than five hundred dollars (\$500)  
 24 nor more than twenty-five thousand dollars (\$25,000), based upon  
 25 the defendant's ability to pay. This subdivision applies to natural  
 26 disasters for which a state of emergency is proclaimed by the  
 27 Governor pursuant to Section 8625 of the Government Code or  
 28 for which an emergency or major disaster is declared by the  
 29 President of the United States.

30 SEC. 4. Section 7159.5 of the Business and Professions Code  
 31 is amended to read:

32 7159.5. This section applies to all home improvement contracts,  
 33 as defined in Section 7151.2, between an owner or tenant and a  
 34 contractor, whether a general contractor or a specialty contractor,  
 35 that is licensed or subject to be licensed pursuant to this chapter  
 36 with regard to the transaction.

37 (a) Failure by the licensee or a person subject to be licensed  
 38 under this chapter, or by their agent or salesperson, to comply with  
 39 the following provisions is cause for discipline:

1 (1) The contract shall be in writing and shall include the agreed  
2 contract amount in dollars and cents. The contract amount shall  
3 include the entire cost of the contract, including profit, labor, and  
4 materials, but excluding finance charges.

5 (2) If there is a separate finance charge between the contractor  
6 and the person contracting for home improvement, the finance  
7 charge shall be set out separately from the contract amount.

8 (3) If a downpayment will be charged, the downpayment shall  
9 not exceed one thousand dollars (\$1,000) or 10 percent of the  
10 contract amount, whichever amount is less.

11 (4) If, in addition to a downpayment, the contract provides for  
12 payments to be made prior to completion of the work, the contract  
13 shall include a schedule of payments in dollars and cents  
14 specifically referencing the amount of work or services to be  
15 performed and any materials and equipment to be supplied.

16 (5) Except for a downpayment, the contractor shall neither  
17 request nor accept payment that exceeds the value of the work  
18 performed or material delivered.

19 (6) Upon any payment by the person contracting for home  
20 improvement, and prior to any further payment being made, the  
21 contractor shall, if requested, obtain and furnish to the person a  
22 full and unconditional release from any potential lien claimant  
23 claim or mechanics lien authorized pursuant to Sections 8400 and  
24 8404 of the Civil Code for any portion of the work for which  
25 payment has been made. The person contracting for home  
26 improvement may withhold all further payments until these releases  
27 are furnished.

28 (7) If the contract provides for a payment of a salesperson's  
29 commission out of the contract price, that payment shall be made  
30 on a pro rata basis in proportion to the schedule of payments made  
31 to the contractor by the disbursing party in accordance with  
32 paragraph (4).

33 (8) A contractor furnishing a performance and payment bond,  
34 lien and completion bond, or a bond equivalent or joint control  
35 approved by the registrar covering full performance and payment  
36 is exempt from paragraphs (3), (4), and (5), and need not include,  
37 as part of the contract, the statement regarding the downpayment  
38 specified in subparagraph (C) of paragraph (8) of subdivision (d)  
39 of Section 7159, the details and statement regarding progress  
40 payments specified in paragraph (9) of subdivision (d) of Section

1 7159, or the Mechanics Lien Warning specified in paragraph (4)  
2 of subdivision (e) of Section 7159. A contractor furnishing these  
3 bonds, bond equivalents, or a joint control approved by the registrar  
4 may accept payment prior to completion. If the contract provides  
5 for a contractor to furnish joint control, the contractor shall not  
6 have any financial or other interest in the joint control.  
7 Notwithstanding any other law, a licensee shall be licensed in this  
8 state in an active status for not less than two years prior to  
9 submitting an Application for Approval of Blanket Performance  
10 and Payment Bond as provided in Section 858.2 of Title 16 of the  
11 California Code of Regulations as it read on January 1, 2016.

12 (b) A violation of paragraph (1), (3), or (5) of subdivision (a)  
13 by a licensee or a person subject to be licensed under this chapter,  
14 or by their agent or salesperson, is a misdemeanor punishable by  
15 a fine of not less than one hundred dollars (\$100) nor more than  
16 five thousand dollars (\$5,000), or by imprisonment in a county  
17 jail not exceeding one year, or by both that fine and imprisonment.

18 (1) An indictment or information against a person who is not  
19 licensed but who is required to be licensed under this chapter shall  
20 be brought, or a criminal complaint filed, for a violation of this  
21 section, in accordance with paragraph (4) of subdivision (d) of  
22 Section 802 of the Penal Code, within four years from the date of  
23 the contract or, if the contract is not reduced to writing, from the  
24 date the buyer makes the first payment to the contractor.

25 (2) An indictment or information against a person who is  
26 licensed under this chapter shall be brought, or a criminal complaint  
27 filed, for a violation of this section, in accordance with paragraph  
28 (2) of subdivision (d) of Section 802 of the Penal Code, within  
29 two years from the date of the contract or, if the contract is not  
30 reduced to writing, from the date the buyer makes the first payment  
31 to the contractor.

32 (3) The limitations on actions in this subdivision shall not apply  
33 to any administrative action filed against a licensed contractor.

34 (c) Any person who violates this section as part of a plan or  
35 scheme to defraud an owner or tenant of a residential or  
36 nonresidential structure, including a mobilehome or manufactured  
37 home, in connection with the offer or performance of repairs to  
38 the structure for damage caused by a natural disaster, shall be  
39 ordered by the court to make full restitution to the victim based  
40 on the person's ability to pay, as defined in paragraph (2) of

1 subdivision (b) of Section 27755 of the Government Code. In  
2 addition to full restitution, and imprisonment authorized by this  
3 section, the court may impose a fine of not less than five hundred  
4 dollars (\$500) nor more than twenty-five thousand dollars  
5 (\$25,000), based upon the defendant's ability to pay. This  
6 subdivision applies to natural disasters for which a state of  
7 emergency is proclaimed by the Governor pursuant to Section  
8 8625 of the Government Code, or for which an emergency or major  
9 disaster is declared by the President of the United States.

10 SEC. 5. Section 7159.14 of the Business and Professions Code  
11 is amended to read:

12 7159.14. (a) This section applies to a service and repair  
13 contract as defined in Section 7159.10. A violation of this section  
14 by a licensee or a person subject to be licensed under this chapter,  
15 or by their agent or salesperson, is cause for discipline.

16 (1) The contract shall not exceed seven hundred fifty dollars  
17 (\$750).

18 (2) The contract shall be in writing and shall state the agreed  
19 contract amount, which may be stated as either a fixed contract  
20 amount in dollars and cents or, if a time and materials formula is  
21 used, as an estimated contract amount in dollars and cents.

22 (3) The contract amount shall include the entire cost of the  
23 contract including profit, labor, and materials, but excluding  
24 finance charges.

25 (4) The actual contract amount of a time and materials contract  
26 may not exceed the estimated contract amount without written  
27 authorization from the buyer.

28 (5) The prospective buyer shall have initiated contact with the  
29 contractor to request work.

30 (6) The contractor shall not sell the buyer goods or services  
31 beyond those reasonably necessary to take care of the particular  
32 problem that caused the buyer to contact the contractor.

33 (7) Payment shall not be due before the project is completed.

34 (8) A service and repair contractor shall charge only one service  
35 charge. For purposes of this chapter, a service charge includes  
36 charges such as a service or trip charge, or an inspection fee.

37 (9) A service and repair contractor charging a service charge  
38 shall disclose in all advertisements that there is a service charge  
39 and, when the customer initiates the call for service, shall disclose  
40 the amount of the service charge.



1 (10) The service and repair contractor shall offer to the customer  
2 any parts that were replaced.

3 (11) Upon any payment by the buyer, the contractor shall, if  
4 requested, obtain and furnish to the buyer a full and unconditional  
5 release from any potential lien claimant claim or mechanics lien  
6 authorized pursuant to Sections 8400 and 8404 of the Civil Code  
7 for any portion of the work for which payment has been made.

8 (b) A violation of paragraph (1), (2), (3), (4), (5), (6), or (8) of  
9 subdivision (a) by a licensee or a person subject to be licensed  
10 under this chapter, or by their agent or salesperson, is a  
11 misdemeanor punishable by a fine of not less than one hundred  
12 dollars (\$100) nor more than five thousand dollars (\$5,000), or by  
13 imprisonment in a county jail not exceeding one year, or by both  
14 that fine and imprisonment.

15 (1) An indictment or information against a person who is not  
16 licensed but who is required to be licensed under this chapter shall  
17 be brought, or a criminal complaint filed, for a violation of this  
18 section, in accordance with paragraph (4) of subdivision (d) of  
19 Section 802 of the Penal Code, within four years from the date of  
20 the contract or, if the contract is not reduced to writing, from the  
21 date the buyer makes the first payment to the contractor.

22 (2) An indictment or information against a person who is  
23 licensed under this chapter shall be brought, or a criminal complaint  
24 filed, for a violation of this section, in accordance with paragraph  
25 (2) of subdivision (d) of Section 802 of the Penal Code, within  
26 two years from the date of the contract or, if the contract is not  
27 reduced to writing, from the date the buyer makes the first payment  
28 to the contractor.

29 (3) The limitations on actions in this subdivision do not apply  
30 to any administrative action filed against a licensed contractor.

31 (c) Any person who violates this section as part of a plan or  
32 scheme to defraud an owner or tenant of a residential or  
33 nonresidential structure, including a mobilehome or manufactured  
34 home, in connection with the offer or performance of repairs to  
35 the structure for damage caused by a natural disaster, shall be  
36 ordered by the court to make full restitution to the victim based  
37 on the person's ability to pay, as defined in paragraph (2) of  
38 subdivision (b) of Section 27755 of the Government Code. In  
39 addition to full restitution, and imprisonment authorized by this  
40 section, the court may impose a fine of not less than five hundred

1 dollars (\$500) nor more than twenty-five thousand dollars  
2 (\$25,000), based upon the defendant's ability to pay. This  
3 subdivision applies to natural disasters for which a state of  
4 emergency is proclaimed by the Governor pursuant to Section  
5 8625 of the Government Code, or for which an emergency or major  
6 disaster is declared by the President of the United States.

7 SEC. 6. Section 7161 of the Business and Professions Code is  
8 amended to read:

9 7161. It is a misdemeanor for any person to engage in any of  
10 the following acts, the commission of which is cause for  
11 disciplinary action against any licensee or applicant:

12 (a) Using false, misleading, or deceptive advertising as an  
13 inducement to enter into any contract for a work of improvement,  
14 including, but not limited to, any home improvement contract,  
15 whereby any member of the public may be misled or injured.

16 (b) Making any substantial misrepresentation in the procurement  
17 of a contract for a home improvement or other work of  
18 improvement or making any false promise of a character likely to  
19 influence, persuade, or induce any person to enter into the contract.

20 (c) Any fraud in the execution of, or in the material alteration  
21 of, any contract, trust deed, mortgage, promissory note, or other  
22 document incident to a home improvement transaction or other  
23 transaction involving a work of improvement.

24 (d) Preparing or accepting any trust deed, mortgage, promissory  
25 note, or other evidence of indebtedness upon the obligations of a  
26 home improvement transaction or other transaction for a work of  
27 improvement with knowledge that it specifies a greater monetary  
28 obligation than the consideration for the improvement work, which  
29 consideration may be a time sale price.

30 (e) Directly or indirectly publishing any advertisement relating  
31 to home improvements or other works of improvement that  
32 contains an assertion, representation, or statement of fact that is  
33 false, deceptive, or misleading, or by any means advertising or  
34 purporting to offer to the general public this improvement work  
35 with the intent not to accept contracts for the particular work or at  
36 the price that is advertised or offered to the public, except that any  
37 advertisement that is subject to and complies with the existing  
38 rules, regulations, or guides of the Federal Trade Commission shall  
39 not be deemed false, deceptive, or misleading.

1 (f) Any person who violates subdivision (b), (c), (d), or (e) as  
2 part of a plan or scheme to defraud an owner of a residential or  
3 nonresidential structure, including a mobilehome or manufactured  
4 home, in connection with the offer or performance of repairs to  
5 the structure for damage caused by a natural disaster, shall be  
6 ordered by the court to make full restitution to the victim based  
7 on the person's ability to pay, as defined in paragraph (2) of  
8 subdivision (b) of Section 27755 of the Government Code. In  
9 addition to full restitution and imprisonment as authorized by this  
10 section, the court may impose a fine of not less than five hundred  
11 dollars (\$500) nor more than twenty-five thousand dollars  
12 (\$25,000), based upon the defendant's ability to pay. This  
13 subdivision applies to natural disasters for which a state of  
14 emergency is proclaimed by the Governor pursuant to Section  
15 8625 of the Government Code or for which an emergency or major  
16 disaster is declared by the President of the United States.

17 SEC. 7. Section 9807 of the Business and Professions Code is  
18 amended to read:

19 9807. (a) Notwithstanding any other law, a service dealer  
20 licensed under this chapter and authorized to engage in the  
21 electronic repair industry, as defined in subdivision (p) of Section  
22 9801, may install, calibrate, service, maintain, and monitor certified  
23 ignition interlock devices.

24 (b) The bureau shall adopt regulations to implement this section  
25 consistent with the standards adopted by the Bureau of Automotive  
26 Repair and the Office of Traffic Safety under Section 9882.14.

27 SEC. 8. Section 9848 of the Business and Professions Code is  
28 amended to read:

29 9848. All proceedings to deny registration or suspend, revoke,  
30 or place on probation a registration shall be conducted pursuant  
31 to Chapter 5 (commencing with Section 11500) of Part 1 of  
32 Division 3 of Title 2 of the Government Code.

33 SEC. 9. Section 9882.14 of the Business and Professions Code  
34 is amended to read:

35 9882.14. (a) The bureau shall cooperate with the Office of  
36 Traffic Safety and adopt standards for the installation, maintenance,  
37 and servicing of certified ignition interlock devices by automotive  
38 repair dealers.

AMENDED IN SENATE MAY 21, 2019  
AMENDED IN SENATE APRIL 29, 2019  
AMENDED IN SENATE APRIL 11, 2019

**SENATE BILL**

**No. 556**

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**Introduced by Senator Pan**  
(Principal coauthor: Assembly Member Salas)

February 22, 2019

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An act to amend Sections 6731.1 and 8726 of, and to add Sections 8728.5, 8790.1, and 8793 to, add Section 8728.5 to the Business and Professions Code, relating to professions and vocations, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 556, as amended, Pan. Professional land surveyors and engineers.

(1) ~~The Professional Engineers Act and the Professional Land Surveyors' Act~~ provides for the licensure and regulation of ~~professional engineers and~~ land surveyors by the Board for Professional Engineers, Land Surveyors, and Geologists. A violation of ~~those acts~~ *that act* is a misdemeanor.

~~Under those acts, a land surveyor or civil engineer includes a person who locates, relocates, establishes, reestablishes, or retraces the alignment or elevation for any of the fixed works embraced within the practice of civil engineering, as defined. Existing law also includes within the practice of a land surveyor or civil engineer a person who determines the configuration or contour of the earth's surface, or the position of fixed objects above, on, or below the surface of the earth by applying the principles of mathematics or photogrammetry, or engages in geodetic or cadastral surveying, as defined.~~

~~This bill would revise the practice of land surveying and civil engineering to, among other things, include the laying out through the use of mathematics or geometric measurements the alignment or elevation for any building or other fixed works embraced within the practice of civil engineering, and, for land surveying, would specify that these include items designed within the practice of electrical engineering or mechanical engineering. The bill would also include within the practice of land surveying and civil engineering determining the benthic surface below water bodies and the measuring for volumetric calculations of earthwork and would include the use of remote sensing, as defined, for making certain determinations. The bill would modify the definition of geodetic surveying, for purposes of the Professional Land Surveyor Act, to mean performing surveys by using techniques or methods of three-dimensional data acquisitions, and make conforming changes to that effect.~~

~~By expanding the practices that constitute civil engineering and land surveying, thereby expanding the persons subject to the act, the violation of which is a crime, the bill would impose a state-mandated local program.~~

~~(2) Existing~~

~~Existing law requires fees and civil penalties received pursuant to the Professional Land Surveyors' Act to be deposited in the Professional Engineer's, Land Surveyor's, and Geologist's Fund, and continuously appropriates those funds to the board for purposes of the act.~~

~~This bill, on and after January 1, 2022, would prohibit a business, except for a sole proprietorship or a limited liability company, from engaging in the practice of, or offering services for, land surveying in this state unless that business obtains a certificate from the board. The bill would require the board to develop a process to that effect, including developing an application form that meets certain requirements, including that the applicant pay a fee, as determined by the board, for that certificate and a process to renew and revoke a certificate. This bill would authorize the board to impose a fine, as specified, on a business that performs land surveying without a certificate. By authorizing additional fees and penalties to be deposited into a continuously appropriated fund, this bill would make an appropriation. By expanding the scope of the existing crime with respect to giving false evidence to the board, *crime with regard to violations of the Professional Land Surveyors' Act*, this bill would impose a state-mandated local program.~~

~~(3) Existing law requires the board to enforce all of the provisions of the act, and to prosecute all violations of the act that come to its notice.~~

~~This bill would require the board to send a copy of each valid complaint, as defined, to all boards that regulate the health and safety of persons working on construction, building, or infrastructure projects, as well as all boards that regulate the wages and other labor requirements related to those persons.~~

~~(4)~~

~~(2) 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 no reimbursement is required by this act for a specified reason.~~

~~Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.~~

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

1 SECTION 1. ~~Section 6731.1 of the Business and Professions~~  
2 ~~Code is amended to read:~~

3 ~~6731.1. Civil engineering also includes the practice or offer to~~  
4 ~~practice, either in a public or private capacity, all of the following:~~  
5 ~~(a) Locates, relocates, establishes, reestablishes, retraces, or~~  
6 ~~lays out through the use of mathematics or geometric measurements~~  
7 ~~the alignment or elevation for any buildings or other fixed works~~  
8 ~~embraced within the practice of civil engineering, as described in~~  
9 ~~Section 6731.~~

10 ~~(1) This subdivision shall not prohibit a contractor, licensed~~  
11 ~~under Chapter 9 (commencing with Section 7000) of Division 3,~~  
12 ~~while engaged in the business of contracting for the installation~~  
13 ~~or layout of electrical or mechanical systems or facilities, from~~  
14 ~~designing those systems or facilities in accordance with the~~  
15 ~~applicable building codes and standards for work to be performed~~  
16 ~~and supervised by that contractor within the classification for which~~  
17 ~~their license is issued, or from preparing electrical or mechanical~~  
18 ~~shop or field drawings for work which the contractor has contracted~~  
19 ~~to perform.~~

20 ~~(2) For purposes of this subdivision, “buildings” means the~~  
21 ~~exterior location of the building or building control lines and does~~

1 not limit building contractors or others from layout of items based  
2 on the grid lines or building corners set by a licensed surveyor.

3 (b) ~~(1) Determines the configuration or contour of the earth’s~~  
4 ~~surface, the benthic surface below water bodies, the measuring for~~  
5 ~~volumetric calculations of earthwork, or the position of manmade~~  
6 ~~or natural fixed objects above, on, or below the surface of earth~~  
7 ~~by applying the principles of mathematics, photogrammetry, or~~  
8 ~~remote sensing.~~

9 (2) For purposes of this subdivision, “remote sensing” means  
10 the detecting, collection, processing, and analysis of physical  
11 objects regarding the location or dimensions of a location or object,  
12 or otherwise using various acquisition methods intended to or  
13 resulting in the determination of the configuration or contour of  
14 the earth’s surface, or the position of fixed objects above, on, or  
15 below the surface of the earth.

16 (e) Creates, prepares, or modifies electronic or computerized  
17 data in the performance of the activities described in subdivisions  
18 (a) and (b).

19 (d) Renders a statement regarding the accuracy of maps or  
20 measured survey data pursuant to subdivisions (a), (b), and (c).

21 SEC. 2. Section 8726 of the Business and Professions Code is  
22 amended to read:

23 8726. A person, including any person employed by the state  
24 or by a city, county, or city and county within the state, practices  
25 land surveying within the meaning of this chapter who, either in  
26 a public or private capacity, does or offers to do any one or more  
27 of the following:

28 (a) Locates, relocates, establishes, reestablishes, retraces, or  
29 lays out through the use of mathematics or geometric measurements  
30 the alignment or elevation for any of the buildings or other fixed  
31 works embraced within the practice of civil engineering, as  
32 described in Section 6731, including, but not limited to, any items  
33 designed within the practice of electrical engineering, as described  
34 in Section 6731.5, or mechanical engineering, as described in  
35 Section 6731.6

36 (1) This section shall not prohibit a contractor, licensed under  
37 Chapter 9 (commencing with Section 7000) of Division 3, while  
38 engaged in the business of contracting for the installation or layout  
39 of electrical or mechanical systems or facilities, from designing  
40 those systems of facilities in accordance with the applicable

1 construction codes and standards for work to be performed and  
2 supervised by that contractor within the classification for which  
3 their license is issued, or from preparing electrical or mechanical  
4 shop or field drawings for work the contractor has contracted to  
5 perform.

6 (2) For purposes of this subdivision, “buildings” means the  
7 exterior location of the building or building control lines and does  
8 not limit building contractors or others from layout of items based  
9 on the grid lines or building corners set by a licensed surveyor.

10 (b) (1) Determines the configuration or contour of the earth’s  
11 surface, the benthic surface below water bodies, the measuring for  
12 volumetric calculations of earthwork, or the position of manmade  
13 or natural fixed objects above, on, or below the surface of the earth  
14 by applying the principles of mathematics, photogrammetry, or  
15 remote sensing.

16 (2) For purposes of this subdivision, “remote sensing” means  
17 the detecting, collection, processing, and analysis of physical  
18 objects regarding the location or dimensions of a location or object,  
19 or otherwise using various acquisition methods intended to or  
20 resulting in the determination of the configuration or contour of  
21 the earth’s surface, or the position of fixed objects above, on, or  
22 below the surface of the earth.

23 (c) Locates, relocates, establishes, reestablishes, or retraces any  
24 property line or boundary of any parcel of land, right-of-way,  
25 easement, or alignment of those lines or boundaries.

26 (d) Makes any survey for the subdivision or resubdivision of  
27 any tract of land. For the purposes of this subdivision, the term  
28 “subdivision” or “resubdivision” shall be defined to include, but  
29 not be limited to, the definition in the Subdivision Map Act  
30 (Division 2 (commencing with Section 66410) of Title 7 of the  
31 Government Code) or the Subdivided Lands Law (Chapter 1  
32 (commencing with Section 11000) of Part 2 of Division 4 of this  
33 code).

34 (e) By the use of the principles of land surveying determines  
35 the position for any monument or reference point which marks a  
36 property line, boundary, or corner, or sets, resets, or replaces any  
37 monument or reference point.

38 (f) Geodetic surveying or cadastral surveying. As used in this  
39 chapter, geodetic surveying means performing surveys, by using  
40 techniques or methods of three dimensional geospatial data



1 acquisition in which account is taken of the figure and size of the  
2 earth to determine or predetermine the horizontal or vertical  
3 positions of fixed objects thereon or related thereto, geodetic  
4 control points, monuments, or stations for use in the practice of  
5 land surveying or for stating the geospatial establishment of three  
6 dimensional positions of fixed objects, geodetic control points,  
7 monuments, or stations by California Coordinate System  
8 coordinates in accordance with Chapter 1 (commencing with  
9 Section 8801) of Division 8 of the Public Resources Code.

10 (g) ~~Determines the information shown or to be shown on any~~  
11 ~~map or document prepared or furnished in connection with any~~  
12 ~~one or more of the functions described in subdivisions (a), (b), (c),~~  
13 ~~(d), (e), and (f).~~

14 (h) ~~Indicates, in any capacity or in any manner, by the use of~~  
15 ~~the title "land surveyor" or by any other title or by any other~~  
16 ~~representation that the person practices or offers to practice land~~  
17 ~~surveying in any of its branches.~~

18 (i) ~~Procures or offers to procure land surveying work for~~  
19 ~~themselves or others.~~

20 (j) ~~Manages, or conducts as manager, proprietor, or agent, any~~  
21 ~~place of business from which land surveying work is solicited,~~  
22 ~~performed, or practiced.~~

23 (k) ~~Coordinates the work of professional, technical, or special~~  
24 ~~consultants in connection with the activities authorized by this~~  
25 ~~chapter.~~

26 (l) ~~Determines the information shown or to be shown within~~  
27 ~~the description of any deed, trust deed, or other title document~~  
28 ~~prepared for the purpose of describing the limit of real property~~  
29 ~~in connection with any one or more of the functions described in~~  
30 ~~subdivisions (a) to (f), inclusive.~~

31 (m) ~~Creates, prepares, or modifies electronic or computerized~~  
32 ~~data in the performance of the activities described in subdivisions~~  
33 ~~(a), (b), (c), (d), (e), (f), (k), and (l).~~

34 (n) ~~Renders a statement regarding the accuracy of maps or~~  
35 ~~measured survey data.~~

36 Any department or agency of the state or any city, county, or  
37 city and county that has an unregistered person in responsible  
38 charge of land surveying work on January 1, 1986, shall be exempt  
39 from the requirement that the person be licensed as a land surveyor  
40 until the person currently in responsible charge is replaced.

1 The review, approval, or examination by a governmental entity  
2 of documents prepared or performed pursuant to this section shall  
3 be done by, or under the direct supervision of, a person authorized  
4 to practice land surveying.

5 ~~(e) Nothing in this section shall require the use of a licensed  
6 land surveyor for underground utility locating and subsurface  
7 imaging that is not required under this chapter as it read on January  
8 1, 2018.~~

9 ~~SEC. 3.~~

10 *SECTION 1.* Section 8728.5 is added to the Business and  
11 Professions Code, to read:

12 8728.5. (a) For purposes of this section, “business” means a  
13 partnership, general partnership, limited liability partnership, or  
14 corporation. However, “business” does not include a sole  
15 proprietorship or a limited liability company. Nothing in this  
16 section requires a certificate for any form of corporation or  
17 partnership otherwise prohibited in this chapter from offering or  
18 providing land surveying services.

19 (b) A business shall not engage in the practice of, or offer  
20 services for, land surveying, as defined in Section 8726, in the  
21 state, unless that business obtains a certificate from the board  
22 pursuant to the requirements of this section.

23 (c) The board shall create a process to certify a business  
24 practicing land surveying. As a part of that process, the board shall  
25 establish an application form for a business to apply for  
26 certification, that shall contain all of the information required by  
27 subdivision (d), as well as any other information the board  
28 determines is necessary or convenient to administer this section.

29 (d) A business shall apply for a certificate to practice land  
30 surveying by submitting an application form to the board. The  
31 board may develop rules and regulations governing the conditions  
32 under which a certificate shall be granted, including, but not limited  
33 to, taking into consideration whether the business has submitted  
34 the following requirements to the board:

35 (1) A completed application form that includes all of the  
36 following:

37 (A) The name and address of the business applying for the  
38 certification.

1 (B) The name and current state license number of the  
2 professional land surveyor or civil engineer who will be the  
3 responsible charge of work of the business.

4 (C) The name of the partners in a partnership, general  
5 partnership, or limited liability partnership, or the names of the  
6 majority stockholders of a corporation.

7 (D) The signature and title of an agent authorized by the  
8 partnership, general partnership, limited liability partnership, or  
9 corporation to submit the application.

10 (2) (A) The board shall charge an application fee as determined  
11 pursuant to Section 8805.

12 (B) The board may develop rules and regulations governing  
13 both of the following:

14 (i) The circumstances when the board may require a business  
15 to seek a renewal of an existing certificate, including, but not  
16 limited to, consideration of a business's change of ownership.

17 (ii) The circumstances when the board may revoke an existing  
18 certificate.

19 (3) A copy of a resolution by the partners of a partnership, the  
20 general partners of a general partnership or a limited liability  
21 partnership, or the board of directors of a corporation that  
22 designates an individual in the business with a current license  
23 issued by this state for the practice of land surveying or civil  
24 engineering who is authorized to practice surveying that is the  
25 responsible charge for work and that has the authority to make all  
26 final decisions in the practice of land surveying on behalf of the  
27 business.

28 (4) A copy of the partnership agreement of a partnership, general  
29 partnership, or limited liability partnership, the articles of  
30 incorporation or the bylaws of a corporation.

31 (e) A business that is organized or incorporated in a state or  
32 territory outside of California shall not offer land surveying  
33 services in California unless that business obtains a certificate  
34 under this section and complies with all other requirements of this  
35 chapter.

36 (f) This section shall become operative on January 1, 2022.

37 ~~SEC. 4. Section 8790.1 is added to the Business and Professions~~  
38 ~~Code, to read:~~

39 ~~8790.1. (a) Upon receipt of a valid complaint, the board shall~~  
40 ~~send a copy of the complaint to the following state boards:~~

1 ~~(1) Boards that regulate the health and safety of persons working~~  
2 ~~on construction, building, or infrastructure projects.~~

3 ~~(2) Boards that regulate the wages and other labor requirements~~  
4 ~~related to persons working on construction, building, or~~  
5 ~~infrastructure projects.~~

6 ~~(b) For the purposes of this section, “valid complaint” means~~  
7 ~~one for which the board determines that a violation of this chapter~~  
8 ~~may have or is likely to have occurred.~~

9 ~~(c) It is the intent of the Legislature in enacting this section to~~  
10 ~~ensure these state boards are made aware of the possible need to~~  
11 ~~further investigate and regulate the cited business, as defined by~~  
12 ~~subdivision (a) of Section 8728.5.~~

13 ~~SEC. 5.—~~ Section 8793 is added to the Business and Professions  
14 Code, to read:

15 ~~8793. Any business, as defined in subdivision (a) of Section~~  
16 ~~8728.5, that performs land surveying without a certificate obtained~~  
17 ~~under Section 8728.5 shall be subject to the board’s citation~~  
18 ~~authority pursuant to Section 148. For purposes of this section,~~  
19 ~~and notwithstanding Section 125.9, the board may impose fines~~  
20 ~~on a business described in this section, in an amount that is higher~~  
21 ~~than the maximum authorized in Section 125.9, if the board~~  
22 ~~concludes it is necessary to deter violations of this chapter.~~

23 ~~SEC. 6.~~

24 ~~SEC. 2.~~ No reimbursement is required by this act pursuant to  
25 Section 6 of Article XIII B of the California Constitution because  
26 the only costs that may be incurred by a local agency or school  
27 district will be incurred because this act creates a new crime or  
28 infraction, eliminates a crime or infraction, or changes the penalty  
29 for a crime or infraction, within the meaning of Section 17556 of  
30 the Government Code, or changes the definition of a crime within  
31 the meaning of Section 6 of Article XIII B of the California  
32 Constitution.

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AMENDED IN SENATE AUGUST 30, 2019  
AMENDED IN SENATE AUGUST 12, 2019  
AMENDED IN SENATE JULY 11, 2019  
AMENDED IN SENATE JUNE 26, 2019  
AMENDED IN ASSEMBLY MAY 16, 2019  
AMENDED IN ASSEMBLY MARCH 27, 2019  
CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1076**

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**Introduced by Assembly Member Ting**  
**(Coauthors: Assembly Members Chiu and Mark Stone)**  
~~(Coauthor: Senator~~ *Coauthors: Senators Skinner and Wiener)*

February 21, 2019

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An act to amend Sections 480, 480.2, and 11345.2 of the Business and Professions Code, to amend Section 432.7 of the Labor Code, ~~and~~ to amend Section 11105 of, and to add Sections 851.93 and 1203.425 to, the Penal Code, *and to amend Section 13555 of the Vehicle Code*, relating to criminal records.

LEGISLATIVE COUNSEL'S DIGEST

AB 1076, as amended, Ting. Criminal records: automatic relief. Existing law authorizes a person who was arrested and has successfully completed a prefiling diversion program, a person who has successfully completed a specified drug diversion program, a person who has successfully completed a specified deferred entry of judgment program, and a person who has suffered an arrest that did not result in a conviction, under certain conditions, to petition the court to seal the

person's arrest record. Under existing law, if a defendant successfully completes certain diversion programs, the arrest for the crime for which the defendant was diverted is deemed to have never occurred.

Existing law authorizes a defendant to petition to withdraw the defendant's plea of guilty or nolo contendere and enter a plea of not guilty, if the defendant has fulfilled the conditions of probation, or if other specified circumstances are met, and the defendant is not then serving a sentence for any offense, on probation for any offense, or charged with the commission of any offense. If relief is granted, existing law requires the court to dismiss the accusation or information against the defendant and release the defendant from all penalties and disabilities resulting from the offense, with exceptions. Existing law also authorizes a defendant to file a similar petition if the defendant was convicted of a misdemeanor and not granted probation, was convicted of an infraction, or completed a sentence for certain felonies, and the defendant met specified conditions.

This bill would, commencing January 1, 2021, *and subject to an appropriation in the annual Budget Act*, require the Department of Justice, on a ~~weekly~~ *monthly* basis, to review the records in the statewide criminal justice databases and to identify persons who are eligible for relief by having their arrest records, or their criminal conviction records, withheld from disclosure, as specified. The bill would ~~authorize~~ *require* the department to grant relief to an eligible person, without requiring a petition or motion. The bill would not limit petitions, motions, or orders for relief, as required or authorized by any other law.

The bill would require an update to the state summary criminal history information to document the relief granted. The bill would require the department, on a ~~weekly~~ *monthly* basis, to electronically submit a notice to the superior court having jurisdiction over the criminal case, informing the court of all cases for which relief was granted. The bill would prohibit the court from disclosing information concerning an arrest or conviction granted relief, with exceptions.

The bill would authorize the prosecuting attorney or probation department, no later than 90 calendar days before the date of a person's eligibility for relief, to file a ~~motion~~ *petition* to prohibit the department from granting automatic relief for criminal conviction records as described above. If the court grants that ~~motion~~, *petition*, the bill would prohibit the department from granting relief, but the person would continue to be eligible for relief through other existing procedures, including petitions to the court.

The bill would require the Department of Justice to annually publish statistics regarding relief granted pursuant to the provisions of this bill, as specified.

The bill would require a court, at the time of sentencing, to advise each defendant of their right to conviction relief pursuant to the provisions of this bill, as specified.

The bill would make conforming changes.

*This bill would incorporate additional changes to Section 480 of the Business and Professions Code, as added by Section 4 of Chapter 995 of the Statutes of 2018, proposed by AB 1521 to be operative only if this bill and AB 1521 are enacted and this bill is enacted last.*

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

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

1 SECTION 1. Section 480 of the Business and Professions  
2 Code, as amended by Section 3 of Chapter 995 of the Statutes of  
3 2018, is amended to read:

4 480. (a) A board may deny a license regulated by this code  
5 on the grounds that the applicant has one of the following:

6 (1) Been convicted of a crime. A conviction within the meaning  
7 of this section means a plea or verdict of guilty or a conviction  
8 following a plea of nolo contendere. Any action that a board is  
9 permitted to take following the establishment of a conviction may  
10 be taken when the time for appeal has elapsed, or the judgment of  
11 conviction has been affirmed on appeal, or when an order granting  
12 probation is made suspending the imposition of sentence,  
13 irrespective of a subsequent order under the provisions of Section  
14 1203.4, 1203.4a, 1203.41, or 1203.425 of the Penal Code.

15 (2) Done any act involving dishonesty, fraud, or deceit with the  
16 intent to substantially benefit themselves or another, or  
17 substantially injure another.

18 (3) (A) Done any act that if done by a licentiate of the business  
19 or profession in question, would be grounds for suspension or  
20 revocation of license.

21 (B) The board may deny a license pursuant to this subdivision  
22 only if the crime or act is substantially related to the qualifications,  
23 functions, or duties of the business or profession for which *the*  
24 application is made.

1 (b) Notwithstanding any other provision of this code, a person  
 2 shall not be denied a license solely on the basis that they have been  
 3 convicted of a felony if they have obtained a certificate of  
 4 rehabilitation under Chapter 3.5 (commencing with Section  
 5 4852.01) of Title 6 of Part 3 of the Penal Code or that they have  
 6 been convicted of a misdemeanor if they have met all applicable  
 7 requirements of the criteria of rehabilitation developed by the board  
 8 to evaluate the rehabilitation of a person when considering the  
 9 denial of a license under subdivision (a) of Section 482.

10 (c) Notwithstanding any other provisions of this code, a person  
 11 shall not be denied a license solely on the basis of a conviction  
 12 that has been dismissed pursuant to Section 1203.4, 1203.4a,  
 13 1203.41, or 1203.425 of the Penal Code. An applicant who has a  
 14 conviction that has been dismissed pursuant to Section 1203.4,  
 15 1203.4a, ~~1203.41, or 1203.425~~ or 1203.41 of the Penal Code shall  
 16 provide proof of the dismissal.

17 (d) A board may deny a license regulated by this code on the  
 18 ground that the applicant knowingly made a false statement of fact  
 19 that is required to be revealed in the application for the license.

20 (e) This section shall become inoperative on July 1, 2020, and,  
 21 as of January 1, 2021, is repealed.

22 SEC. 2. Section 480 of the Business and Professions Code, as  
 23 added by Section 4 of Chapter 995 of the Statutes of 2018, is  
 24 amended to read:

25 480. (a) Notwithstanding any other provision of this code, a  
 26 board may deny a license regulated by this code on the grounds  
 27 that the applicant has been convicted of a crime or has been subject  
 28 to formal discipline only if either of the following conditions are  
 29 met:

30 (1) The applicant has been convicted of a crime within the  
 31 preceding seven years from the date of application that is  
 32 substantially related to the qualifications, functions, or duties of  
 33 the business or profession for which the application is made,  
 34 regardless of whether the applicant was incarcerated for that crime,  
 35 or the applicant has been convicted of a crime that is substantially  
 36 related to the qualifications, functions, or duties of the business or  
 37 profession for which the application is made and for which the  
 38 applicant is presently incarcerated or for which the applicant was  
 39 released from incarceration within the preceding seven years from



1 the date of application. However, the preceding seven-year  
2 limitation shall not apply in either of the following situations:

3 (A) The applicant was convicted of a serious felony, as defined  
4 in Section 1192.7 of the Penal Code or a crime for which  
5 registration is required pursuant to paragraph (2) or (3) of  
6 subdivision (d) of Section 290 of the Penal Code.

7 (B) The applicant was convicted of a financial crime currently  
8 classified as a felony that is directly and adversely related to the  
9 fiduciary qualifications, functions, or duties of the business or  
10 profession for which the application is made, pursuant to  
11 regulations adopted by the board, and for which the applicant is  
12 seeking licensure under any of the following:

13 (i) Chapter 1 (commencing with Section 5000) of Division 3.

14 (ii) Chapter 6 (commencing with Section 6500) of Division 3.

15 (iii) Chapter 9 (commencing with Section 7000) of Division 3.

16 (iv) Chapter 11.3 (commencing with Section 7512) of Division

17 3.

18 (v) Licensure as a funeral director or cemetery manager under  
19 Chapter 12 (commencing with Section 7600) of Division 3.

20 (vi) Division 4 (commencing with Section 10000).

21 (2) The applicant has been subjected to formal discipline by a  
22 licensing board in or outside California within the preceding seven  
23 years from the date of application based on professional misconduct  
24 that would have been cause for discipline before the board for  
25 which the present application is made and that is substantially  
26 related to the qualifications, functions, or duties of the business or  
27 profession for which the present application is made. However,  
28 prior disciplinary action by a licensing board within the preceding  
29 seven years shall not be the basis for denial of a license if the basis  
30 for that disciplinary action was a conviction that has been dismissed  
31 pursuant to Section 1203.4, 1203.4a, 1203.41, 1203.42, or 1203.425  
32 of the Penal Code or a comparable dismissal or expungement.

33 (b) Notwithstanding any other provision of this code, a person  
34 shall not be denied a license on the basis that the person has been  
35 convicted of a crime, or on the basis of acts underlying a conviction  
36 for a crime, if that person has obtained a certificate of rehabilitation  
37 under Chapter 3.5 (commencing with Section 4852.01) of Title 6  
38 of Part 3 of the Penal Code, has been granted clemency or a pardon  
39 by a state or federal executive, or has made a showing of  
40 rehabilitation pursuant to Section 482.

1 (c) Notwithstanding any other provision of this code, a person  
 2 shall not be denied a license on the basis of any conviction, or on  
 3 the basis of the acts underlying the conviction, that has been  
 4 dismissed pursuant to Section 1203.4, 1203.4a, 1203.41, 1203.42,  
 5 or 1203.425 of the Penal Code, or a comparable dismissal or  
 6 expungement. An applicant who has a conviction that has been  
 7 dismissed pursuant to Section 1203.4, 1203.4a, 1203.41, ~~1203.42,~~  
 8 ~~or 1203.425~~ or 1203.42 of the Penal Code shall provide proof of  
 9 the dismissal if it is not reflected on the report furnished by the  
 10 Department of Justice.

11 (d) Notwithstanding any other provision of this code, a board  
 12 shall not deny a license on the basis of an arrest that resulted in a  
 13 disposition other than a conviction, including an arrest that resulted  
 14 in an infraction, citation, or a juvenile adjudication.

15 (e) A board may deny a license regulated by this code on the  
 16 ground that the applicant knowingly made a false statement of fact  
 17 that is required to be revealed in the application for the license. A  
 18 board shall not deny a license based solely on an applicant's failure  
 19 to disclose a fact that would not have been cause for denial of the  
 20 license had it been disclosed.

21 (f) A board shall follow the following procedures in requesting  
 22 or acting on an applicant's criminal history information:

23 (1) A board issuing a license pursuant to Chapter 3 (commencing  
 24 with Section 5500), Chapter 3.5 (commencing with Section 5615),  
 25 Chapter 10 (commencing with Section 7301), Chapter 20  
 26 (commencing with Section 9800), or Chapter 20.3 (commencing  
 27 with Section 9880), of Division 3, or Chapter 3 (commencing with  
 28 Section 19000) or Chapter 3.1 (commencing with Section 19225)  
 29 of Division 8 may require applicants for licensure under those  
 30 chapters to disclose criminal conviction history on an application  
 31 for licensure.

32 (2) Except as provided in paragraph (1), a board shall not require  
 33 an applicant for licensure to disclose any information or  
 34 documentation regarding the applicant's criminal history. However,  
 35 a board may request mitigating information from an applicant  
 36 regarding the applicant's criminal history for purposes of  
 37 determining substantial relation or demonstrating evidence of  
 38 rehabilitation, provided that the applicant is informed that  
 39 disclosure is voluntary and that the applicant's decision not to

1 disclose any information shall not be a factor in a board's decision  
2 to grant or deny an application for licensure.

3 (3) If a board decides to deny an application for licensure based  
4 solely or in part on the applicant's conviction history, the board  
5 shall notify the applicant in writing of all of the following:

6 (A) The denial or disqualification of licensure.

7 (B) Any existing procedure the board has for the applicant to  
8 challenge the decision or to request reconsideration.

9 (C) That the applicant has the right to appeal the board's  
10 decision.

11 (D) The processes for the applicant to request a copy of the  
12 applicant's complete conviction history and question the accuracy  
13 or completeness of the record pursuant to Sections 11122 to 11127  
14 of the Penal Code.

15 (g) (1) For a minimum of three years, each board under this  
16 code shall retain application forms and other documents submitted  
17 by an applicant, any notice provided to an applicant, all other  
18 communications received from and provided to an applicant, and  
19 criminal history reports of an applicant.

20 (2) Each board under this code shall retain the number of  
21 applications received for each license and the number of  
22 applications requiring inquiries regarding criminal history. In  
23 addition, each licensing authority shall retain all of the following  
24 information:

25 (A) The number of applicants with a criminal record who  
26 received notice of denial or disqualification of licensure.

27 (B) The number of applicants with a criminal record who  
28 provided evidence of mitigation or rehabilitation.

29 (C) The number of applicants with a criminal record who  
30 appealed any denial or disqualification of licensure.

31 (D) The final disposition and demographic information,  
32 consisting of voluntarily provided information on race or gender,  
33 of any applicant described in subparagraph (A), (B), or (C).

34 (3) (A) Each board under this code shall annually make  
35 available to the public through the board's internet website and  
36 through a report submitted to the appropriate policy committees  
37 of the Legislature deidentified information collected pursuant to  
38 this subdivision. Each board shall ensure confidentiality of the  
39 individual applicants.

1 (B) A report pursuant to subparagraph (A) shall be submitted  
2 in compliance with Section 9795 of the Government Code.

3 (h) “Conviction” as used in this section shall have the same  
4 meaning as defined in Section 7.5.

5 (i) This section does not in any way modify or otherwise affect  
6 the existing authority of the following entities in regard to  
7 licensure:

- 8 (1) The State Athletic Commission.
- 9 (2) The Bureau for Private Postsecondary Education.
- 10 (3) The California Horse Racing Board.

11 (j) This section shall become operative on July 1, 2020.

12 *SEC. 2.5. Section 480 of the Business and Professions Code,*  
13 *as added by Section 4 of Chapter 995 of the Statutes of 2018, is*  
14 *amended to read:*

15 480. (a) Notwithstanding any other provision of this code, a  
16 board may deny a license regulated by this code on the grounds  
17 that the applicant has been convicted of a crime or has been subject  
18 to formal discipline only if either of the following conditions are  
19 met:

20 (1) The applicant has been convicted of a crime within the  
21 preceding seven years from the date of application that is  
22 substantially related to the qualifications, functions, or duties of  
23 the business or profession for which the application is made,  
24 regardless of whether the applicant was incarcerated for that crime,  
25 or the applicant has been convicted of a crime that is substantially  
26 related to the qualifications, functions, or duties of the business or  
27 profession for which the application is made and for which the  
28 applicant is presently incarcerated or for which the applicant was  
29 released from incarceration within the preceding seven years from  
30 the date of application. However, the preceding seven-year  
31 limitation shall not apply in either of the following situations:

32 (A) The applicant was convicted of a serious felony, as defined  
33 in Section 1192.7 of the Penal Code or a crime for which  
34 registration is required pursuant to paragraph (2) or (3) of  
35 subdivision (d) of Section 290 of the Penal Code.

36 (B) The applicant was convicted of a financial crime currently  
37 classified as a felony that is directly and adversely related to the  
38 fiduciary qualifications, functions, or duties of the business or  
39 profession for which the application is made, pursuant to

1 regulations adopted by the board, and for which the applicant is  
2 seeking licensure under any of the following:

3 ~~(i) Chapter 1 (commencing with Section 5000) of Division 3.~~

4 ~~(ii)~~

5 (i) Chapter 6 (commencing with Section 6500) of Division 3.

6 ~~(iii)~~

7 (ii) Chapter 9 (commencing with Section 7000) of Division 3.

8 ~~(iv)~~

9 (iii) Chapter 11.3 (commencing with Section 7512) of Division  
10 3.

11 ~~(v)~~

12 (iv) Licensure as a funeral director or cemetery manager under  
13 Chapter 12 (commencing with Section 7600) of Division 3.

14 ~~(vi)~~

15 (v) Division 4 (commencing with Section 10000).

16 (2) The applicant has been subjected to formal discipline by a  
17 licensing board in or outside California within the preceding seven  
18 years from the date of application based on professional misconduct  
19 that would have been cause for discipline before the board for  
20 which the present application is made and that is substantially  
21 related to the qualifications, functions, or duties of the business or  
22 profession for which the present application is made. However,  
23 prior disciplinary action by a licensing board within the preceding  
24 seven years shall not be the basis for denial of a license if the basis  
25 for that disciplinary action was a conviction that has been dismissed  
26 pursuant to Section 1203.4, 1203.4a, 1203.41, ~~or 1203.42~~ 1203.42,  
27 or 1203.425 of the Penal Code or a comparable dismissal or  
28 expungement.

29 (b) Notwithstanding any other provision of this code, a person  
30 shall not be denied a license on the basis that ~~he or she~~ *the person*  
31 has been convicted of a crime, or on the basis of acts underlying  
32 a conviction for a crime, if ~~he or she~~ *that person* has obtained a  
33 certificate of rehabilitation under Chapter 3.5 (commencing with  
34 Section 4852.01) of Title 6 of Part 3 of the Penal Code, has been  
35 granted clemency or a pardon by a state or federal executive, or  
36 has made a showing of rehabilitation pursuant to Section 482.

37 (c) Notwithstanding any other provision of this code, a person  
38 shall not be denied a license on the basis of any conviction, or on  
39 the basis of the acts underlying the conviction, that has been  
40 dismissed pursuant to Section 1203.4, 1203.4a, 1203.41, ~~or 1203.42~~

1 1203.42, or 1203.425 of the Penal Code, or a comparable dismissal  
 2 or expungement. An applicant who has a conviction that has been  
 3 dismissed pursuant to Section 1203.4, 1203.4a, 1203.41, or 1203.42  
 4 of the Penal Code shall provide proof of the dismissal if it is not  
 5 reflected on the report furnished by the Department of Justice.

6 (d) Notwithstanding any other provision of this code, a board  
 7 shall not deny a license on the basis of an arrest that resulted in a  
 8 disposition other than a conviction, including an arrest that resulted  
 9 in an infraction, citation, or a juvenile adjudication.

10 (e) A board may deny a license regulated by this code on the  
 11 ground that the applicant knowingly made a false statement of fact  
 12 that is required to be revealed in the application for the license. A  
 13 board shall not deny a license based solely on an applicant’s failure  
 14 to disclose a fact that would not have been cause for denial of the  
 15 license had it been disclosed.

16 (f) A board shall follow the following procedures in requesting  
 17 or acting on an applicant’s criminal history information:

18 (1) A board issuing a license pursuant to Chapter 3 (commencing  
 19 with Section 5500), Chapter 3.5 (commencing with Section 5615),  
 20 Chapter 10 (commencing with Section 7301), Chapter 20  
 21 (commencing with Section 9800), or Chapter 20.3 (commencing  
 22 with Section 9880), of Division 3, or Chapter 3 (commencing with  
 23 Section 19000) or Chapter 3.1 (commencing with Section 19225)  
 24 of Division 8 may require applicants for licensure under those  
 25 chapters to disclose criminal conviction history on an application  
 26 for licensure.

27 (2) Except as provided in paragraph (1), a board shall not require  
 28 an applicant for licensure to disclose any information or  
 29 documentation regarding the applicant’s criminal history. However,  
 30 a board may request mitigating information from an applicant  
 31 regarding the applicant’s criminal history for purposes of  
 32 determining substantial relation or demonstrating evidence of  
 33 rehabilitation, provided that the applicant is informed that  
 34 disclosure is voluntary and that the applicant’s decision not to  
 35 disclose any information shall not be a factor in a board’s decision  
 36 to grant or deny an application for licensure.

37 (3) If a board decides to deny an application for licensure based  
 38 solely or in part on the applicant’s conviction history, the board  
 39 shall notify the applicant in writing of all of the following:

40 (A) The denial or disqualification of licensure.

1 (B) Any existing procedure the board has for the applicant to  
2 challenge the decision or to request reconsideration.

3 (C) That the applicant has the right to appeal the board's  
4 decision.

5 (D) The processes for the applicant to request a copy of ~~his or~~  
6 ~~her~~ *the applicant's* complete conviction history and question the  
7 accuracy or completeness of the record pursuant to Sections 11122  
8 to 11127 of the Penal Code.

9 (g) (1) For a minimum of three years, each board under this  
10 code shall retain application forms and other documents submitted  
11 by an applicant, any notice provided to an applicant, all other  
12 communications received from and provided to an applicant, and  
13 criminal history reports of an applicant.

14 (2) Each board under this code shall retain the number of  
15 applications received for each license and the number of  
16 applications requiring inquiries regarding criminal history. In  
17 addition, each licensing authority shall retain all of the following  
18 information:

19 (A) The number of applicants with a criminal record who  
20 received notice of denial or disqualification of licensure.

21 (B) The number of applicants with a criminal record who  
22 provided evidence of mitigation or rehabilitation.

23 (C) The number of applicants with a criminal record who  
24 appealed any denial or disqualification of licensure.

25 (D) The final disposition and demographic information,  
26 consisting of voluntarily provided information on race or gender,  
27 of any applicant described in subparagraph (A), (B), or (C).

28 (3) (A) Each board under this code shall annually make  
29 available to the public through the board's ~~Internet Web site~~  
30 *internet website* and through a report submitted to the appropriate  
31 policy committees of the Legislature deidentified information  
32 collected pursuant to this subdivision. Each board shall ensure  
33 confidentiality of the individual applicants.

34 (B) A report pursuant to subparagraph (A) shall be submitted  
35 in compliance with Section 9795 of the Government Code.

36 (h) "Conviction" as used in this section shall have the same  
37 meaning as defined in Section 7.5.

38 (i) This section does not in any way modify or otherwise affect  
39 the existing authority of the following entities in regard to  
40 licensure:

- 1 (1) The State Athletic Commission.
- 2 (2) The Bureau for Private Postsecondary Education.
- 3 (3) The California Horse Racing Board.
- 4 (j) This section shall become operative on July 1, 2020.

5 SEC. 3. Section 480.2 of the Business and Professions Code  
6 is amended to read:

7 480.2. (a) The Bureau for Private Postsecondary Education,  
8 the State Athletic Commission, and the California Horse Racing  
9 Board may deny a license regulated by it on the grounds that the  
10 applicant has one of the following:

- 11 (1) Been convicted of a crime.
- 12 (2) Done any act involving dishonesty, fraud, or deceit with the  
13 intent to substantially benefit themselves or another, or  
14 substantially injure another.
- 15 (3) (A) Done any act that if done by a licentiate of the business  
16 or profession in question, would be grounds for suspension or  
17 revocation of license.

18 (B) The Bureau for Private Postsecondary Education, the State  
19 Athletic Commission, and the California Horse Racing Board may  
20 deny a license pursuant to this subdivision only if the crime or act  
21 is substantially related to the qualifications, functions, or duties of  
22 the business or profession for which *the* application is made.

23 (b) Notwithstanding any other provision of this code, a person  
24 shall not be denied a license solely on the basis that the person has  
25 been convicted of a felony if that person has obtained a certificate  
26 of rehabilitation under Chapter 3.5 (commencing with Section  
27 4852.01) of Title 6 of Part 3 of the Penal Code or that the person  
28 has been convicted of a misdemeanor if the person has met all  
29 applicable requirements of the criteria of rehabilitation developed  
30 by the Bureau for Private Postsecondary Education, the State  
31 Athletic Commission, and the California Horse Racing Board to  
32 evaluate the rehabilitation of a person when considering the denial  
33 of a license under paragraph (1) of subdivision (f).

34 (c) Notwithstanding any other provisions of this code, a person  
35 shall not be denied a license by the Bureau for Private  
36 Postsecondary Education, the State Athletic Commission, or the  
37 California Horse Racing Board solely on the basis of a conviction  
38 that has been dismissed pursuant to Section 1203.4, 1203.4a,  
39 1203.41, or 1203.425 of the Penal Code. An applicant who has a  
40 conviction that has been dismissed pursuant to Section 1203.4,



1 1203.4a, ~~1203.41, or 1203.425~~ or 1203.41 of the Penal Code shall  
2 provide proof of the dismissal.

3 (d) The Bureau for Private Postsecondary Education, the State  
4 Athletic Commission, and the California Horse Racing Board may  
5 deny a license regulated by it on the ground that the applicant  
6 knowingly made a false statement of fact that is required to be  
7 revealed in the application for the license.

8 (e) The Bureau for Private Postsecondary Education, the State  
9 Athletic Commission, and the California Horse Racing Board shall  
10 develop criteria to aid it, when considering the denial, suspension,  
11 or revocation of a license, to determine whether a crime or act is  
12 substantially related to the qualifications, functions, or duties of  
13 the business or profession it regulates.

14 (f) (1) The Bureau for Private Postsecondary Education, the  
15 State Athletic Commission, and the California Horse Racing Board  
16 shall develop criteria to evaluate the rehabilitation of a person  
17 either when:

18 (A) Considering the denial of a license under this section.

19 (B) Considering suspension or revocation of a license under  
20 Section 490.

21 (2) The Bureau for Private Postsecondary Education, the State  
22 Athletic Commission, and the California Horse Racing Board shall  
23 take into account all competent evidence of rehabilitation furnished  
24 by the applicant or licensee.

25 (g) Except as otherwise provided by law, following a hearing  
26 requested by an applicant pursuant to subdivision (b) of Section  
27 485, the Bureau for Private Postsecondary Education, the State  
28 Athletic Commission, and the California Horse Racing Board may  
29 take any of the following actions:

30 (1) Grant the license effective upon completion of all licensing  
31 requirements by the applicant.

32 (2) Grant the license effective upon completion of all licensing  
33 requirements by the applicant, immediately revoke the license,  
34 stay the revocation, and impose probationary conditions on the  
35 license, which may include suspension.

36 (3) Deny the license.

37 (4) Take other action in relation to denying or granting the  
38 license as the Bureau for Private Postsecondary Education, the  
39 State Athletic Commission, or the California Horse Racing Board,  
40 in its discretion, may deem proper.

1 (h) Notwithstanding any other law, in a proceeding conducted  
2 by the Bureau for Private Postsecondary Education, the State  
3 Athletic Commission, or the California Horse Racing Board to  
4 deny an application for a license or to suspend or revoke a license  
5 or otherwise take disciplinary action against a person who holds  
6 a license, upon the ground that the applicant or the licensee has  
7 been convicted of a crime substantially related to the qualifications,  
8 functions, and duties of the licensee in question, the record of  
9 conviction of the crime shall be conclusive evidence of the fact  
10 that the conviction occurred, but only of that fact, and the Bureau  
11 for Private Postsecondary Education, the State Athletic  
12 Commission, and the California Horse Racing Board may inquire  
13 into the circumstances surrounding the commission of the crime  
14 in order to fix the degree of discipline or to determine if the  
15 conviction is substantially related to the qualifications, functions,  
16 and duties of the licensee in question.

17 (i) Notwithstanding Section 7.5, a conviction within the meaning  
18 of this section means a plea or verdict of guilty or a conviction  
19 following a plea of nolo contendere. Any action that the Bureau  
20 for Private Postsecondary Education, the State Athletic  
21 Commission, or the California Horse Racing Board is permitted  
22 to take following the establishment of a conviction may be taken  
23 when the time for appeal has elapsed, the judgment of conviction  
24 has been affirmed on appeal, or when an order granting probation  
25 is made suspending the imposition of sentence, irrespective of a  
26 subsequent order under the provisions of Section 1203.4, 1203.4a,  
27 1203.41, or 1203.425 of the Penal Code.

28 (j) This section shall become operative on July 1, 2020.

29 SEC. 4. Section 11345.2 of the Business and Professions Code,  
30 as amended by Section 14 of Chapter 995 of the Statutes of 2018,  
31 is amended to read:

32 11345.2. (a) An individual shall not act as a controlling person  
33 for a registrant if any of the following apply:

34 (1) The individual has entered a plea of guilty or no contest to,  
35 or been convicted of, a felony. Notwithstanding subdivision (c) of  
36 Section 480, if the individual's felony conviction has been  
37 dismissed pursuant to Section 1203.4, 1203.4a, 1203.41, or  
38 1203.425 of the Penal Code, the bureau may allow the individual  
39 to act as a controlling person.

1 (2) The individual has had a license or certificate to act as an  
2 appraiser or to engage in activities related to the transfer of real  
3 property refused, denied, canceled, or revoked in this state or any  
4 other state.

5 (b) Any individual who acts as a controlling person of an  
6 appraisal management company and who enters a plea of guilty  
7 or no contest to, or is convicted of, a felony, or who has a license  
8 or certificate as an appraiser refused, denied, canceled, or revoked  
9 in any other state shall report that fact or cause that fact to be  
10 reported to the office, in writing, within 10 days of the date ~~he or~~  
11 ~~she~~ *the individual* has knowledge of that fact.

12 (c) This section shall become inoperative on July 1, 2020, and,  
13 as of January 1, 2021, is repealed.

14 SEC. 5. Section 11345.2 of the Business and Professions Code,  
15 as added by Section 15 of Chapter 995 of the Statutes of 2018, is  
16 amended to read:

17 11345.2. (a) An individual shall not act as a controlling person  
18 for a registrant if any of the following apply:

19 (1) The individual has entered a plea of guilty or no contest to,  
20 or been convicted of, a felony. If the individual's felony conviction  
21 has been dismissed pursuant to Section 1203.4, 1203.4a, 1203.41,  
22 1203.42, or 1203.425 of the Penal Code, the bureau may allow the  
23 individual to act as a controlling person.

24 (2) The individual has had a license or certificate to act as an  
25 appraiser or to engage in activities related to the transfer of real  
26 property refused, denied, canceled, or revoked in this state or any  
27 other state.

28 (b) Any individual who acts as a controlling person of an  
29 appraisal management company and who enters a plea of guilty  
30 or no contest to, or is convicted of, a felony, or who has a license  
31 or certificate as an appraiser refused, denied, canceled, or revoked  
32 in any other state shall report that fact or cause that fact to be  
33 reported to the office, in writing, within 10 days of the date ~~he or~~  
34 ~~she~~ *the individual* has knowledge of that fact.

35 (c) This section shall become operative on July 1, 2020.

36 SEC. 6. Section 432.7 of the Labor Code is amended to read:

37 432.7. (a) (1) An employer, whether a public agency or private  
38 individual or corporation, shall not ask an applicant for employment  
39 to disclose, through any written form or verbally, information  
40 concerning an arrest or detention that did not result in conviction,

1 or information concerning a referral to, and participation in, any  
 2 pretrial or posttrial diversion program, or concerning a conviction  
 3 that has been judicially dismissed or ordered sealed pursuant to  
 4 law, including, but not limited to, Sections 1203.4, 1203.4a,  
 5 1203.425, 1203.45, and 1210.1 of the Penal Code. An employer  
 6 also shall not seek from any source whatsoever, or utilize, as a  
 7 factor in determining any condition of employment including  
 8 hiring, promotion, termination, or any apprenticeship training  
 9 program or any other training program leading to employment,  
 10 any record of arrest or detention that did not result in conviction,  
 11 or any record regarding a referral to, and participation in, any  
 12 pretrial or posttrial diversion program, or concerning a conviction  
 13 that has been judicially dismissed or ordered sealed pursuant to  
 14 law, including, but not limited to, Sections 1203.4, 1203.4a,  
 15 1203.425, 1203.45, and 1210.1 of the Penal Code. This section  
 16 shall not prevent an employer from asking an employee or applicant  
 17 for employment about an arrest for which the employee or applicant  
 18 is out on bail or on ~~his or her~~ *their* own recognizance pending trial.

19 (2) An employer, whether a public agency or private individual  
 20 or corporation, shall not ask an applicant for employment to  
 21 disclose, through any written form or verbally, information  
 22 concerning or related to an arrest, detention, processing, diversion,  
 23 supervision, adjudication, or court disposition that occurred while  
 24 the person was subject to the process and jurisdiction of the  
 25 juvenile court. An employer also shall not seek from any source  
 26 whatsoever, or utilize, as a factor in determining any condition of  
 27 employment including hiring, promotion, termination, or any  
 28 apprenticeship training program or any other training program  
 29 leading to employment, any record concerning or related to an  
 30 arrest, detention, processing, diversion, supervision, adjudication,  
 31 or court disposition that occurred while a person was subject to  
 32 the process and jurisdiction of the juvenile court.

33 (3) For purposes of this section:

34 (A) “Conviction” includes a plea, verdict, or finding of guilt,  
 35 regardless of whether a sentence is imposed by the court.

36 (B) “Conviction” does not include, and shall not be construed  
 37 to include, any adjudication by a juvenile court or any other court  
 38 order or action taken with respect to a person who is under the  
 39 process and jurisdiction of the juvenile court.

1 (b) This section shall not prohibit the disclosure of the  
2 information authorized for release under Sections 13203 and 13300  
3 of the Penal Code, to a government agency employing a peace  
4 officer. However, the employer shall not determine any condition  
5 of employment other than paid administrative leave based solely  
6 on an arrest report. The information contained in an arrest report  
7 may be used as the starting point for an independent, internal  
8 investigation of a peace officer in accordance with Chapter 9.7  
9 (commencing with Section 3300) of Division 4 of Title 1 of the  
10 Government Code.

11 (c) If a person violates this section, or Article 6 (commencing  
12 with Section 11140) of Chapter 1 of Title 1 of Part 4 of the Penal  
13 Code, the applicant may bring an action to recover from that person  
14 actual damages or two hundred dollars (\$200), whichever is greater,  
15 plus costs, and reasonable attorney's fees. An intentional violation  
16 of this section shall entitle the applicant to treble actual damages,  
17 or five hundred dollars (\$500), whichever is greater, plus costs,  
18 and reasonable attorney's fees. An intentional violation of this  
19 section is a misdemeanor punishable by a fine not to exceed five  
20 hundred dollars (\$500).

21 (d) The remedies under this section shall be in addition to and  
22 not in derogation of all other rights and remedies that an applicant  
23 may have under any other law.

24 (e) Persons seeking employment or persons already employed  
25 as peace officers or persons seeking employment for positions in  
26 the Department of Justice or other criminal justice agencies as  
27 defined in Section 13101 of the Penal Code are not covered by  
28 this section.

29 (f) (1) Except as provided in paragraph (2), this section does  
30 not prohibit an employer at a health facility, as defined in Section  
31 1250 of the Health and Safety Code, from asking an applicant for  
32 employment either of the following:

33 (A) With regard to an applicant for a position with regular access  
34 to patients, to disclose an arrest under any section specified in  
35 Section 290 of the Penal Code.

36 (B) With regard to an applicant for a position with access to  
37 drugs and medication, to disclose an arrest under any section  
38 specified in Section 11590 of the Health and Safety Code.

39 (2) (A) An employer specified in paragraph (1) shall not inquire  
40 into information concerning or related to an applicant's arrest,

1 detention, processing, diversion, supervision, adjudication, or court  
2 disposition that occurred while the person was subject to the  
3 process and jurisdiction of juvenile court law, unless the  
4 information concerns an adjudication by the juvenile court in which  
5 the applicant has been found by the court to have committed a  
6 felony or misdemeanor offense specified in paragraph (1) that  
7 occurred within five years preceding the application for  
8 employment.

9 (B) Notwithstanding any other provision of this subdivision, an  
10 employer specified in paragraph (1) shall not inquire into  
11 information concerning or related to an applicant’s juvenile offense  
12 history that has been sealed by the juvenile court.

13 (3) An employer seeking disclosure of offense history under  
14 paragraph (2) shall provide the applicant with a list describing the  
15 specific offenses under Section 11590 of the Health and Safety  
16 Code or Section 290 of the Penal Code for which disclosure is  
17 sought.

18 (g) (1) A peace officer or employee of a law enforcement  
19 agency with access to criminal or juvenile offender record  
20 information maintained by a local law enforcement criminal or  
21 juvenile justice agency shall not knowingly disclose, with intent  
22 to affect a person’s employment, any information pertaining to an  
23 arrest or detention or proceeding that did not result in a conviction,  
24 including information pertaining to a referral to, and participation  
25 in, any pretrial or posttrial diversion program, to any person not  
26 authorized by law to receive that information.

27 (2) Any other person authorized by law to receive criminal or  
28 juvenile offender record information maintained by a local law  
29 enforcement criminal or juvenile justice agency shall not knowingly  
30 disclose any information received pertaining to an arrest or  
31 detention or proceeding that did not result in a conviction, including  
32 information pertaining to a referral to, and participation in, any  
33 pretrial or posttrial diversion program, to any person not authorized  
34 by law to receive that information.

35 (3) Except for those specifically referred to in Section 1070 of  
36 the Evidence Code, a person who is not authorized by law to  
37 receive or possess criminal or juvenile justice records information  
38 maintained by a local law enforcement criminal or juvenile justice  
39 agency, pertaining to an arrest or other proceeding that did not  
40 result in a conviction, including information pertaining to a referral

1 to, and participation in, any pretrial or posttrial diversion program,  
2 shall not knowingly receive or possess that information.

3 (h) “A person authorized by law to receive that information,”  
4 for purposes of this section, means any person or public agency  
5 authorized by a court, statute, or decisional law to receive  
6 information contained in criminal or juvenile offender records  
7 maintained by a local law enforcement criminal or juvenile justice  
8 agency, and includes, but is not limited to, those persons set forth  
9 in Section 11105 of the Penal Code, and any person employed by  
10 a law enforcement criminal or juvenile justice agency who is  
11 required by that employment to receive, analyze, or process  
12 criminal or juvenile offender record information.

13 (i) This section does not require the Department of Justice to  
14 remove entries relating to an arrest or detention not resulting in  
15 conviction from summary criminal history records forwarded to  
16 an employer pursuant to law.

17 (j) As used in this section, “pretrial or posttrial diversion  
18 program” means any program under Chapter 2.5 (commencing  
19 with Section 1000) or Chapter 2.7 (commencing with Section  
20 1001) of Title 6 of Part 2 of the Penal Code, Section 13201 or  
21 13352.5 of the Vehicle Code, Sections 626, 626.5, 654, or 725 of,  
22 or Article 20.5 (commencing with Section 790) of Chapter 2 of  
23 Part 1 of Division 2 of, the Welfare and Institutions Code, or any  
24 other program expressly authorized and described by statute as a  
25 diversion program.

26 (k) (1) Subdivision (a) shall not apply to any city, city and  
27 county, county, or district, or any officer or official thereof, in  
28 screening a prospective concessionaire, or the affiliates and  
29 associates of a prospective concessionaire for purposes of  
30 consenting to, or approving of, the prospective concessionaire’s  
31 application for, or acquisition of, any beneficial interest in a  
32 concession, lease, or other property interest.

33 (2) For purposes of this subdivision the following terms apply:

34 (A) “Screening” means a written request for criminal or juvenile  
35 history information made to a local law enforcement agency.

36 (B) “Prospective concessionaire” means any individual, general  
37 or limited partnership, corporation, trust, association, or other  
38 entity that is applying for, or seeking to obtain, a public agency’s  
39 consent to, or approval of, the acquisition by that individual or  
40 entity of any beneficial ownership interest in any public agency’s

1 concession, lease, or other property right whether directly or  
 2 indirectly held. However, “prospective concessionaire” does not  
 3 include any of the following:

4 (i) A lender acquiring an interest solely as security for a bona  
 5 fide loan made in the ordinary course of the lender’s business and  
 6 not made for the purpose of acquisition.

7 (ii) A lender upon foreclosure or assignment in lieu of  
 8 foreclosure of the lender’s security.

9 (C) “Affiliate” means any individual or entity that controls, or  
 10 is controlled by, the prospective concessionaire, or who is under  
 11 common control with the prospective concessionaire.

12 (D) “Associate” means any individual or entity that shares a  
 13 common business purpose with the prospective concessionaire  
 14 with respect to the beneficial ownership interest that is subject to  
 15 the consent or approval of the city, county, city and county, or  
 16 district.

17 (E) “Control” means the possession, direct or indirect, of the  
 18 power to direct, or cause the direction of, the management or  
 19 policies of the controlled individual or entity.

20 (l) (1) Subdivision (a) does not prohibit a public agency, or any  
 21 officer or official thereof, from denying consent to, or approval  
 22 of, a prospective concessionaire’s application for, or acquisition  
 23 of, any beneficial interest in a concession, lease, or other property  
 24 interest based on the criminal history information of the prospective  
 25 concessionaire or the affiliates or associates of the prospective  
 26 concessionaire that show any criminal conviction for offenses  
 27 involving moral turpitude. Criminal history information for  
 28 purposes of this subdivision includes any criminal history  
 29 information obtained pursuant to Section 11105 or 13300 of the  
 30 Penal Code.

31 (2) In considering criminal history information, a public agency  
 32 shall consider the crime for which the prospective concessionaire  
 33 or the affiliates or associates of the prospective concessionaire was  
 34 convicted only if that crime relates to the specific business that is  
 35 proposed to be conducted by the prospective concessionaire.

36 (3) Any prospective concessionaire whose application for  
 37 consent or approval to acquire a beneficial interest in a concession,  
 38 lease, or other property interest is denied based on criminal history  
 39 information shall be provided a written statement of the reason for  
 40 the denial.



1 (4) (A) If the prospective concessionaire submits a written  
2 request to the public agency within 10 days of the date of the notice  
3 of denial, the public agency shall review its decision with regard  
4 to any corrected record or other evidence presented by the  
5 prospective concessionaire as to the accuracy or incompleteness  
6 of the criminal history information utilized by the public agency  
7 in making its original decision.

8 (B) The prospective concessionaire shall submit the copy or the  
9 corrected record of any other evidence to the public agency within  
10 90 days of a request for review. The public agency shall render its  
11 decision within 20 days of the submission of evidence by the  
12 prospective concessionaire.

13 (m) (1) Paragraph (1) of subdivision (a) does not prohibit an  
14 employer, whether a public agency or private individual or  
15 corporation, from asking an applicant about, or seeking from any  
16 source information regarding, a particular conviction of the  
17 applicant if, pursuant to Section 1829 of Title 12 of the United  
18 States Code or any other federal law, federal regulation, or state  
19 law, any of the following apply:

20 (A) The employer is required by law to obtain information  
21 regarding the particular conviction of the applicant, regardless of  
22 whether that conviction has been expunged, judicially ordered  
23 sealed, statutorily eradicated, or judicially dismissed following  
24 probation.

25 (B) The applicant would be required to possess or use a firearm  
26 in the course of ~~his or her~~ *their* employment.

27 (C) An individual with that particular conviction is prohibited  
28 by law from holding the position sought by the applicant, regardless  
29 of whether that conviction has been expunged, judicially ordered  
30 sealed, statutorily eradicated, or judicially dismissed following  
31 probation.

32 (D) The employer is prohibited by law from hiring an applicant  
33 who has that particular conviction, regardless of whether that  
34 conviction has been expunged, judicially ordered sealed, statutorily  
35 eradicated, or judicially dismissed following probation.

36 (2) For purposes of this subdivision, “particular conviction”  
37 means a conviction for specific criminal conduct or a category of  
38 criminal offenses prescribed by any federal law, federal regulation,  
39 or state law that contains requirements, exclusions, or both,

1 expressly based on that specific criminal conduct or category of  
2 criminal offenses.

3 (n) Nothing in this section shall prohibit an employer, whether  
4 a public agency or private individual or corporation, required by  
5 state, federal, or local law to conduct criminal background checks  
6 for employment purposes or to restrict employment based on  
7 criminal history from complying with those requirements, or to  
8 prohibit the employer from seeking or receiving an applicant’s  
9 criminal history report that has been obtained pursuant to  
10 procedures otherwise provided for under federal, state, or local  
11 law. For purposes of this subdivision, federal law shall include  
12 rules or regulations promulgated by a self-regulatory organization,  
13 as defined in Section 3(a)(26) of the Securities Exchange Act of  
14 1934, pursuant to the authority in Section 19(b) of the Securities  
15 Exchange Act of 1934, as amended by 124 Stat. 1652 (Public Law  
16 11-203).

17 SEC. 7. Section 851.93 is added to the Penal Code, to read:

18 851.93. (a) (1) On a ~~weekly~~ *monthly* basis, the Department  
19 of Justice shall review the records in the statewide criminal justice  
20 databases, and based on information in the state summary criminal  
21 history repository, shall identify persons with records of arrest that  
22 meet the criteria set forth in paragraph (2) and are eligible for arrest  
23 record relief.

24 (2) A person is eligible for relief pursuant to this section, if the  
25 arrest occurred on or after January 1, ~~1973~~, 2021, and meets any  
26 of the following conditions:

27 (A) The arrest was for a misdemeanor offense and the charge  
28 was dismissed.

29 (B) The arrest was for a misdemeanor offense, there is no  
30 indication that criminal proceedings have been initiated, at least  
31 one calendar year has elapsed since the date of the arrest, and no  
32 conviction occurred, or the arrestee was acquitted of any charges  
33 that arose, from that arrest.

34 (C) The arrest was for an offense that is punishable by  
35 imprisonment pursuant to paragraph (1) or (2) of subdivision (h)  
36 of Section 1170, there is no indication that criminal proceedings  
37 have been initiated, at least three calendar years have elapsed since  
38 the date of the arrest, and no conviction occurred, or the arrestee  
39 was acquitted of any charges arising, from that arrest.

1 (D) The person successfully completed any of the following,  
2 relating to that arrest:

3 (i) A prefiling diversion program, as defined in Section 851.87,  
4 administered by a prosecuting attorney in lieu of filing an  
5 accusatory pleading.

6 (ii) A drug diversion program administered by a superior court  
7 pursuant to Section 1000.5, or a deferred entry of judgment  
8 program pursuant to Section 1000 or 1000.8.

9 (iii) A pretrial diversion program, pursuant to Section 1000.4.

10 (iv) A diversion program, pursuant to Section 1001.9.

11 (v) Any diversion program described in Chapter 2.8  
12 (commencing with Section 1001.20), Chapter 2.8A (commencing  
13 with Section 1001.35), Chapter 2.81 (commencing with Section  
14 1001.40), Chapter 2.9 (commencing with Section 1001.50), Chapter  
15 2.9A (commencing with Section 1001.60), Chapter 2.9B  
16 (commencing with Section 1001.70), Chapter 2.9C (commencing  
17 with Section 1001.80), Chapter 2.9D (commencing with Section  
18 1001.81), or Chapter 2.92 (commencing with Section 1001.85),  
19 of Title 6.

20 (b) (1) The department shall grant relief to a person identified  
21 pursuant to subdivision (a), without requiring a petition or motion  
22 by a party for that relief if the relevant information is present in  
23 the department's *electronic* records.

24 (2) The state summary criminal history information shall  
25 include, directly next to or below the entry or entries regarding the  
26 person's arrest record, a note stating "arrest relief granted," listing  
27 the date that the department granted relief, and this section. This  
28 note shall be included in all statewide criminal databases with a  
29 record of the arrest.

30 (3) Except as otherwise provided in subdivision (d), an arrest  
31 for which arrest relief has been granted is deemed not to have  
32 occurred, and a person who has been granted arrest relief is released  
33 from any penalties and disabilities resulting from the arrest, and  
34 may answer any question relating to that arrest accordingly.

35 (c) On a ~~weekly~~ *monthly* basis, the department shall  
36 electronically submit a notice to the superior court having  
37 jurisdiction over the criminal case, informing the court of all cases  
38 for which a complaint was filed in that jurisdiction and for which  
39 relief was granted pursuant to this section. Commencing on  
40 February 1, 2021, for any record retained by the court pursuant to

1 Section 68152 of the Government Code, except as provided in  
2 subdivision (d), the court shall not disclose information concerning  
3 an arrest that is granted relief pursuant to this section to any person  
4 or entity, in any format, except to the person whose arrest was  
5 granted relief or a criminal justice agency, as defined in Section  
6 851.92.

7 (d) Relief granted pursuant to this section is subject to the  
8 following conditions:

9 (1) Arrest relief does not relieve a person of the obligation to  
10 disclose an arrest in response to a direct question contained in a  
11 questionnaire or application for employment as a peace officer, as  
12 defined in Section 830.

13 (2) Relief granted pursuant to this section has no effect on the  
14 ability of a criminal justice agency, as defined in Section 851.92,  
15 to access and use records that are granted relief to the same extent  
16 that would have been permitted for a criminal justice agency had  
17 relief not been granted.

18 (3) *This section does not limit the ability of a district attorney*  
19 *to prosecute, within the applicable statute of limitations, an offense*  
20 *for which arrest relief has been granted pursuant to this section.*

21 ~~(3)~~

22 (4) Relief granted pursuant to this section does not affect a  
23 person’s authorization to own, possess, or have in the person’s  
24 custody or control any firearm, or the person’s susceptibility to  
25 conviction under Chapter 2 (commencing with Section 29800) of  
26 Division 9 of Title 4 of Part 6, if the arrest would otherwise affect  
27 this authorization or susceptibility.

28 ~~(4)~~

29 (5) Relief granted pursuant to this section does not affect any  
30 prohibition from holding public office that would otherwise apply  
31 under law as a result of the arrest.

32 ~~(5)~~

33 (6) Relief granted pursuant to this section does not affect the  
34 authority to receive, or take adverse action based on, criminal  
35 history information, including the authority to receive certified  
36 court records received or evaluated pursuant to Section 1522,  
37 1568.09, 1569.17, or 1596.871 of the Health and Safety Code, or  
38 pursuant to any statutory or regulatory provisions that incorporate  
39 the criteria of those sections.

1 (e) This section shall not limit petitions, motions, or orders for  
2 arrest record relief, as required or authorized by any other law,  
3 including, but not limited to, Sections 851.87, 851.90, 851.91,  
4 1000.4, and 1001.9.

5 (f) The department shall annually publish statistics for each  
6 county regarding the total number of arrests granted relief pursuant  
7 to this section and the percentage of arrests for which the state  
8 summary criminal history information does not include a  
9 disposition, on the OpenJustice Web portal, as defined in Section  
10 13010.

11 (g) This section shall be operative commencing January 1, ~~2021~~.  
12 ~~2021, subject to an appropriation in the annual Budget Act.~~

13 SEC. 8. Section 1203.425 is added to the Penal Code,  
14 immediately following Section 1203.42, to read:

15 1203.425. (a) (1) On a ~~weekly~~ *monthly* basis, the Department  
16 of Justice shall review the records in the statewide criminal justice  
17 databases, and based on information in the state summary criminal  
18 history repository and the Supervised Release File, shall identify  
19 persons with convictions that meet the criteria set forth in paragraph  
20 (2) and are eligible for automatic conviction record relief.

21 (2) A person is eligible for automatic conviction relief pursuant  
22 to this section if they meet all of the following conditions:

23 (A) The person is not required to register pursuant to the Sex  
24 Offender Registration Act.

25 (B) The person does not have an active record for local, state,  
26 or federal supervision in the Supervised Release File.

27 (C) ~~The~~ *Based upon the information available in the*  
28 *department's record, including disposition dates and sentencing*  
29 *terms, it does not appear that the person is not* currently serving  
30 a sentence for any offense and ~~does not have~~ *there is no indication*  
31 *of any pending criminal charges.*

32 (D) Except as otherwise provided in clause (iii) of subparagraph  
33 (E), there is no indication that the conviction resulted in a sentence  
34 of incarceration in the state prison.

35 (E) The conviction occurred on or after January 1, ~~1973~~, *2021*,  
36 and meets ~~one~~ *either* of the following criteria:

37 (i) The defendant was sentenced to probation and, based upon  
38 the disposition date and the term of probation specified in the  
39 department's records, appears to have completed their term of  
40 probation without revocation.

1 (ii) The defendant was convicted of an infraction or  
2 misdemeanor, was not granted probation, ~~has and, based upon the~~  
3 ~~disposition date and the term specified in the department's records,~~  
4 ~~the defendant appears to have completed their sentence, and, based~~  
5 ~~upon the disposition date in the department's record, and~~ at least  
6 one calendar year has elapsed since the date of judgment.

7 ~~(iii) The defendant was sentenced for a crime that is, or on or~~  
8 ~~before January 1, 2012, would have been, eligible for sentencing~~  
9 ~~pursuant to subdivision (h) of Section 1170, and, based upon the~~  
10 ~~disposition date and the sentence specified in the department's~~  
11 ~~records, it appears that two years have elapsed following the~~  
12 ~~defendant's completion of the sentence.~~

13 (b) (1) Except as specified in subdivision (h), the department  
14 shall grant relief, including dismissal of a conviction, to a person  
15 identified pursuant to subdivision (a), without requiring a petition  
16 or motion by a party for that relief if the relevant information is  
17 present in the department's *electronic* records.

18 (2) The state summary criminal history information shall  
19 include, directly next to or below the entry or entries regarding the  
20 person's criminal record, a note stating "relief granted," listing the  
21 date that the department granted relief and this section. This note  
22 shall be included in all statewide criminal databases with a record  
23 of the conviction.

24 (3) Except as otherwise provided in subdivision (d) and in  
25 Section 13555 of the Vehicle Code, a person granted conviction  
26 relief pursuant to this section shall be released from all penalties  
27 and disabilities resulting from the offense of which the person has  
28 been convicted.

29 (c) On a ~~weekly~~ *monthly* basis, the department shall  
30 electronically submit a notice to the superior court having  
31 jurisdiction over the criminal case, informing the court of all cases  
32 for which a complaint was filed in that jurisdiction and for which  
33 relief was granted pursuant to this section. Commencing on  
34 February 1, 2021, for any record retained by the court pursuant to  
35 Section 68152 of the Government Code, except as provided in  
36 subdivision (d), the court shall not disclose information concerning  
37 a conviction granted relief pursuant to this section or Section  
38 1203.4, 1203.4a, 1203.41, or 1203.42, to any person or entity, in  
39 any format, except to the person whose conviction was granted  
40 relief or a criminal justice agency, as defined in Section 851.92.

1 (d) Relief granted pursuant to this section is subject to the  
2 following conditions:

3 (1) Relief granted pursuant to this section does not relieve a  
4 person of the obligation to disclose a criminal conviction in  
5 response to a direct question contained in a questionnaire or  
6 application for employment as a peace officer, as defined in Section  
7 830.

8 (2) Relief granted pursuant to this section does not relieve a  
9 person of the obligation to disclose the conviction in response to  
10 any direct question contained in any questionnaire or application  
11 for public office, or for contracting with the California State Lottery  
12 Commission.

13 (3) Relief granted pursuant to this section has no effect on the  
14 ability of a criminal justice agency, as defined in Section 851.92,  
15 to access and use records that are granted relief to the same extent  
16 that would have been permitted for a criminal justice agency had  
17 relief not been granted.

18 (4) Relief granted pursuant to this section does not limit the  
19 jurisdiction of the court over any subsequently filed motion to  
20 amend the record, petition or motion for postconviction relief, or  
21 collateral attack on a conviction for which relief has been granted  
22 pursuant to this section.

23 (5) Relief granted pursuant to this section does not affect a  
24 person's authorization to own, possess, or have in the person's  
25 custody or control any firearm, or the person's susceptibility to  
26 conviction under Chapter 2 (commencing with Section 29800) of  
27 Division 9 of Title 4 of Part 6, if the criminal conviction would  
28 otherwise affect this authorization or susceptibility.

29 (6) Relief granted pursuant to this section does not affect any  
30 prohibition from holding public office that would otherwise apply  
31 under law as a result of the criminal conviction.

32 (7) Relief granted pursuant to this section does not affect the  
33 authority to receive, or take adverse action based on, criminal  
34 history information, including the authority to receive certified  
35 court records received or evaluated pursuant to Section 1522,  
36 1568.09, 1569.17, or 1596.871 of the Health and Safety Code, or  
37 pursuant to any statutory or regulatory provisions that incorporate  
38 the criteria of those sections.

39 (8) Relief granted pursuant to this section does not make eligible  
40 a person who is otherwise ineligible to provide, or receive payment

1 for providing, in-home supportive services pursuant to Article 7  
 2 (commencing with Section 12300) of Chapter 3 of Part 3 of  
 3 Division 9 of the Welfare and Institutions Code, or pursuant to  
 4 Section 14132.95, 14132.952, or 14132.956 of the Welfare and  
 5 Institutions Code.

6 (9) In any subsequent prosecution of the defendant for any other  
 7 offense, the prior conviction may be pleaded and proved and shall  
 8 have the same effect as if the relief had not been granted.

9 (e) This section shall not limit petitions, motions, or orders for  
 10 relief in a criminal case, as required or authorized by any other  
 11 law, including, but not limited to, Sections ~~1203.4, 1203.4a,~~  
 12 ~~1203.41, and 1203.42.~~ *1203.4 and 1204.4a.*

13 (f) The department shall annually publish statistics for each  
 14 county regarding the total number of convictions granted relief  
 15 pursuant to this section and the total number of convictions  
 16 prohibited from automatic relief pursuant to subdivision (h), on  
 17 the OpenJustice Web portal, as defined in Section 13010.

18 (g) Subdivisions (a) to (f), inclusive, shall be operative  
 19 commencing January 1, ~~2021.~~ *2021, subject to an appropriation*  
 20 *in the annual Budget Act.*

21 (h) (1) The prosecuting attorney or probation department may,  
 22 no later than 90 calendar days before the date of a person's  
 23 eligibility for relief pursuant to this section, file a petition to  
 24 prohibit the department from granting automatic relief pursuant  
 25 to this section, based on a showing that granting such relief would  
 26 pose a substantial threat to the public safety.

27 (2) The court shall give notice to the defendant and conduct a  
 28 hearing on the ~~motion~~ *petition* within 45 days after the ~~motion~~  
 29 *petition* is filed.

30 (3) At a hearing on the petition pursuant to this subdivision, the  
 31 defendant, the probation department, the prosecuting attorney, and  
 32 the arresting agency, through the prosecuting attorney, may present  
 33 evidence to the court. Notwithstanding Sections 1538.5 and 1539,  
 34 the hearing may be heard and determined upon declarations,  
 35 affidavits, police investigative reports, copies of state summary  
 36 criminal history information and local summary criminal history  
 37 information, or any other evidence submitted by the parties that  
 38 is material, reliable, and relevant.

39 (4) The prosecutor or probation department has the initial burden  
 40 of proof to show that granting conviction relief would pose a



1 substantial threat to the public safety. In determining whether  
2 granting such relief would pose a substantial threat to the public  
3 safety, the court may consider any relevant factors including, but  
4 not limited to, either of the following:

5 (A) Declarations or evidence regarding the offense for which a  
6 grant of relief is being contested.

7 (B) The defendant's record of arrests and convictions.

8 (5) If the court finds that the prosecutor or probation department  
9 has satisfied the burden of proof, the burden shifts to the defendant  
10 to show that the hardship of not obtaining relief outweighs the  
11 threat to the public safety of providing such relief. In determining  
12 whether the defendant's hardship outweighs the threat to the public  
13 safety, the court may consider any relevant factors including, but  
14 not limited to, either of the following:

15 (A) The hardship to the defendant that has been caused by the  
16 conviction and that would be caused if relief is not granted.

17 (B) Declarations or evidence regarding the defendant's good  
18 character.

19 (6) If the court grants a petition pursuant to this subdivision,  
20 the court shall furnish a disposition report to the Department of  
21 Justice pursuant to Section 13151, stating that relief pursuant to  
22 this section was denied, and the department shall not grant relief  
23 pursuant to this section.

24 (7) A person denied relief pursuant to this section may continue  
25 to be eligible for relief pursuant to Section ~~1203.4, 1203.4a,~~  
26 ~~1203.41, or 1203.42.~~ *1203.4 or 1203.4a.* If the court subsequently  
27 grants relief pursuant to one of those sections, the court shall  
28 furnish a disposition report to the Department of Justice pursuant  
29 to Section 13151, stating that relief was granted pursuant to the  
30 applicable section, and the department shall grant relief pursuant  
31 to that section.

32 (i) At the time of sentencing, the court shall advise a defendant,  
33 either orally or in writing, of the provisions of this section and of  
34 the defendant's right, if any, to petition for a certificate of  
35 rehabilitation and pardon.

36 SEC. 9. Section 11105 of the Penal Code is amended to read:

37 11105. (a) (1) The Department of Justice shall maintain state  
38 summary criminal history information.

39 (2) As used in this section:

1 (A) “State summary criminal history information” means the  
 2 master record of information compiled by the Attorney General  
 3 pertaining to the identification and criminal history of a person,  
 4 such as name, date of birth, physical description, fingerprints,  
 5 photographs, dates of arrests, arresting agencies and booking  
 6 numbers, charges, dispositions, sentencing information, and similar  
 7 data about the person.

8 (B) “State summary criminal history information” does not refer  
 9 to records and data compiled by criminal justice agencies other  
 10 than the Attorney General, nor does it refer to records of complaints  
 11 to or investigations conducted by, or records of intelligence  
 12 information or security procedures of, the office of the Attorney  
 13 General and the Department of Justice.

14 (b) The Attorney General shall furnish state summary criminal  
 15 history information to the following, if needed in the course of  
 16 their duties, provided that when information is furnished to assist  
 17 an agency, officer, or official of state or local government, a public  
 18 utility, or any other entity, in fulfilling employment, certification,  
 19 or licensing duties, Chapter 1321 of the Statutes of 1974 and  
 20 Section 432.7 of the Labor Code shall apply:

- 21 (1) The courts of the state.
- 22 (2) Peace officers of the state, as defined in Section 830.1,  
 23 subdivisions (a) and (e) of Section 830.2, subdivision (a) of Section  
 24 830.3, subdivision (a) of Section 830.31, and subdivisions (a) and  
 25 (b) of Section 830.5.
- 26 (3) District attorneys of the state.
- 27 (4) Prosecuting city attorneys or city prosecutors of a city within  
 28 the state.
- 29 (5) City attorneys pursuing civil gang injunctions pursuant to  
 30 Section 186.22a, or drug abatement actions pursuant to Section  
 31 3479 or 3480 of the Civil Code, or Section 11571 of the Health  
 32 and Safety Code.
- 33 (6) Probation officers of the state.
- 34 (7) Parole officers of the state.
- 35 (8) A public defender or attorney of record when representing  
 36 a person in proceedings upon a petition for a certificate of  
 37 rehabilitation and pardon pursuant to Section 4852.08.
- 38 (9) A public defender or attorney of record when representing  
 39 a person in a criminal case or a juvenile delinquency proceeding,  
 40 including all appeals and postconviction motions, or a parole,

1 mandatory supervision pursuant to paragraph (5) of subdivision  
2 (h) of Section 1170, or postrelease community supervision  
3 revocation or revocation extension proceeding, if the information  
4 is requested in the course of representation.

5 (10) An agency, officer, or official of the state if the state  
6 summary criminal history information is required to implement a  
7 statute or regulation that expressly refers to specific criminal  
8 conduct applicable to the subject person of the state summary  
9 criminal history information, and contains requirements or  
10 exclusions, or both, expressly based upon that specified criminal  
11 conduct. The agency, officer, or official of the state authorized by  
12 this paragraph to receive state summary criminal history  
13 information may also transmit fingerprint images and related  
14 information to the Department of Justice to be transmitted to the  
15 Federal Bureau of Investigation.

16 (11) A city or county, city and county, district, or an officer or  
17 official thereof if access is needed in order to assist that agency,  
18 officer, or official in fulfilling employment, certification, or  
19 licensing duties, and if the access is specifically authorized by the  
20 city council, board of supervisors, or governing board of the city,  
21 county, or district if the state summary criminal history information  
22 is required to implement a statute, ordinance, or regulation that  
23 expressly refers to specific criminal conduct applicable to the  
24 subject person of the state summary criminal history information,  
25 and contains requirements or exclusions, or both, expressly based  
26 upon that specified criminal conduct. The city or county, city and  
27 county, district, or the officer or official thereof authorized by this  
28 paragraph may also transmit fingerprint images and related  
29 information to the Department of Justice to be transmitted to the  
30 Federal Bureau of Investigation.

31 (12) The subject of the state summary criminal history  
32 information under procedures established under Article 5  
33 (commencing with Section 11120).

34 (13) A person or entity when access is expressly authorized by  
35 statute if the criminal history information is required to implement  
36 a statute or regulation that expressly refers to specific criminal  
37 conduct applicable to the subject person of the state summary  
38 criminal history information, and contains requirements or  
39 exclusions, or both, expressly based upon that specified criminal  
40 conduct.

1 (14) Health officers of a city, county, city and county, or district  
2 when in the performance of their official duties enforcing Section  
3 120175 of the Health and Safety Code.

4 (15) A managing or supervising correctional officer of a county  
5 jail or other county correctional facility.

6 (16) A humane society, or society for the prevention of cruelty  
7 to animals, for the specific purpose of complying with Section  
8 14502 of the Corporations Code for the appointment of humane  
9 officers.

10 (17) Local child support agencies established by Section 17304  
11 of the Family Code. When a local child support agency closes a  
12 support enforcement case containing state summary criminal  
13 history information, the agency shall delete or purge from the file  
14 and destroy any documents or information concerning or arising  
15 from offenses for or of which the parent has been arrested, charged,  
16 or convicted, other than for offenses related to the parent’s having  
17 failed to provide support for minor children, consistent with the  
18 requirements of Section 17531 of the Family Code.

19 (18) County child welfare agency personnel who have been  
20 delegated the authority of county probation officers to access state  
21 summary criminal history information pursuant to Section 272 of  
22 the Welfare and Institutions Code for the purposes specified in  
23 Section 16504.5 of the Welfare and Institutions Code. Information  
24 from criminal history records provided pursuant to this subdivision  
25 shall not be used for a purpose other than those specified in this  
26 section and Section 16504.5 of the Welfare and Institutions Code.  
27 When an agency obtains records both on the basis of name checks  
28 and fingerprint checks, final placement decisions shall be based  
29 only on the records obtained pursuant to the fingerprint check.

30 (19) The court of a tribe, or court of a consortium of tribes, that  
31 has entered into an agreement with the state pursuant to Section  
32 10553.1 of the Welfare and Institutions Code. This information  
33 may be used only for the purposes specified in Section 16504.5  
34 of the Welfare and Institutions Code and for tribal approval or  
35 tribal licensing of foster care or adoptive homes. Article 6  
36 (commencing with Section 11140) shall apply to officers, members,  
37 and employees of a tribal court receiving state summary criminal  
38 history information pursuant to this section.

39 (20) Child welfare agency personnel of a tribe or consortium  
40 of tribes that has entered into an agreement with the state pursuant

1 to Section 10553.1 of the Welfare and Institutions Code and to  
2 whom the state has delegated duties under paragraph (2) of  
3 subdivision (a) of Section 272 of the Welfare and Institutions Code.  
4 The purposes for use of the information shall be for the purposes  
5 specified in Section 16504.5 of the Welfare and Institutions Code  
6 and for tribal approval or tribal licensing of foster care or adoptive  
7 homes. When an agency obtains records on the basis of name  
8 checks and fingerprint checks, final placement decisions shall be  
9 based only on the records obtained pursuant to the fingerprint  
10 check. Article 6 (commencing with Section 11140) shall apply to  
11 child welfare agency personnel receiving criminal record offender  
12 information pursuant to this section.

13 (21) An officer providing conservatorship investigations  
14 pursuant to Sections 5351, 5354, and 5356 of the Welfare and  
15 Institutions Code.

16 (22) A court investigator providing investigations or reviews  
17 in conservatorships pursuant to Section 1826, 1850, 1851, or  
18 2250.6 of the Probate Code.

19 (23) A person authorized to conduct a guardianship investigation  
20 pursuant to Section 1513 of the Probate Code.

21 (24) A humane officer pursuant to Section 14502 of the  
22 Corporations Code for the purposes of performing the officer's  
23 duties.

24 (25) A public agency described in subdivision (b) of Section  
25 15975 of the Government Code, for the purpose of oversight and  
26 enforcement policies with respect to its contracted providers.

27 (26) (A) A state entity, or its designee, that receives federal tax  
28 information. A state entity or its designee that is authorized by this  
29 paragraph to receive state summary criminal history information  
30 also may transmit fingerprint images and related information to  
31 the Department of Justice to be transmitted to the Federal Bureau  
32 of Investigation for the purpose of the state entity or its designee  
33 obtaining federal level criminal offender record information from  
34 the Department of Justice. This information shall be used only for  
35 the purposes set forth in Section 1044 of the Government Code.

36 (B) For purposes of this paragraph, "federal tax information,"  
37 "state entity" and "designee" are as defined in paragraphs (1), (2),  
38 and (3), respectively, of subdivision (f) of Section 1044 of the  
39 Government Code.

1 (c) The Attorney General may furnish state summary criminal  
 2 history information and, when specifically authorized by this  
 3 subdivision, federal level criminal history information upon a  
 4 showing of a compelling need to any of the following, provided  
 5 that when information is furnished to assist an agency, officer, or  
 6 official of state or local government, a public utility, or any other  
 7 entity in fulfilling employment, certification, or licensing duties,  
 8 Chapter 1321 of the Statutes of 1974 and Section 432.7 of the  
 9 Labor Code shall apply:

10 (1) A public utility, as defined in Section 216 of the Public  
 11 Utilities Code, that operates a nuclear energy facility when access  
 12 is needed in order to assist in employing persons to work at the  
 13 facility, provided that, if the Attorney General supplies the data,  
 14 the Attorney General shall furnish a copy of the data to the person  
 15 to whom the data relates.

16 (2) To a peace officer of the state other than those included in  
 17 subdivision (b).

18 (3) To an illegal dumping enforcement officer as defined in  
 19 subdivision (j) of Section 830.7.

20 (4) To a peace officer of another country.

21 (5) To public officers, other than peace officers, of the United  
 22 States, other states, or possessions or territories of the United  
 23 States, provided that access to records similar to state summary  
 24 criminal history information is expressly authorized by a statute  
 25 of the United States, other states, or possessions or territories of  
 26 the United States if the information is needed for the performance  
 27 of their official duties.

28 (6) To a person when disclosure is requested by a probation,  
 29 parole, or peace officer with the consent of the subject of the state  
 30 summary criminal history information and for purposes of  
 31 furthering the rehabilitation of the subject.

32 (7) The courts of the United States, other states, or territories  
 33 or possessions of the United States.

34 (8) Peace officers of the United States, other states, or territories  
 35 or possessions of the United States.

36 (9) To an individual who is the subject of the record requested  
 37 if needed in conjunction with an application to enter the United  
 38 States or a foreign nation.

39 (10) (A) (i) A public utility, as defined in Section 216 of the  
 40 Public Utilities Code, or a cable corporation as defined in

1 subparagraph (B), if receipt of criminal history information is  
2 needed in order to assist in employing current or prospective  
3 employees, contract employees, or subcontract employees who,  
4 in the course of their employment, may be seeking entrance to  
5 private residences or adjacent grounds. The information provided  
6 shall be limited to the record of convictions and arrests for which  
7 the person is released on bail or on their own recognizance pending  
8 trial.

9 (ii) If the Attorney General supplies the data pursuant to this  
10 paragraph, the Attorney General shall furnish a copy of the data  
11 to the current or prospective employee to whom the data relates.

12 (iii) State summary criminal history information is confidential  
13 and the receiving public utility or cable corporation shall not  
14 disclose its contents, other than for the purpose for which it was  
15 acquired. The state summary criminal history information in the  
16 possession of the public utility or cable corporation and all copies  
17 made from it shall be destroyed not more than 30 days after  
18 employment or promotion or transfer is denied or granted, except  
19 for those cases where a current or prospective employee is out on  
20 bail or on their own recognizance pending trial, in which case the  
21 state summary criminal history information and all copies shall be  
22 destroyed not more than 30 days after the case is resolved.

23 (iv) A violation of this paragraph is a misdemeanor, and shall  
24 give the current or prospective employee who is injured by the  
25 violation a cause of action against the public utility or cable  
26 corporation to recover damages proximately caused by the  
27 violations. A public utility's or cable corporation's request for  
28 state summary criminal history information for purposes of  
29 employing current or prospective employees who may be seeking  
30 entrance to private residences or adjacent grounds in the course  
31 of their employment shall be deemed a "compelling need" as  
32 required to be shown in this subdivision.

33 (v) This section shall not be construed as imposing a duty upon  
34 public utilities or cable corporations to request state summary  
35 criminal history information on current or prospective employees.

36 (B) For purposes of this paragraph, "cable corporation" means  
37 a corporation or firm that transmits or provides television,  
38 computer, or telephone services by cable, digital, fiber optic,  
39 satellite, or comparable technology to subscribers for a fee.

1 (C) Requests for federal level criminal history information  
2 received by the Department of Justice from entities authorized  
3 pursuant to subparagraph (A) shall be forwarded to the Federal  
4 Bureau of Investigation by the Department of Justice. Federal level  
5 criminal history information received or compiled by the  
6 Department of Justice may then be disseminated to the entities  
7 referenced in subparagraph (A), as authorized by law.

8 (11) To a campus of the California State University or the  
9 University of California, or a four-year college or university  
10 accredited by a regional accreditation organization approved by  
11 the United States Department of Education, if needed in  
12 conjunction with an application for admission by a convicted felon  
13 to a special education program for convicted felons, including, but  
14 not limited to, university alternatives and halfway houses. Only  
15 conviction information shall be furnished. The college or university  
16 may require the convicted felon to be fingerprinted, and any inquiry  
17 to the department under this section shall include the convicted  
18 felon's fingerprints and any other information specified by the  
19 department.

20 (12) To a foreign government, if requested by the individual  
21 who is the subject of the record requested, if needed in conjunction  
22 with the individual's application to adopt a minor child who is a  
23 citizen of that foreign nation. Requests for information pursuant  
24 to this paragraph shall be in accordance with the process described  
25 in Sections 11122 to 11124, inclusive. The response shall be  
26 provided to the foreign government or its designee and to the  
27 individual who requested the information.

28 (d) Whenever an authorized request for state summary criminal  
29 history information pertains to a person whose fingerprints are on  
30 file with the Department of Justice and the department has no  
31 criminal history of that person, and the information is to be used  
32 for employment, licensing, or certification purposes, the fingerprint  
33 card accompanying the request for information, if any, may be  
34 stamped "no criminal record" and returned to the person or entity  
35 making the request.

36 (e) Whenever state summary criminal history information is  
37 furnished as the result of an application and is to be used for  
38 employment, licensing, or certification purposes, the Department  
39 of Justice may charge the person or entity making the request a  
40 fee that it determines to be sufficient to reimburse the department



1 for the cost of furnishing the information. In addition, the  
2 Department of Justice may add a surcharge to the fee to fund  
3 maintenance and improvements to the systems from which the  
4 information is obtained. Notwithstanding any other law, a person  
5 or entity required to pay a fee to the department for information  
6 received under this section may charge the applicant a fee sufficient  
7 to reimburse the person or entity for this expense. All moneys  
8 received by the department pursuant to this section, Sections  
9 11105.3 and 26190, and former Section 13588 of the Education  
10 Code shall be deposited in a special account in the General Fund  
11 to be available for expenditure by the department to offset costs  
12 incurred pursuant to those sections and for maintenance and  
13 improvements to the systems from which the information is  
14 obtained upon appropriation by the Legislature.

15 (f) Whenever there is a conflict, the processing of criminal  
16 fingerprints and fingerprints of applicants for security guard or  
17 alarm agent registrations or firearms qualification permits  
18 submitted pursuant to Section 7583.9, 7583.23, 7596.3, or 7598.4  
19 of the Business and Professions Code shall take priority over the  
20 processing of other applicant fingerprints.

21 (g) It is not a violation of this section to disseminate statistical  
22 or research information obtained from a record, provided that the  
23 identity of the subject of the record is not disclosed.

24 (h) It is not a violation of this section to include information  
25 obtained from a record in (1) a transcript or record of a judicial or  
26 administrative proceeding or (2) any other public record if the  
27 inclusion of the information in the public record is authorized by  
28 a court, statute, or decisional law.

29 (i) Notwithstanding any other law, the Department of Justice  
30 or a state or local law enforcement agency may require the  
31 submission of fingerprints for the purpose of conducting state  
32 summary criminal history information checks that are authorized  
33 by law.

34 (j) The state summary criminal history information shall include  
35 any finding of mental incompetence pursuant to Chapter 6  
36 (commencing with Section 1367) of Title 10 of Part 2 arising out  
37 of a complaint charging a felony offense specified in Section 290.

38 (k) (1) This subdivision shall apply whenever state or federal  
39 summary criminal history information is furnished by the  
40 Department of Justice as the result of an application by an

1 authorized agency or organization and the information is to be  
2 used for peace officer employment or certification purposes. As  
3 used in this subdivision, a peace officer is defined in Chapter 4.5  
4 (commencing with Section 830) of Title 3 of Part 2.

5 (2) Notwithstanding any other law, whenever state summary  
6 criminal history information is initially furnished pursuant to  
7 paragraph (1), the Department of Justice shall disseminate the  
8 following information:

9 (A) Every conviction rendered against the applicant.

10 (B) Every arrest for an offense for which the applicant is  
11 presently awaiting trial, whether the applicant is incarcerated or  
12 has been released on bail or on their own recognizance pending  
13 trial.

14 (C) Every arrest or detention, except for an arrest or detention  
15 resulting in an exoneration, provided, however, that where the  
16 records of the Department of Justice do not contain a disposition  
17 for the arrest, the Department of Justice first makes a genuine effort  
18 to determine the disposition of the arrest.

19 (D) Every successful diversion.

20 (E) Every date and agency name associated with all retained  
21 peace officer or nonsworn law enforcement agency employee  
22 preemployment criminal offender record information search  
23 requests.

24 (F) Sex offender registration status of the applicant.

25 (G) Sentencing information, if present in the department's  
26 records at the time of the response.

27 (l) (1) This subdivision shall apply whenever state or federal  
28 summary criminal history information is furnished by the  
29 Department of Justice as the result of an application by a criminal  
30 justice agency or organization as defined in Section 13101, and  
31 the information is to be used for criminal justice employment,  
32 licensing, or certification purposes.

33 (2) Notwithstanding any other law, whenever state summary  
34 criminal history information is initially furnished pursuant to  
35 paragraph (1), the Department of Justice shall disseminate the  
36 following information:

37 (A) Every conviction rendered against the applicant.

38 (B) Every arrest for an offense for which the applicant is  
39 presently awaiting trial, whether the applicant is incarcerated or

1 has been released on bail or on their own recognizance pending  
2 trial.

3 (C) Every arrest for an offense for which the records of the  
4 Department of Justice do not contain a disposition or which did  
5 not result in a conviction, provided that the Department of Justice  
6 first makes a genuine effort to determine the disposition of the  
7 arrest. However, information concerning an arrest shall not be  
8 disclosed if the records of the Department of Justice indicate or if  
9 the genuine effort reveals that the subject was exonerated,  
10 successfully completed a diversion or deferred entry of judgment  
11 program, or the arrest was deemed a detention, or the subject was  
12 granted relief pursuant to Section 851.91.

13 (D) Every date and agency name associated with all retained  
14 peace officer or nonsworn law enforcement agency employee  
15 preemployment criminal offender record information search  
16 requests.

17 (E) Sex offender registration status of the applicant.

18 (F) Sentencing information, if present in the department's  
19 records at the time of the response.

20 (m) (1) This subdivision shall apply whenever state or federal  
21 summary criminal history information is furnished by the  
22 Department of Justice as the result of an application by an  
23 authorized agency or organization pursuant to Section 1522,  
24 1568.09, 1569.17, or 1596.871 of the Health and Safety Code, or  
25 a statute that incorporates the criteria of any of those sections or  
26 this subdivision by reference, and the information is to be used for  
27 employment, licensing, or certification purposes.

28 (2) Notwithstanding any other law, whenever state summary  
29 criminal history information is initially furnished pursuant to  
30 paragraph (1), the Department of Justice shall disseminate the  
31 following information:

32 (A) Every conviction of an offense rendered against the  
33 applicant, except a conviction for which relief has been granted  
34 pursuant to Section 1203.49.

35 (B) Every arrest for an offense for which the applicant is  
36 presently awaiting trial, whether the applicant is incarcerated or  
37 has been released on bail or on their own recognizance pending  
38 trial.

39 (C) Every arrest for an offense for which the Department of  
40 Social Services is required by paragraph (1) of subdivision (a) of

1 Section 1522 of the Health and Safety Code to determine if an  
2 applicant has been arrested. However, if the records of the  
3 Department of Justice do not contain a disposition for an arrest,  
4 the Department of Justice shall first make a genuine effort to  
5 determine the disposition of the arrest.

6 (D) Sex offender registration status of the applicant.

7 (E) Sentencing information, if present in the department’s  
8 records at the time of the response.

9 (3) Notwithstanding the requirements of the sections referenced  
10 in paragraph (1) of this subdivision, the Department of Justice  
11 shall not disseminate information about an arrest subsequently  
12 deemed a detention or an arrest that resulted in the successful  
13 completion of a diversion program, exoneration, or a grant of relief  
14 pursuant to Section 851.91.

15 (n) (1) This subdivision shall apply whenever state or federal  
16 summary criminal history information, to be used for employment,  
17 licensing, or certification purposes, is furnished by the Department  
18 of Justice as the result of an application by an authorized agency,  
19 organization, or individual pursuant to any of the following:

20 (A) Paragraph (10) of subdivision (c), when the information is  
21 to be used by a cable corporation.

22 (B) Section 11105.3 or 11105.4.

23 (C) Section 15660 of the Welfare and Institutions Code.

24 (D) A statute that incorporates the criteria of any of the statutory  
25 provisions listed in subparagraph (A), (B), or (C), or of this  
26 subdivision, by reference.

27 (2) With the exception of applications submitted by  
28 transportation companies authorized pursuant to Section 11105.3,  
29 and notwithstanding any other law, whenever state summary  
30 criminal history information is initially furnished pursuant to  
31 paragraph (1), the Department of Justice shall disseminate the  
32 following information:

33 (A) Every conviction, except a conviction for which relief has  
34 been granted pursuant to Section 1203.49, rendered against the  
35 applicant for a violation or attempted violation of an offense  
36 specified in subdivision (a) of Section 15660 of the Welfare and  
37 Institutions Code. However, with the exception of those offenses  
38 for which registration is required pursuant to Section 290, the  
39 Department of Justice shall not disseminate information pursuant  
40 to this subdivision unless the conviction occurred within 10 years

1 of the date of the agency's request for information or the conviction  
2 is over 10 years old but the subject of the request was incarcerated  
3 within 10 years of the agency's request for information.

4 (B) Every arrest for a violation or attempted violation of an  
5 offense specified in subdivision (a) of Section 15660 of the Welfare  
6 and Institutions Code for which the applicant is presently awaiting  
7 trial, whether the applicant is incarcerated or has been released on  
8 bail or on their own recognizance pending trial.

9 (C) Sex offender registration status of the applicant.

10 (D) Sentencing information, if present in the department's  
11 records at the time of the response.

12 (o) (1) This subdivision shall apply whenever state or federal  
13 summary criminal history information is furnished by the  
14 Department of Justice as the result of an application by an  
15 authorized agency or organization pursuant to Section 379 or 550  
16 of the Financial Code, or a statute that incorporates the criteria of  
17 either of those sections or this subdivision by reference, and the  
18 information is to be used for employment, licensing, or certification  
19 purposes.

20 (2) Notwithstanding any other law, whenever state summary  
21 criminal history information is initially furnished pursuant to  
22 paragraph (1), the Department of Justice shall disseminate the  
23 following information:

24 (A) Every conviction rendered against the applicant for a  
25 violation or attempted violation of an offense specified in Section  
26 550 of the Financial Code, except a conviction for which relief  
27 has been granted pursuant to Section 1203.49.

28 (B) Every arrest for a violation or attempted violation of an  
29 offense specified in Section 550 of the Financial Code for which  
30 the applicant is presently awaiting trial, whether the applicant is  
31 incarcerated or has been released on bail or on their own  
32 recognizance pending trial.

33 (C) Sentencing information, if present in the department's  
34 records at the time of the response.

35 (p) (1) This subdivision shall apply whenever state or federal  
36 criminal history information is furnished by the Department of  
37 Justice as the result of an application by an agency, organization,  
38 or individual not defined in subdivision (k), (l), (m), (n), or (o), or  
39 by a transportation company authorized pursuant to Section  
40 11105.3, or a statute that incorporates the criteria of that section

1 or this subdivision by reference, and the information is to be used  
2 for employment, licensing, or certification purposes.

3 (2) Notwithstanding any other law, whenever state summary  
4 criminal history information is initially furnished pursuant to  
5 paragraph (1), the Department of Justice shall disseminate the  
6 following information:

7 (A) Every conviction rendered against the applicant, except a  
8 conviction for which relief has been granted pursuant to Section  
9 1203.4, 1203.4a, 1203.41, 1203.42, 1203.425, or 1203.49.

10 (B) Every arrest for an offense for which the applicant is  
11 presently awaiting trial, whether the applicant is incarcerated or  
12 has been released on bail or on their own recognizance pending  
13 trial.

14 (C) Sex offender registration status of the applicant.

15 (D) Sentencing information, if present in the department's  
16 records at the time of the response.

17 (q) All agencies, organizations, or individuals defined in  
18 subdivisions (k), (l), (m), (n), (o), and (p) may contract with the  
19 Department of Justice for subsequent notification pursuant to  
20 Section 11105.2. This subdivision shall not supersede sections that  
21 mandate an agency, organization, or individual to contract with  
22 the Department of Justice for subsequent notification pursuant to  
23 Section 11105.2.

24 (r) This section does not require the Department of Justice to  
25 cease compliance with any other statutory notification  
26 requirements.

27 (s) The provisions of Section 50.12 of Title 28 of the Code of  
28 Federal Regulations are to be followed in processing federal  
29 criminal history information.

30 (t) Whenever state or federal summary criminal history  
31 information is furnished by the Department of Justice as the result  
32 of an application by an authorized agency, organization, or  
33 individual defined in subdivisions (k) to (p), inclusive, and the  
34 information is to be used for employment, licensing, or certification  
35 purposes, the authorized agency, organization, or individual shall  
36 expeditiously furnish a copy of the information to the person to  
37 whom the information relates if the information is a basis for an  
38 adverse employment, licensing, or certification decision. When  
39 furnished other than in person, the copy shall be delivered to the  
40 last contact information provided by the applicant.

1     *SEC. 10. Section 13555 of the Vehicle Code is amended to*  
2 *read:*

3     13555. A termination of probation and dismissal of charges  
4 pursuant to Section 1203.4 *of*, or a dismissal of charges pursuant  
5 to Section 1203.4a ~~*of*~~ *or relief granted pursuant to Section*  
6 *1203.425 of*, the Penal Code does not affect any revocation or  
7 suspension of the privilege of the person convicted to drive a motor  
8 vehicle under this chapter. Such person's prior conviction shall be  
9 considered a conviction for the purpose of revoking or suspending  
10 or otherwise limiting such privilege on the ground of two or more  
11 convictions.

12     *SEC. 11. Section 2.5 of this bill incorporates amendments to*  
13 *Section 480 of the Business and Professions Code, as added by*  
14 *Section 4 of Chapter 995 of the Statutes of 2018, proposed by both*  
15 *this bill and Assembly Bill 1521. That section shall only become*  
16 *operative if (1) both bills are enacted and become effective on or*  
17 *before January 1, 2020, (2) each bill amends Section 480 of the*  
18 *Business and Professions Code, as added by Section 4 of Chapter*  
19 *995 of the Statutes of 2018, and (3) this bill is enacted after*  
20 *Assembly Bill 1521, in which case Section 2 of this bill shall not*  
21 *become operative.*

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AMENDED IN SENATE MARCH 5, 2019

**SENATE BILL**

**No. 53**

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**Introduced by Senator Wilk**

~~(Coauthor: Assembly Member Lackey)~~

**(Coauthors: Senators Bates, Glazer, Jones, and Portantino)**

*(Coauthors: Assembly Members Choi, Gallagher, Lackey, Mathis, and Patterson)*

December 10, 2018

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An act to amend Section 11121 of the Government Code, relating to state government, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 53, as amended, Wilk. Open meetings.

The Bagley-Keene Open Meeting Act requires that all meetings of a state body, as defined, be open and public and that all persons be permitted to attend and participate in a meeting of a state body, subject to certain conditions and exceptions.

This bill would specify that the definition of "state body" includes an advisory board, advisory commission, advisory committee, advisory subcommittee, or similar multimember advisory body of a state body that consists of 3 or more individuals, as prescribed, except a board, commission, committee, or similar multimember body on which a member of a body serves in ~~his or her~~ *their* official capacity as a representative of that state body and that is supported, in whole or in part, by funds provided by the state body, whether the multimember body is organized and operated by the state body or by a private corporation.



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

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

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

1 SECTION 1. Section 11121 of the Government Code is  
2 amended to read:

3 11121. As used in this article, “state body” means each of the  
4 following:

5 (a) Every state board, or commission, or similar multimember  
6 body of the state that is created by statute or required by law to  
7 conduct official meetings and every commission created by  
8 executive order.

9 (b) A board, commission, committee, or similar multimember  
10 body that exercises any authority of a state body delegated to it by  
11 that state body.

12 (c) An advisory board, advisory commission, advisory  
13 committee, advisory subcommittee, or similar multimember  
14 advisory body of a state body, if created by formal action of the  
15 state body or of any member of the state body, and if the advisory  
16 body so created consists of three or more persons, except as  
17 provided in subdivision (d).

18 (d) A board, commission, committee, or similar multimember  
19 body on which a member of a body that is a state body pursuant  
20 to this section serves in ~~his or her~~ *their* official capacity as a  
21 representative of that state body and that is supported, in whole or  
22 in part, by funds provided by the state body, whether the  
23 multimember body is organized and operated by the state body or  
24 by a private corporation.

25 (e) Notwithstanding subdivision (a) of Section 11121.1, the  
26 State Bar of California, as described in Section 6001 of the  
27 Business and Professions Code. This subdivision shall become  
28 operative on April 1, 2016.

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

1 In order to avoid unnecessary litigation and ensure the people's  
2 right to access the meetings of public bodies pursuant to Section  
3 3 of Article 1 of the California Constitution, it is necessary that  
4 this act take effect immediately.

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AMENDED IN ASSEMBLY SEPTEMBER 3, 2019

AMENDED IN ASSEMBLY JULY 5, 2019

AMENDED IN ASSEMBLY JUNE 18, 2019

AMENDED IN SENATE MAY 17, 2019

AMENDED IN SENATE APRIL 2, 2019

AMENDED IN SENATE MARCH 20, 2019

**SENATE BILL**

**No. 255**

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**Introduced by Senator Bradford**

February 12, 2019

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An act to amend Sections 366.2 and 8283 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 255, as amended, Bradford. Women, minority, disabled veteran, and LGBT business enterprise procurement: electric service providers: energy storage system companies: community choice aggregators.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical, gas, water, and telephone corporations. Existing law authorizes the commission to establish rules for all public utilities, subject to control by the Legislature.

Existing law defines an "electric service provider" as an entity that offers electrical service to customers within the service territory of an electrical corporation, excluding electrical corporations, local publicly owned electric utilities, and certain cogenerators. Existing law requires that electric service providers register with the commission and

authorizes direct transactions between electric service providers and end-use customers.

Existing law authorizes a community choice aggregator to aggregate the electrical load of electricity consumers within its boundaries and provides that the community choice aggregator is solely responsible for all generation procurement activities on behalf of the community choice aggregator's customers, except where other generation procurement arrangements are expressly authorized by statute.

Existing law directs the commission to require every electrical corporation, gas corporation, water corporation, wireless telecommunications service provider, and telephone corporation with annual gross revenues exceeding \$25,000,000, and their regulated subsidiaries and affiliates, to annually submit a detailed and verifiable plan for increasing procurement from women, minority, disabled veteran, and LGBT business enterprises in all categories, including renewable energy, wireless telecommunications, broadband, smart grid, and rail projects. Existing law requires the reporting of certain information about the implementation of the plans.

This bill would change the \$25,000,000 annual gross revenue threshold above which these requirements become applicable to ~~\$15,000,000~~ \$25,000,000 in gross annual California revenues, and would extend these requirements to electric service providers, as specified. The bill would ~~additionally~~ include energy storage system and vegetation management projects within the enumerated projects to which these requirements apply. *The bill would direct the commission to require every electrical corporation, gas corporation, water corporation, wireless telecommunications service provider, electric service provider, and telephone corporation with gross annual California revenues exceeding \$15,000,000, but not more than \$25,000,000, to annually submit data in a simplified form to the commission on its procurement from women, minority, disabled veteran, and LGBT business enterprises in all categories.*

This bill would require each community choice aggregator with gross annual revenues exceeding \$15,000,000 to annually submit a detailed and verifiable plan to the commission for increasing procurement from small, local, and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects. The bill would require each community choice aggregator with gross annual revenues exceeding \$15,000,000 to annually submit a report to the commission regarding its procurement from women,

minority, disabled veteran, and LGBT business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects.

Existing law requires a community choice aggregator to develop, adopt, and file with the commission an implementation plan detailing the process and consequences of aggregation and containing specified information.

This bill would additionally require a community choice aggregator to include, in its implementation plan, its methods for ensuring procurement from local, small, and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects.

Existing law encourages cable television corporations and direct broadcast satellite providers to voluntarily adopt a plan for increasing women, minority, disabled veteran, and LGBT business enterprise procurement and to voluntarily report activity in this area.

This bill would additionally encourage exempt wholesale generators selling electricity to retail sellers, distributed energy resource contractors, and energy storage system companies to voluntarily adopt a plan for increasing women, minority, disabled veteran, and LGBT business enterprise procurement and to voluntarily report activity in this area.

Under existing law, a violation of any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because a violation of an order or decision of the commission implementing the bill's expanded requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime. Because the bill would impose reporting requirements upon community choice aggregators, which are entities of local government, and require a community choice aggregator to expand the matters it includes in its electrical load aggregation implementation plan, the 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 no reimbursement is required by this act for specified reasons.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

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

1 SECTION 1. Section 366.2 of the Public Utilities Code is  
 2 amended to read:  
 3 366.2. (a) (1) Customers shall be entitled to aggregate their  
 4 electric loads as members of their local community with  
 5 community choice aggregators.  
 6 (2) Customers may aggregate their loads through a public  
 7 process with community choice aggregators, if each customer is  
 8 given an opportunity to opt out of the customer’s community’s  
 9 aggregation program.  
 10 (3) If a customer opts out of a community choice aggregator’s  
 11 program, or has no community choice aggregation program  
 12 available, that customer shall have the right to continue to be served  
 13 by the existing electrical corporation or its successor in interest.  
 14 (4) The implementation of a community choice aggregation  
 15 program shall not result in a shifting of costs between the customers  
 16 of the community choice aggregator and the bundled service  
 17 customers of an electrical corporation.  
 18 (5) A community choice aggregator shall be solely responsible  
 19 for all generation procurement activities on behalf of the  
 20 community choice aggregator’s customers, except where other  
 21 generation procurement arrangements are expressly authorized by  
 22 statute.  
 23 (b) If a public agency seeks to serve as a community choice  
 24 aggregator, it shall offer the opportunity to purchase electricity to  
 25 all residential customers within its jurisdiction.  
 26 (c) (1) Notwithstanding Section 366, a community choice  
 27 aggregator is hereby authorized to aggregate the electrical load of  
 28 interested electricity consumers within its boundaries to reduce  
 29 transaction costs to consumers, provide consumer protections, and  
 30 leverage the negotiation of contracts. However, the community  
 31 choice aggregator may not aggregate electrical load if that load is  
 32 served by a local publicly owned electric utility. A community  
 33 choice aggregator may group retail electricity customers to solicit  
 34 bids, broker, and contract for electricity and energy services for  
 35 those customers. The community choice aggregator may enter into  
 36 agreements for services to facilitate the sale and purchase of  
 37 electricity and other related services. Those service agreements

1 may be entered into by an entity authorized to be a community  
2 choice aggregator, as defined in Section 331.1.

3 (2) Under community choice aggregation, customer participation  
4 may not require a positive written declaration, but each customer  
5 shall be informed of the customer's right to opt out of the  
6 community choice aggregation program. If no negative declaration  
7 is made by a customer, that customer shall be served through the  
8 community choice aggregation program. If an existing customer  
9 moves the location of the customer's electric service within the  
10 jurisdiction of the community choice aggregator, the customer  
11 shall retain the same subscriber status as prior to the move, unless  
12 the customer affirmatively changes the customer's subscriber  
13 status. If the customer is moving from outside to inside the  
14 jurisdiction of the community choice aggregator, customer  
15 participation shall not require a positive written declaration, but  
16 the customer shall be informed of the customer's right to elect not  
17 to receive service through the community choice aggregator.

18 (3) A community choice aggregator establishing electrical load  
19 aggregation pursuant to this section shall develop an  
20 implementation plan detailing the process and consequences of  
21 aggregation. The implementation plan, and any subsequent changes  
22 to it, shall be considered and adopted at a duly noticed public  
23 hearing. The implementation plan shall contain all of the following:

24 (A) An organizational structure of the program, its operations,  
25 and its funding.

26 (B) Ratesetting and other costs to participants.

27 (C) Provisions for disclosure and due process in setting rates  
28 and allocating costs among participants.

29 (D) The methods for entering and terminating agreements with  
30 other entities.

31 (E) The rights and responsibilities of program participants,  
32 including, but not limited to, consumer protection procedures,  
33 credit issues, and shutoff procedures.

34 (F) Termination of the program.

35 (G) A description of the third parties that will be supplying  
36 electricity under the program, including, but not limited to,  
37 information about financial, technical, and operational capabilities.

38 (H) The methods for ensuring procurement from small, local,  
39 and diverse business enterprises in all categories, including, but

1 not limited to, renewable energy, energy storage system, and smart  
2 grid projects.

3 (4) A community choice aggregator establishing electrical load  
4 aggregation shall prepare a statement of intent with the  
5 implementation plan. Any community choice load aggregation  
6 established pursuant to this section shall provide for the following:

7 (A) Universal access.

8 (B) Reliability.

9 (C) Equitable treatment of all classes of customers.

10 (D) Any requirements established by state law or by the  
11 commission concerning aggregated service, including those rules  
12 adopted by the commission pursuant to paragraph (3) of  
13 subdivision (b) of Section 8341 for the application of the  
14 greenhouse gases emission performance standard to community  
15 choice aggregators.

16 (5) In order to determine the cost-recovery mechanism to be  
17 imposed on the community choice aggregator pursuant to  
18 subdivisions (d), (e), and (f) that shall be paid by the customers of  
19 the community choice aggregator to prevent shifting of costs, the  
20 community choice aggregator shall file the implementation plan  
21 with the commission, and any other information requested by the  
22 commission that the commission determines is necessary to develop  
23 the cost-recovery mechanism in subdivisions (d), (e), and (f).

24 (6) The commission shall notify any electrical corporation  
25 serving the customers proposed for aggregation that an  
26 implementation plan initiating community choice aggregation has  
27 been filed, within 10 days of the filing.

28 (7) Within 90 days after the community choice aggregator  
29 establishing load aggregation files its implementation plan, the  
30 commission shall certify that it has received the implementation  
31 plan, including any additional information necessary to determine  
32 a cost-recovery mechanism. After certification of receipt of the  
33 implementation plan and any additional information requested,  
34 the commission shall then provide the community choice  
35 aggregator with its findings regarding any cost recovery that must  
36 be paid by customers of the community choice aggregator to  
37 prevent a shifting of costs as provided for in subdivisions (d), (e),  
38 and (f).

39 (8) No entity proposing community choice aggregation shall  
40 act to furnish electricity to electricity consumers within its



1 boundaries until the commission determines the cost recovery that  
2 must be paid by the customers of that proposed community choice  
3 aggregation program, as provided for in subdivisions (d), (e), and  
4 (f). The commission shall designate the earliest possible effective  
5 date for implementation of a community choice aggregation  
6 program, taking into consideration the impact on any annual  
7 procurement plan of the electrical corporation that has been  
8 approved by the commission.

9 (9) All electrical corporations shall cooperate fully with any  
10 community choice aggregators that investigate, pursue, or  
11 implement community choice aggregation programs. Cooperation  
12 shall include providing the entities with appropriate billing and  
13 electrical load data, including, but not limited to, electrical  
14 consumption data as defined in Section 8380 and other data  
15 detailing electricity needs and patterns of usage, as determined by  
16 the commission, and in accordance with procedures established  
17 by the commission. The commission shall exercise its authority  
18 pursuant to Chapter 11 (commencing with Section 2100) to enforce  
19 the requirements of this paragraph when it finds that the  
20 requirements of this paragraph have been violated. Electrical  
21 corporations shall continue to provide all metering, billing,  
22 collection, and customer service to retail customers that participate  
23 in community choice aggregation programs. Bills sent by the  
24 electrical corporation to retail customers shall identify the  
25 community choice aggregator as providing the electrical energy  
26 component of the bill. The commission shall determine the terms  
27 and conditions under which the electrical corporation provides  
28 services to community choice aggregators and retail customers.

29 (10) If the commission finds that an electrical corporation has  
30 violated this section, the commission shall consider the impact of  
31 the violation upon community choice aggregators.

32 (11) The commission shall proactively expedite the complaint  
33 process for disputes regarding an electrical corporation's violation  
34 of its obligations pursuant to this section in order to provide for  
35 timely resolution of complaints made by community choice  
36 aggregation programs, so that all complaints are resolved in no  
37 more than 180 days following the filing of a complaint by a  
38 community choice aggregation program concerning the actions of  
39 the incumbent electrical corporation. This deadline may only be  
40 extended under either of the following circumstances:

1 (A) Upon agreement of all of the parties to the complaint.

2 (B) The commission makes a written determination that the  
3 deadline cannot be met, including findings for the reason for this  
4 determination, and issues an order extending the deadline. A single  
5 order pursuant to this subparagraph shall not extend the deadline  
6 for more than 60 days.

7 (12) (A) An entity authorized to be a community choice  
8 aggregator, as defined in Section 331.1, that elects to implement  
9 a community choice aggregation program within its jurisdiction  
10 pursuant to this chapter, shall do so by ordinance. A city, county,  
11 or city and county may request, by affirmative resolution of its  
12 governing council or board, that another entity authorized to be a  
13 community choice aggregator act as the community choice  
14 aggregator on its behalf. If a city, county, or city and county, by  
15 resolution, requests another authorized entity be the community  
16 choice aggregator for the city, county, or city and county, that  
17 authorized entity shall be responsible for adopting the ordinance  
18 to implement the community choice aggregation program on behalf  
19 of the city, county, or city and county.

20 (B) Two or more entities authorized to be a community choice  
21 aggregator, as defined in Section 331.1, may participate as a group  
22 in a community choice aggregation program pursuant to this  
23 chapter, through a joint powers agency established pursuant to  
24 Chapter 5 (commencing with Section 6500) of Division 7 of Title  
25 1 of the Government Code, if each entity adopts an ordinance  
26 pursuant to subparagraph (A). Pursuant to Section 6508.1 of the  
27 Government Code, members of a joint powers agency that is a  
28 community choice aggregator may specify in ~~their~~ *the* joint powers  
29 agreement that, unless otherwise agreed by the members of the  
30 agency, the debts, liabilities, and obligations of the agency shall  
31 not be the debts, liabilities, and obligations, either jointly or  
32 severally, of the members of the agency. The commission shall  
33 not, as a condition of registration or otherwise, require an agency's  
34 members to voluntarily assume the debts, liabilities, and obligations  
35 of the agency to the electrical corporation unless the commission  
36 finds that the agreement by the agency's members is the only  
37 reasonable means by which the agency may establish its  
38 creditworthiness under the electrical corporation's tariff to pay  
39 charges to the electrical corporation under the tariff.

1 (13) Following adoption of aggregation through the ordinance  
2 described in paragraph (12), the program shall allow any retail  
3 customer to opt out and to continue to be served as a bundled  
4 service customer by the existing electrical corporation, or its  
5 successor in interest. Delivery services shall be provided at the  
6 same rates, terms, and conditions, as approved by the commission,  
7 for community choice aggregation customers and customers that  
8 have entered into a direct transaction where applicable, as  
9 determined by the commission. Once enrolled in the aggregated  
10 entity, any ratepayer that chooses to opt out within 60 days or two  
11 billing cycles of the date of enrollment may do so without penalty  
12 and shall be entitled to receive default service pursuant to paragraph  
13 (3) of subdivision (a). Customers that return to the electrical  
14 corporation for procurement services shall be subject to the same  
15 terms and conditions as are applicable to other returning direct  
16 access customers from the same class, as determined by the  
17 commission, as authorized by the commission pursuant to this  
18 code or any other provision of law, except that those customers  
19 shall be subject to no more than a 12-month stay requirement with  
20 the electrical corporation. Any reentry fees to be imposed after the  
21 opt-out period specified in this paragraph, shall be approved by  
22 the commission and shall reflect the cost of reentry. The  
23 commission shall exclude any amounts previously determined and  
24 paid pursuant to subdivisions (d), (e), and (f) from the cost of  
25 reentry.

26 (14) Nothing in this section shall be construed as authorizing  
27 any city or any community choice retail load aggregator to restrict  
28 the ability of retail electricity customers to obtain or receive service  
29 from any authorized electric service provider in a manner consistent  
30 with law.

31 (15) (A) The community choice aggregator shall fully inform  
32 participating customers at least twice within two calendar months,  
33 or 60 days, in advance of the date of commencing automatic  
34 enrollment. Notifications may occur concurrently with billing  
35 cycles. Following enrollment, the aggregated entity shall fully  
36 inform participating customers for not less than two consecutive  
37 billing cycles. Notification may include, but is not limited to, direct  
38 mailings to customers, or inserts in water, sewer, or other utility  
39 bills. Any notification shall inform customers of both of the  
40 following:

1 (i) That ~~they are~~ *the customer is* to be automatically enrolled  
2 and that the customer has the right to opt out of the community  
3 choice aggregator without penalty.

4 (ii) The terms and conditions of the services offered.

5 (B) The community choice aggregator may request the  
6 commission to approve and order the electrical corporation to  
7 provide the notification required in subparagraph (A). If the  
8 commission orders the electrical corporation to send one or more  
9 of the notifications required pursuant to subparagraph (A) in the  
10 electrical corporation's normally scheduled monthly billing  
11 process, the electrical corporation shall be entitled to recover from  
12 the community choice aggregator all reasonable incremental costs  
13 it incurs related to the notification or notifications. The electrical  
14 corporation shall fully cooperate with the community choice  
15 aggregator in determining the feasibility and costs associated with  
16 using the electrical corporation's normally scheduled monthly  
17 billing process to provide one or more of the notifications required  
18 pursuant to subparagraph (A).

19 (C) Each notification shall also include a mechanism by which  
20 a ratepayer may opt out of community choice aggregated service.  
21 The opt out may take the form of a self-addressed return postcard  
22 indicating the customer's election to remain with, or return to,  
23 electrical energy service provided by the electrical corporation, or  
24 another straightforward means by which the customer may elect  
25 to derive electrical energy service through the electrical corporation  
26 providing service in the area.

27 (16) A community choice aggregator shall have an operating  
28 service agreement with the electrical corporation prior to furnishing  
29 electric service to consumers within its jurisdiction. The service  
30 agreement shall include performance standards that govern the  
31 business and operational relationship between the community  
32 choice aggregator and the electrical corporation. The commission  
33 shall ensure that any service agreement between the community  
34 choice aggregator and the electrical corporation includes equitable  
35 responsibilities and remedies for all parties. The parties may  
36 negotiate specific terms of the service agreement, provided that  
37 the service agreement is consistent with this chapter.

38 (17) The community choice aggregator shall register with the  
39 commission, which may require additional information to ensure

1 compliance with basic consumer protection rules and other  
2 procedural matters.

3 (18) Once the community choice aggregator’s contract is signed,  
4 the community choice aggregator shall notify the applicable  
5 electrical corporation that community choice service will  
6 commence within 30 days.

7 (19) Once notified of a community choice aggregator program,  
8 the electrical corporation shall transfer all applicable accounts to  
9 the new supplier within a 30-day period from the date of the close  
10 of the electrical corporation’s normally scheduled monthly  
11 metering and billing process.

12 (20) An electrical corporation shall recover from the community  
13 choice aggregator any costs reasonably attributable to the  
14 community choice aggregator, as determined by the commission,  
15 of implementing this section, including, but not limited to, all  
16 business and information system changes, except for  
17 transaction-based costs as described in this paragraph. Any costs  
18 not reasonably attributable to a community choice aggregator shall  
19 be recovered from ratepayers, as determined by the commission.  
20 All reasonable transaction-based costs of notices, billing, metering,  
21 collections, and customer communications or other services  
22 provided to an aggregator or its customers shall be recovered from  
23 the aggregator or its customers on terms and at rates to be approved  
24 by the commission.

25 (21) At the request and expense of any community choice  
26 aggregator, electrical corporations shall install, maintain, and  
27 calibrate metering devices at mutually agreeable locations within  
28 or adjacent to the community choice aggregator’s political  
29 boundaries. The electrical corporation shall read the metering  
30 devices and provide the data collected to the community choice  
31 aggregator at the aggregator’s expense. To the extent that the  
32 community choice aggregator requests a metering location that  
33 would require alteration or modification of a circuit, the electrical  
34 corporation shall only be required to alter or modify a circuit if  
35 such alteration or modification does not compromise the safety,  
36 reliability, or operational flexibility of the electrical corporation’s  
37 facilities. All costs incurred to modify circuits pursuant to this  
38 ~~paragraph~~, *paragraph* shall be borne by the community choice  
39 aggregator.

1 (d) (1) It is the intent of the Legislature that each retail end-use  
2 customer that has purchased power from an electrical corporation  
3 on or after February 1, 2001, should bear a fair share of the  
4 Department of Water Resources' electricity purchase costs, as well  
5 as electricity purchase contract obligations incurred as of the  
6 effective date of the act adding this section, that are recoverable  
7 from electrical corporation customers in commission-approved  
8 rates. It is further the intent of the Legislature to prevent any  
9 shifting of recoverable costs between customers.

10 (2) The Legislature finds and declares that this subdivision is  
11 consistent with the requirements of Division 27 (commencing with  
12 Section 80000) of the Water Code and Section 360.5 of this code,  
13 and is therefore declaratory of existing law.

14 (e) A retail end-use customer that purchases electricity from a  
15 community choice aggregator pursuant to this section shall pay  
16 both of the following:

17 (1) A charge equivalent to the charges that would otherwise be  
18 imposed on the customer by the commission to recover  
19 bond-related costs pursuant to any agreement between the  
20 commission and the Department of Water Resources pursuant to  
21 Section 80110 of the Water Code, which charge shall be payable  
22 until any obligations of the Department of Water Resources  
23 pursuant to Division 27 (commencing with Section 80000) of the  
24 Water Code are fully paid or otherwise discharged.

25 (2) Any additional costs of the Department of Water Resources,  
26 equal to the customer's proportionate share of the Department of  
27 Water Resources' estimated net unavoidable electricity purchase  
28 contract costs as determined by the commission, for the period  
29 commencing with the customer's purchases of electricity from the  
30 community choice aggregator, through the expiration of all then  
31 existing electricity purchase contracts entered into by the  
32 Department of Water Resources.

33 (f) A retail end-use customer purchasing electricity from a  
34 community choice aggregator pursuant to this section shall  
35 reimburse the electrical corporation that previously served the  
36 customer for all of the following:

37 (1) The electrical corporation's unrecovered past  
38 undercollections for electricity purchases, including any financing  
39 costs, attributable to that customer, that the commission lawfully  
40 determines may be recovered in rates.

1 (2) Any additional costs of the electrical corporation recoverable  
2 in commission-approved rates, equal to the share of the electrical  
3 corporation's estimated net unavoidable electricity purchase  
4 contract costs attributable to the customer, as determined by the  
5 commission, for the period commencing with the customer's  
6 purchases of electricity from the community choice aggregator,  
7 through the expiration of all then existing electricity purchase  
8 contracts entered into by the electrical corporation.

9 (g) Estimated net unavoidable electricity costs paid by the  
10 customers of a community choice aggregator shall be reduced by  
11 the value of any benefits that remain with bundled service  
12 customers, unless the customers of the community choice  
13 aggregator are allocated a fair and equitable share of those benefits.

14 (h) (1) Any charges imposed pursuant to subdivision (e) shall  
15 be the property of the Department of Water Resources. Any charges  
16 imposed pursuant to subdivision (f) shall be the property of the  
17 electrical corporation. The commission shall establish mechanisms,  
18 including agreements with, or orders with respect to, electrical  
19 corporations necessary to ensure that charges payable pursuant to  
20 this section shall be promptly remitted to the party entitled to  
21 payment.

22 (2) Charges imposed pursuant to subdivisions (d), (e), and (f)  
23 shall be nonbypassable.

24 (i) The commission shall authorize community choice  
25 aggregation only if the commission imposes a cost-recovery  
26 mechanism pursuant to subdivisions (d), (e), (f), and (h). Except  
27 as provided by this subdivision, this section shall not alter the  
28 suspension by the commission of direct purchases of electricity  
29 from alternate providers other than by community choice  
30 aggregators, pursuant to Section 365.1.

31 (j) (1) The commission shall not authorize community choice  
32 aggregation until it implements a cost-recovery mechanism,  
33 consistent with subdivisions (d), (e), and (f), that is applicable to  
34 customers that elected to purchase electricity from an alternate  
35 provider between February 1, 2001, and January 1, 2003.

36 (2) The commission shall not authorize community choice  
37 aggregation until it has adopted rules for implementing community  
38 choice aggregation.

39 (k) (1) Except for nonbypassable charges imposed by the  
40 commission pursuant to subdivisions (d), (e), (f), and (h), and

1 programs authorized by the commission to provide broader  
2 statewide or regional benefits to all customers, electric service  
3 customers of a community choice aggregator shall not be required  
4 to pay nonbypassable charges for goods, services, or programs  
5 that do not benefit either, or where applicable, both, the customer  
6 and the community choice aggregator serving the customer.

7 (2) The commission, Energy Commission, electrical corporation,  
8 or third-party administrator shall administer any program funded  
9 through a nonbypassable charge on a nondiscriminatory basis so  
10 that the electric service customers of a community choice  
11 aggregator may participate in the program on an equal basis with  
12 the customers of an electrical corporation.

13 (3) Nothing in this subdivision is intended to modify, or prohibit  
14 the use of, charges funding programs for the benefit of low-income  
15 customers.

16 (l) (1) An electrical corporation shall not terminate the services  
17 of a community choice aggregator unless authorized by a vote of  
18 the full commission. The commission shall ensure that prior to  
19 authorizing a termination of service, that the community choice  
20 aggregator has been provided adequate notice and a reasonable  
21 opportunity to be heard regarding any electrical corporation  
22 contentions in support of termination. If the contentions made by  
23 the electrical corporation in favor of termination include factual  
24 claims, the community choice aggregator shall be afforded an  
25 opportunity to address those claims in an evidentiary hearing.

26 (2) Notwithstanding paragraph (1), if the Independent System  
27 Operator has transferred the community choice aggregator's  
28 scheduling coordination responsibilities to the incumbent electrical  
29 corporation, an administrative law judge or assigned commissioner,  
30 after providing the aggregator with notice and an opportunity to  
31 respond, may suspend the aggregator's service to customers  
32 pending a full vote of the commission.

33 (m) (1) The commission shall require each community choice  
34 aggregator with gross annual revenues exceeding fifteen million  
35 dollars (\$15,000,000) to annually submit a detailed and verifiable  
36 plan to the commission for increasing procurement from small,  
37 local, and diverse business enterprises in all categories, including,  
38 but not limited to, renewable energy, energy storage system, and  
39 smart grid projects.



1 (2) (A) The commission shall require each community choice  
2 aggregator with gross annual revenues exceeding fifteen million  
3 dollars (\$15,000,000) to annually submit a report to the commission  
4 regarding its procurement from women, minority, disabled veteran,  
5 and LGBT business enterprises in all categories, including, but  
6 not limited to, renewable energy, energy storage system, and smart  
7 grid projects.

8 (B) The report shall be in a form that the commission may  
9 require and shall be submitted by an annual date that the  
10 commission shall designate.

11 (C) The report shall include women, minority, disabled veteran,  
12 and LGBT business enterprises with whom a prime contractor or  
13 grantee of a community choice aggregator has engaged in contracts  
14 or subcontracts for all categories, including, but not limited to,  
15 renewable energy, energy storage system, and smart grid projects.

16 (3) The Legislature declares that each community choice  
17 aggregator that is not required to submit a plan pursuant to this  
18 subdivision is encouraged to voluntarily adopt a plan for increasing  
19 procurement from small, local, and diverse business enterprises  
20 in all categories.

21 (n) Any meeting of an entity authorized to be a community  
22 choice aggregator, as defined in Section 331.1, for the purpose of  
23 developing, implementing, or administering a program of  
24 community choice aggregation shall be conducted in the manner  
25 prescribed by the Ralph M. Brown Act (Chapter 9 (commencing  
26 with Section 54950) of Part 1 of Division 2 of Title 5 of the  
27 Government Code).

28 (o) For the purposes of this section, “disabled veteran business  
29 enterprise,” “LGBT business enterprise,” “minority business  
30 enterprise,” “renewable energy project,” and “women business  
31 enterprise,” are defined as in Section 8282.

32 SEC. 2. Section 8283 of the Public Utilities Code is amended  
33 to read:

34 8283. (a) The commission shall require each electrical  
35 corporation, gas corporation, water corporation, wireless  
36 telecommunications service provider, electric service provider,  
37 and telephone corporation with gross annual California revenues  
38 exceeding ~~fifteen~~ *twenty-five* million dollars ~~(\$15,000,000);~~  
39 *(\$25,000,000)*, and their commission-regulated subsidiaries and  
40 affiliates, to submit annually a detailed and verifiable plan for

1 increasing procurement from women, minority, disabled veteran,  
2 and LGBT business enterprises in all categories, including, but  
3 not limited to, renewable energy, energy storage system, wireless  
4 telecommunications, broadband, smart grid, vegetation  
5 management, and rail projects.

6 (b) These annual plans shall include short- and long-term goals  
7 and timetables, but not quotas, and shall include methods for  
8 encouraging both prime contractors and grantees to engage women,  
9 minority, disabled veteran, and LGBT business enterprises in  
10 subcontracts in all categories that provide subcontracting  
11 opportunities, including, but not limited to, renewable energy,  
12 energy storage system, wireless telecommunications, broadband,  
13 smart grid, vegetation management, and rail projects.

14 (c) The commission shall establish guidelines for all electrical  
15 corporations, gas corporations, water corporations, wireless  
16 telecommunications service providers, electric service providers,  
17 and telephone corporations with gross annual California revenues  
18 exceeding ~~fifteen~~ *twenty-five* million dollars ~~(\$15,000,000),~~  
19 *(\$25,000,000)*, and their commission-regulated subsidiaries and  
20 affiliates, to be utilized in establishing programs pursuant to this  
21 article.

22 (d) Every electrical corporation, gas corporation, water  
23 corporation, wireless telecommunications service provider, electric  
24 service provider, and telephone corporation with gross annual  
25 California revenues exceeding ~~fifteen~~ *twenty-five* million dollars  
26 ~~(\$15,000,000)~~ *(\$25,000,000)* shall furnish an annual report to the  
27 commission regarding the implementation of programs established  
28 pursuant to this article in a form that the commission shall require,  
29 and at the time that the commission shall annually designate.

30 (e) (1) The Legislature declares that each electrical corporation,  
31 gas corporation, water corporation, mobile telephony service  
32 provider, electric service provider, and telephone corporation that  
33 is not required to submit a plan pursuant to subdivision (a) is  
34 encouraged to voluntarily adopt a plan for increasing women,  
35 minority, disabled veteran, and LGBT business enterprise  
36 procurement in all categories.

37 (2) The Legislature declares that each cable television  
38 corporation, direct broadcast satellite provider, exempt wholesale  
39 generator contracting to sell electricity to a retail seller, distributed  
40 energy resource contractor, and energy storage system company

1 is encouraged to voluntarily adopt a plan for increasing women,  
2 minority, disabled veteran, and LGBT business enterprise  
3 procurement and to voluntarily report activity in this area to the  
4 Legislature on an annual basis.

5 ~~(f) The Contractors' State License Board shall assist the~~  
6 ~~commission in identifying and developing contact information for~~  
7 ~~distributed energy resource contractors. The commission shall~~  
8 *require each electrical corporation, gas corporation, water*  
9 *corporation, wireless telecommunications service provider, electric*  
10 *service provider, and telephone corporation with gross annual*  
11 *California revenues exceeding fifteen million dollars*  
12 *(\$15,000,000), but not more than twenty-five million dollars*  
13 *(\$25,000,000), to annually submit data in a simplified form to the*  
14 *commission on its procurement from women, minority, disabled*  
15 *veteran, and LGBT business enterprises in all categories,*  
16 *including, but not limited to, renewable energy, energy storage*  
17 *system, wireless telecommunications, broadband, smart grid,*  
18 *vegetation management, and rail projects.*

19 ~~(f)~~

20 (g) For purposes of this section, the following terms have the  
21 following meanings:

22 (1) "Distributed energy resource contractor" means any  
23 corporation or other business entity that employs anyone licensed  
24 by the Contractors' State License Board to perform installations  
25 of distributed energy resources, as defined in Section 8370.

26 (2) "Energy storage system company" means any person or  
27 corporation operating a centralized or distributed energy storage  
28 system, as defined in Section 2835, that furnishes electricity to an  
29 electrical corporation, local publicly owned electric utility,  
30 community choice aggregator, or electric service provider within  
31 California, or that supplies electricity to a retail end-use customer  
32 of an electrical corporation, local publicly owned electric utility,  
33 community choice aggregator, or electric service provider within  
34 California.

35 (3) "Other business entity" has the same meaning as defined in  
36 Section 174.5 of the Corporations Code.

37 SEC. 3. No reimbursement is required by this act pursuant to  
38 Section 6 of Article XIII B of the California Constitution because  
39 a local agency or school district has the authority to levy service  
40 charges, fees, or assessments sufficient to pay for the program or

1 level of service mandated by this act or because costs that may be  
2 incurred by a local agency or school district will be incurred  
3 because this act creates a new crime or infraction, eliminates a  
4 crime or infraction, or changes the penalty for a crime or infraction,  
5 within the meaning of Section 17556 of the Government Code, or  
6 changes the definition of a crime within the meaning of Section 6  
7 of Article XIII B of the California Constitution.

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**Senate Bill No. 601**

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Passed the Senate September 4, 2019

\_\_\_\_\_  
*Secretary of the Senate*

\_\_\_\_\_

Passed the Assembly August 30, 2019

\_\_\_\_\_  
*Chief Clerk of the Assembly*

\_\_\_\_\_

This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2019, at \_\_\_\_\_ o'clock \_\_\_\_M.

\_\_\_\_\_  
*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to add Section 11009.5 to the Government Code, relating to state government.

## LEGISLATIVE COUNSEL'S DIGEST

SB 601, Morrell. State agencies: licenses: fee waiver.

Existing law requires various licenses to be obtained by a person before engaging in certain professions or vocations or business activities, including licensure as a healing arts professional by various boards within the Department of Consumer Affairs.

This bill would authorize any state agency that issues any business license to establish a process for a person or business that has been displaced or is experiencing economic hardship as a result of an emergency, as defined, to submit an application for reduction or waiver of fees required by the agency to obtain a license, renew or activate a license, or replace a physical license for display.

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

SECTION 1. Section 11009.5 is added to the Government Code, to read:

11009.5. (a) For purposes of this section:

(1) "Displaced" means a condition in which the person or business is unable to return to the address of record or other address associated with the license before experiencing economic hardship.

(2) "Economic hardship" means the inability to pay living or business expenses, unless otherwise defined by a state agency pursuant to subdivision (c).

(3) "Emergency" means an emergency as defined in Section 8558 or a declared federal emergency.

(4) "License" includes, but is not limited to, a certificate, registration, or other required document to engage in business.

(b) Notwithstanding any other law, a state agency that issues any business license may establish a process for a person or business that has been displaced or is experiencing economic hardship as a result of an emergency to submit an application, that the agency may grant, for a reduction or waiver of any fees required

by the agency to obtain a license, renew or activate a license, or replace a physical license for display.

(c) A fee or waiver process established pursuant to subdivision (b) shall specify, at a minimum, all of the following:

(1) The methodology used by the agency for determining whether a person, as a result of an emergency, has been displaced or is experiencing economic hardship.

(2) The procedure for applying for a reduction or fee waiver.

(3) That the application shall be made within one year of the date on which the emergency was proclaimed or declared.

Approved \_\_\_\_\_, 2019

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*Governor*



AMENDED IN ASSEMBLY JUNE 25, 2019

AMENDED IN SENATE APRIL 11, 2019

AMENDED IN SENATE MARCH 27, 2019

**SENATE BILL**

**No. 610**

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**Introduced by Senator Glazer**

February 22, 2019

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An act to amend Sections 7000.5, 7006, 7011, 7018, 7040, 7071.6, 7071.17, 7124.6, 7137, and 7169 of the Business and Professions Code, relating to contractors.

LEGISLATIVE COUNSEL'S DIGEST

SB 610, as amended, Glazer. Contractors: licensing and regulation.

The Contractors' State License Law provides for the licensure and regulation of contractors by the Contractors' State License Board (board), which is within the Department of Consumer Affairs.

(1) Under existing law, the board is responsible for the licensure and regulation of contractors and the board is required to appoint a registrar of contractors. Existing law repeals these provisions establishing the board and requiring it to appoint a registrar on January 1, 2020.

This bill would extend the operation of these provisions to January 1, 2024.

Existing law requires the board to meet once each calendar quarter for the purpose of transacting business that comes before it. Existing law requires the board to appoint a registrar and requires the registrar, as specified, to publish a list of the names and addresses of contractors registered under that law, including a license check search function that would permit consumers to search for a licensed contractor by either

ZIP Code or geographic location. Existing law requires an applicant or licensee to file or have on file a contractor's bond in the sum of \$15,000.

This bill would require the board to maintain the contractor search function on the board's internet website. The bill would require the board to conduct a study and report to the Legislature regarding whether the current amount of the contractors' bond requirement is sufficient. The bill would also require the board to make every effort to provide a webcast of all ~~calendar quarter~~ *regularly scheduled quarterly* meetings of the board, as specified.

(2) Existing law provides that authorized representatives of the United States government, the State of California, and other specified agencies and entities are exempt from the provisions of the Contractors' State License Law, except as specified.

This bill would make a nonsubstantive change to these provisions.

(3) Existing law requires the registrar to make available to members of the public the date, nature, and status of all complaints on file against a licensee that meet specific qualifications. Under existing law, complaints resolved in favor of the contractor are not subject to disclosure. For legal actions against a licensee that require disclosure, existing law requires the disclosure to also appear on the license of record identified as a qualifier who is listed in the members of the personnel of record of the licensee issued the citation.

This bill would make clarifying changes to these provisions relating to legal actions that require disclosure of disciplinary action against a licensee.

(3) Existing law authorizes the board to set fees by regulation, according to a prescribed schedule, including an authorization to charge C-10 and C-7 contractors a fee, not to exceed \$20, to be used by the board to enforce provisions of the Labor Code related to electrician certification.

This bill would instead require the board to only charge C-10 contractors a \$20 ~~fee~~ *fee, which would be assessed with the renewal fee for an active license*, for that purpose.

(4) Existing law requires, as a condition precedent to the board accepting an application for licensure, renewal, reinstatement, or to change officers or other personnel of record, that an applicant, previously found to have failed or refused to pay a contractor, subcontractor, consumer, materials supplier, or employee based on an unsatisfied final judgment, file or have on file with the board a bond sufficient to guarantee payment of an amount equal to the unsatisfied final judgment

or judgments. Under existing law, if a judgment is entered against a licensee, then a qualifying person or personnel of record is prohibited from serving as a qualifying individual or other personnel of record on any license until the judgment is satisfied.

This bill would extend that prohibition to when a judgment is entered against any personnel of record.

(5) Existing law requires the board to receive and review complaints and consumer questions, and complaints received from state agencies, regarding solar energy systems companies and solar contractors. Existing law requires the board to annually compile a report documenting complaints it received relating to solar contractors that it shall make available publicly on the board’s and the Public Utilities Commission’s internet websites.

This bill would make nonsubstantive changes to these provisions.

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

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

1 SECTION 1. Section 7000.5 of the Business and Professions  
2 Code is amended to read:

3 7000.5. (a) There is in the Department of Consumer Affairs  
4 a Contractors’ State License Board, which consists of 15 members.

5 (b) Notwithstanding any other provision of law, the repeal of  
6 this section renders the board subject to review by the appropriate  
7 policy committees of the Legislature.

8 (c) This section shall remain in effect only until January 1, 2024,  
9 and as of that date is repealed.

10 SEC. 2. Section 7006 of the Business and Professions Code is  
11 amended to read:

12 7006. The board shall meet at least once each calendar quarter  
13 for the purpose of transacting business as may properly come  
14 before it. The board shall make every effort to make all *regularly*  
15 *scheduled quarterly meetings of the board* available as a webcast  
16 when the appropriate resources are available.

17 Special meetings of the board may be held at times as the board  
18 may provide in its bylaws. Four members of the board may call a  
19 special meeting at any time.

20 SEC. 3. Section 7011 of the Business and Professions Code is  
21 amended to read:

1 7011. (a) The board, by and with the approval of the director,  
2 shall appoint a registrar of contractors and fix the registrar’s  
3 compensation.

4 (b) The registrar shall be the executive officer and secretary of  
5 the board and shall carry out all of the administrative duties as  
6 provided in this chapter and as delegated to the registrar by the  
7 board.

8 (c) For the purpose of administration of this chapter, there may  
9 be appointed a deputy registrar, a chief reviewing and hearing  
10 officer, and, subject to Section 159.5, other assistants and  
11 subordinates as may be necessary.

12 (d) Appointments shall be made in accordance with the  
13 provisions of civil service laws.

14 (e) This section shall remain in effect only until January 1, 2024,  
15 and as of that date is repealed.

16 SEC. 4. Section 7018 of the Business and Professions Code is  
17 amended to read:

18 7018. The board shall maintain the current contractor license  
19 check search function on their internet website that permits  
20 consumers to search for a licensed contractor by either ZIP Code  
21 or geographic location.

22 SEC. 5. Section 7040 of the Business and Professions Code is  
23 amended to read:

24 7040. (a) This chapter does not apply to an authorized  
25 representative of the United States government, the State of  
26 California, or any incorporated town, city, county, irrigation  
27 district, reclamation district or other municipal or political  
28 corporation or subdivision of this state when the entity or its  
29 representative is acting within the scope of the entity’s or  
30 representative’s official capacity.

31 (b) Nothing in this section authorizes the entity or its authorized  
32 representative thereof either to enter into or authorize a contract  
33 with an unlicensed contractor for work that is required by this  
34 chapter to be performed by a licensed contractor.

35 SEC. 6. Section 7071.6 of the Business and Professions Code  
36 is amended to read:

37 7071.6. (a) The board shall require as a condition precedent  
38 to the issuance, reinstatement, reactivation, renewal, or continued  
39 maintenance of a license, that the applicant or licensee file or have

1 on file a contractor’s bond in the sum of fifteen thousand dollars  
2 (\$15,000).

3 (b) Excluding the claims brought by the beneficiaries specified  
4 in subdivision (a) of Section 7071.5, the aggregate liability of a  
5 surety on claims brought against a bond required by this section  
6 shall not exceed the sum of seven thousand five hundred dollars  
7 (\$7,500). The bond proceeds in excess of seven thousand five  
8 hundred dollars (\$7,500) shall be reserved exclusively for the  
9 claims of the beneficiaries specified in subdivision (a) of Section  
10 7071.5. However, nothing in this section shall be construed so as  
11 to prevent any beneficiary specified in subdivision (a) of Section  
12 7071.5 from claiming or recovering the full measure of the bond  
13 required by this section.

14 (c) No bond shall be required of a holder of a license that has  
15 been inactivated on the official records of the board during the  
16 period the license is inactive.

17 (d) Notwithstanding any other law, as a condition precedent to  
18 licensure, the board may require an applicant to post a contractor’s  
19 bond in twice the amount required pursuant to subdivision (a) until  
20 the time that the license is renewed, under the following conditions:

21 (1) The applicant has either been convicted of a violation of  
22 Section 7028 or has been cited pursuant to Section 7028.7.

23 (2) If the applicant has been cited pursuant to Section 7028.7,  
24 the citation has been reduced to a final order of the registrar.

25 (3) The violation of Section 7028, or the basis for the citation  
26 issued pursuant to Section 7028.7, constituted a substantial injury  
27 to the public.

28 (e) (1) The board shall conduct a study to obtain information  
29 to evaluate whether the current fifteen-thousand-dollar (\$15,000)  
30 amount of the contractor bond is sufficient, or whether an increase  
31 may be necessary.

32 (2) The board shall report its findings and recommendations to  
33 the appropriate policy committees of the Legislature, in accordance  
34 with Section 9795 of the Government Code, by January 1, ~~2024~~.  
35 *2021*.

36 SEC. 7. Section 7071.17 of the Business and Professions Code  
37 is amended to read:

38 7071.17. (a) Notwithstanding any other provision of law, the  
39 board shall require, as a condition precedent to accepting an  
40 application for licensure, renewal, reinstatement, or to change

1 officers or other personnel of record, that an applicant, previously  
2 found to have failed or refused to pay a contractor, subcontractor,  
3 consumer, materials supplier, or employee based on an unsatisfied  
4 final judgment, file or have on file with the board a bond sufficient  
5 to guarantee payment of an amount equal to the unsatisfied final  
6 judgment or judgments. The applicant shall have 90 days from the  
7 date of notification by the board to file the bond or the application  
8 shall become void and the applicant shall reapply for issuance,  
9 reinstatement, or reactivation of a license. The board may not issue,  
10 reinstate, or reactivate a license until the bond is filed with the  
11 board. The bond required by this section is in addition to the  
12 contractor's bond. The bond shall be on file for a minimum of one  
13 year, after which the bond may be removed by submitting proof  
14 of satisfaction of all debts. The applicant may provide the board  
15 with a notarized copy of any accord, reached with any individual  
16 holding an unsatisfied final judgment, to satisfy a debt in lieu of  
17 filing the bond. The board shall include on the license application  
18 for issuance, reinstatement, or reactivation, a statement, to be made  
19 under penalty of perjury, as to whether there are any unsatisfied  
20 judgments against the applicant on behalf of contractors,  
21 subcontractors, consumers, materials suppliers, or the applicant's  
22 employees. Notwithstanding any other provision of law, if it is  
23 found that the applicant falsified the statement then the license  
24 will be retroactively suspended to the date of issuance and the  
25 license will stay suspended until the bond, satisfaction of judgment,  
26 or notarized copy of any accord applicable under this section is  
27 filed.

28 (b) (1) Notwithstanding any other provision of law, all licensees  
29 shall notify the registrar in writing of any unsatisfied final judgment  
30 imposed on the licensee. If the licensee fails to notify the registrar  
31 in writing within 90 days, the license shall be automatically  
32 suspended on the date that the registrar is informed, or is made  
33 aware of the unsatisfied final judgment.

34 (2) The suspension shall not be removed until proof of  
35 satisfaction of the judgment, or in lieu thereof, a notarized copy  
36 of an accord is submitted to the registrar.

37 (3) If the licensee notifies the registrar in writing within 90 days  
38 of the imposition of any unsatisfied final judgment, the licensee  
39 shall, as a condition to the continual maintenance of the license,  
40 file or have on file with the board a bond sufficient to guarantee

1 payment of an amount equal to all unsatisfied judgments applicable  
2 under this section.

3 (4) The licensee has 90 days from date of notification by the  
4 board to file the bond or at the end of the 90 days the license shall  
5 be automatically suspended. In lieu of filing the bond required by  
6 this section, the licensee may provide the board with a notarized  
7 copy of any accord reached with any individual holding an  
8 unsatisfied final judgment.

9 (c) By operation of law, failure to maintain the bond or failure  
10 to abide by the accord shall result in the automatic suspension of  
11 any license to which this section applies.

12 (d) A license that is suspended for failure to comply with the  
13 provisions of this section can only be reinstated when proof of  
14 satisfaction of all debts is made, or when a notarized copy of an  
15 accord has been filed as set forth under this section.

16 (e) This section applies only with respect to an unsatisfied final  
17 judgment that is substantially related to the construction activities  
18 of a licensee licensed under this chapter, or to the qualifications,  
19 functions, or duties of the license.

20 (f) Except as otherwise provided, this section shall not apply to  
21 an applicant or licensee when the financial obligation covered by  
22 this section has been discharged in a bankruptcy proceeding.

23 (g) Except as otherwise provided, the bond shall remain in full  
24 force in the amount posted until the entire debt is satisfied. If, at  
25 the time of renewal, the licensee submits proof of partial  
26 satisfaction of the financial obligations covered by this section,  
27 the board may authorize the bond to be reduced to the amount of  
28 the unsatisfied portion of the outstanding judgment. When the  
29 licensee submits proof of satisfaction of all debts, the bond  
30 requirement may be removed.

31 (h) The board shall take the actions required by this section  
32 upon notification by any party having knowledge of the outstanding  
33 judgment upon a showing of proof of the judgment.

34 (i) For the purposes of this section, the term “judgment” also  
35 includes any final arbitration award where the time to file a petition  
36 for a trial de novo or a petition to vacate or correct the arbitration  
37 award has expired, and no petition is pending.

38 (j) (1) If a judgment is entered against a licensee or any  
39 personnel of record of a licensee, then a qualifying person or  
40 personnel of record of the licensee at the time of the activities on

1 which the judgment is based shall be automatically prohibited from  
2 serving as a qualifying individual or other personnel of record on  
3 any license until the judgment is satisfied.

4 (2) The prohibition described in paragraph (1) shall cause the  
5 license of any other existing renewable licensed entity with any  
6 of the same personnel of record as the judgment debtor licensee  
7 or with any of the same judgment debtor personnel to be suspended  
8 until the license of the judgment debtor is reinstated, the judgment  
9 is satisfied, or until those same personnel of record disassociate  
10 themselves from the renewable licensed entity.

11 (k) For purposes of this section, lawful money or cashier's check  
12 deposited pursuant to paragraph (1) of subdivision (a) of Section  
13 995.710 of the Code of Civil Procedure, may be submitted in lieu  
14 of the bond.

15 (l) Notwithstanding subdivision (f), the failure of a licensee to  
16 notify the registrar of an unsatisfied final judgment in accordance  
17 with this section is cause for disciplinary action.

18 SEC. 8. Section 7124.6 of the Business and Professions Code  
19 is amended to read:

20 7124.6. (a) The registrar shall make available to members of  
21 the public the date, nature, and status of all complaints on file  
22 against a licensee that do either of the following:

23 (1) Have been referred for accusation.

24 (2) Have been referred for investigation after a determination  
25 by board enforcement staff that a probable violation has occurred,  
26 and have been reviewed by a supervisor, and regard allegations  
27 that if proven would present a risk of harm to the public and would  
28 be appropriate for suspension or revocation of the contractor's  
29 license or criminal prosecution.

30 (b) The board shall create a disclaimer that shall accompany  
31 the disclosure of a complaint that shall state that the complaint is  
32 an allegation. The disclaimer may also contain any other  
33 information the board determines would be relevant to a person  
34 evaluating the complaint.

35 (c) (1) A complaint resolved in favor of the contractor shall not  
36 be subject to disclosure.

37 (2) A complaint resolved by issuance of a letter of  
38 admonishment pursuant to Section 7099.2 shall not be deemed  
39 resolved in favor of the contractor for the purposes of this section.

40 A letter of admonishment issued to a licensee shall be disclosed



1 for a period of one year from the date described in paragraph (2)  
2 of subdivision (c) of Section 7099.2.

3 (d) Except as described in subdivision (e), the registrar shall  
4 make available to members of the public the date, nature, and  
5 disposition of all legal actions.

6 (e) Disclosure of legal actions shall be limited as follows:

7 (1) (A) Citations shall be disclosed from the date of issuance  
8 and for five years after the date of compliance if no additional  
9 disciplinary actions have been filed against the licensee during the  
10 five-year period. If additional disciplinary actions were filed against  
11 the licensee during the five-year period, all disciplinary actions  
12 shall be disclosed for as long as the most recent disciplinary action  
13 is subject to disclosure under this section. At the end of the  
14 specified time period, those citations shall no longer be disclosed.

15 (B) Any disclosure pursuant to this paragraph shall also appear  
16 on the license record of any other license that includes a qualifier  
17 that is listed as one of the members of personnel of record of the  
18 license that was issued the citation.

19 (C) The disclosure described in subparagraph (B) shall be for  
20 the period of disclosure of the citation.

21 (2) Accusations that result in suspension, stayed suspension, or  
22 stayed revocation of the contractor's license shall be disclosed  
23 from the date the accusation is filed and for seven years after the  
24 accusation has been settled, including the terms and conditions of  
25 probation if no additional disciplinary actions have been filed  
26 against the licensee during the seven-year period. If additional  
27 disciplinary actions were filed against the licensee during the  
28 seven-year period, all disciplinary actions shall be posted for as  
29 long as the most recent disciplinary action is subject to disclosure  
30 under this section. At the end of the specified time period, those  
31 accusations shall no longer be disclosed.

32 (3) All revocations that are not stayed shall be disclosed  
33 indefinitely from the effective date of the revocation.

34 SEC. 9. Section 7137 of the Business and Professions Code is  
35 amended to read:

36 7137. The board may set fees by regulation. These fees shall  
37 be set according to the following schedule:

38 (a) (1) The application fee for an original license in a single  
39 classification shall be three hundred thirty dollars (\$330) and may

1 be increased to not more than three hundred seventy-five dollars  
2 (\$375).

3 (2) The application fee for each additional classification applied  
4 for in connection with an original license shall not be more than  
5 eighty-five dollars (\$85).

6 (3) The application fee for each additional classification pursuant  
7 to Section 7059 shall be one hundred fifty dollars (\$150) and may  
8 be increased to not more than one hundred seventy-five dollars  
9 (\$175).

10 (4) The application fee to replace a responsible managing officer,  
11 responsible managing manager, responsible managing member,  
12 or responsible managing employee pursuant to Section 7068.2  
13 shall be one hundred fifty dollars (\$150) and may be increased to  
14 not more than one hundred seventy-five dollars (\$175).

15 (5) The application fee to add personnel, other than a qualifying  
16 individual, to an existing license shall be one hundred dollars  
17 (\$100) and may be increased to not more than one hundred fifteen  
18 dollars (\$115).

19 (b) The fee for rescheduling an examination for an applicant  
20 who has applied for an original license, additional classification,  
21 a change of responsible managing officer, responsible managing  
22 manager, responsible managing member, or responsible managing  
23 employee, or for an asbestos certification or hazardous substance  
24 removal certification, shall not be more than seventy dollars (\$70).

25 (c) The fee for scheduling or rescheduling an examination for  
26 a licensee who is required to take the examination as a condition  
27 of probation shall not be more than seventy dollars (\$70).

28 (d) The initial license fee for an active or inactive license shall  
29 be two hundred dollars (\$200) and may be increased to not more  
30 than two hundred twenty-five dollars (\$225).

31 (e) (1) The renewal fee for an active license shall be four  
32 hundred dollars (\$400) and may be increased to not more than four  
33 hundred fifty dollars (\$450).

34 (2) The renewal fee for an inactive license shall be two hundred  
35 dollars (\$200) and may be increased to not more than two hundred  
36 twenty-five dollars (\$225).

37 (f) The delinquency fee is an amount equal to 50 percent of the  
38 renewal fee, if the license is renewed after its expiration.

1 (g) The registration fee for a home improvement salesperson  
2 shall be eighty-three dollars (\$83) and may be increased to not  
3 more than ninety-five dollars (\$95).

4 (h) The renewal fee for a home improvement salesperson  
5 registration shall be eighty-three dollars (\$83) and may be increased  
6 to not more than ninety-five dollars (\$95).

7 (i) The application fee for an asbestos certification examination  
8 shall be eighty-three dollars (\$83) and may be increased to not  
9 more than ninety-five dollars (\$95).

10 (j) The application fee for a hazardous substance removal or  
11 remedial action certification examination shall be eighty-three  
12 dollars (\$83) and may be increased to not more than ninety-five  
13 dollars (\$95).

14 (k) In addition to any other fees charged to C-10 contractors,  
15 the board shall charge a fee ~~not to exceed~~ of twenty dollars (\$20),  
16 *to be assessed with the renewal fee for an active license*, which  
17 shall be used by the board to enforce provisions of the Labor Code  
18 related to electrician certification.

19 (l) The service fee to deposit with the registrar lawful money  
20 or cashier's check pursuant to paragraph (1) of subdivision (a) of  
21 Section 995.710 of the Code of Civil Procedure for purposes of  
22 compliance with any provision of Article 5 (commencing with  
23 Section 7065) shall be one hundred dollars (\$100), which shall be  
24 used by the board only to process each deposit filed with the  
25 registrar, to cover the reasonable costs to the registrar for holding  
26 money or cashier's checks in trust in interest bearing deposit or  
27 share accounts, and to offset the costs of processing payment of  
28 lawful claims against a deposit in a civil action.

29 (m) The service fee collected under subdivision (l) shall be  
30 placed in the Contractors' Deposit Fund, which is hereby created  
31 in the State Treasury, and shall, upon appropriation by the  
32 Legislature, be available only for the regulatory purposes contained  
33 in subdivision (l).

34 (n) The board shall, by regulation, establish criteria for the  
35 approval of expedited processing of applications. Approved  
36 expedited processing of applications for licensure or registration,  
37 as required by other provisions of law, shall not be subject to this  
38 subdivision.

39 (o) This section shall become operative on July 1, 2017.

1 SEC. 10. Section 7169 of the Business and Professions Code  
2 is amended to read:

3 7169. (a) The board, in collaboration with the Public Utilities  
4 Commission, shall develop and make available a “solar energy  
5 system disclosure document” or documents that provide a  
6 consumer, at a minimum, accurate, clear, and concise information  
7 regarding the installation of a solar energy system, total costs of  
8 installation, anticipated savings, the assumptions and inputs used  
9 to estimate the savings, and the implications of various financing  
10 options.

11 (b) On or before July 1, 2018, the board, in collaboration with  
12 the Public Utilities Commission, shall develop, and make available  
13 on its internet website the disclosure document described in  
14 subdivision (a) that a solar energy system company shall provide  
15 to a consumer prior to completion of a sale, financing, or lease of  
16 a solar energy system. The “solar energy system disclosure  
17 document” shall be printed on the front page or cover page of every  
18 solar energy contract. The “solar energy system disclosure  
19 document” shall be printed in boldface 16-point type and include  
20 the following types of primary information:

21 (1) The total cost and payments for the system, including  
22 financing costs.

23 (2) Information on how and to whom customers may provide  
24 complaints.

25 (3) The consumer’s right to a cooling off period of three days  
26 pursuant to Section 7159 of the Business and Professions Code.

27 (c) At the board’s discretion, other types of supporting  
28 information the board and the commission deem appropriate or  
29 useful in furthering the directive described in subdivision (a) may  
30 be included in the solar energy disclosure document following the  
31 front page or cover page, including, but not limited to:

32 (1) The amounts and sources of financing obtained.

33 (2) The calculations used by the home improvement salesperson  
34 to determine how many panels the homeowner needs to install.

35 (3) The calculations used by the home improvement salesperson  
36 to determine how much energy the panels will generate.

37 (4) Any additional monthly fees the homeowner’s electric  
38 company may bill, any turn-on charges, and any fees added for  
39 the use of an internet monitoring system of the panels or inverters.

40 (5) The terms and conditions of any guaranteed rebate.

1 (6) The final contract price, without the inclusion of possible  
2 rebates.

3 (7) The solar energy system company’s contractor’s license  
4 number.

5 (8) The impacts of solar energy system installations not  
6 performed to code.

7 (9) Types of solar energy system malfunctions.

8 (10) Information about the difference between a solar energy  
9 system lease and a solar energy system purchase.

10 (11) The impacts that the financing options, lease agreement  
11 terms, or contract terms will have on the sale of the consumer’s  
12 home, including any balloon payments or solar energy system  
13 relocation that may be required if the contract is not assigned to  
14 the new owner of the home.

15 (12) A calculator that calculates performance of solar projects  
16 to provide solar customers the solar power system’s projected  
17 output, which may include an expected performance-based  
18 buydown calculator.

19 (d) A contract for sale, financing, or lease of a solar energy  
20 system and the solar energy system disclosure document shall be  
21 written in the same language as was principally used in the oral  
22 sales presentation made to the consumer or the print or digital  
23 marketing material given to the consumer.

24 (e) For solar energy systems utilizing Property Assessed Clean  
25 Energy (PACE) financing, the Financing Estimate and Disclosure  
26 form required by subdivision (b) of Section 5898.17 of the Streets  
27 and Highways Code shall satisfy the requirements of this section  
28 with respect to the financing contract only, but not, however, with  
29 respect to the underlying contract for installation of the solar energy  
30 system.

31 (f) The board shall post the PACE Financing Estimate and  
32 Disclosure form required by subdivision (b) of Section 5898.17  
33 of the Streets and Highways Code on its internet website.

34 (g) For purposes of this section, “solar energy system” means  
35 a solar energy device to be installed on a residential building that  
36 has the primary purpose of providing for the collection and  
37 distribution of solar energy for the generation of electricity, that  
38 produces at least one kW, and not more than five MW, alternating  
39 current rated peak electricity, and that meets or exceeds the

- 1 eligibility criteria established pursuant to Section 25782 of the
- 2 Public Resources Code.
- 3 (h) This section does not apply to a solar energy system that is
- 4 installed as a standard feature on new construction.

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## AGENDA ITEM G-3

# Review, Discussion, and Possible Action to Pursue Legislation to Enact a Residential Remodeling and Home Improvement License Classification





### **Residential Remodeling and Home Improvement License**

As part of CSLB's 2019-21 Strategic Plan to develop a proposal for a new remodeling and home improvement license classification staff met with stakeholders and has developed the following proposal for board consideration.

#### **Existing Law**

##### Minor Work Exemption

Construction projects for which the full aggregate contract price is \$500 or more must be performed only by licensed contractors, pursuant to Business and Professions Code section 7048.

##### General Building Contractor Classification

Business and Professions Code section 7057 establishes that a "B" General Building contractor may contract for construction projects that require the use of at least two unrelated building trades or crafts (multi-trade work). The statute further allows "B" General Building contractors to contract for projects that involve framing or carpentry work only.

In 2014, CSLB staff specifically asked DCA legal counsel if an individual may qualify for a "B" General Building license without framing or rough carpentry experience. Counsel informed staff that an applicant for a "B" license must possess experience in the framing/rough carpentry trade and two other unrelated trades. DCA legal counsel provided the following example to support its determination:

[W]ithout the framing/rough carpentry trade, an applicant could qualify based upon two unrelated trades – say painting and flooring – and be issued a general contractor's license and therefore be authorized to build, superintend or oversee the construction of homes, houses, and other structures that shelter persons without any experience in the rough carpentry or framing trade. This action may lead to an applicant who qualified on the basis [of] flooring and painting trades and now has a general contractor's license to determine if a support beam, truss, or joist is properly framed and/or attached or anchored to the structure.

#### **Consumer Protection Benefits**

Staff analyzed consumer-filed complaints to CSLB from January 1, 2018 to June 30, 2019 and determined that approximately 25 percent involved a contract with a "B" General Building contractor for remodeling or home improvement repairs with a contract price of \$25,000 or less. Consumers would benefit from the option of hiring a contractor specifically licensed to perform remodeling and home improvement work.





**Underground Economy**

Unlicensed contractors routinely advertise for and perform remodeling projects. As unlicensed contractors, they cannot obtain building permits and workers’ compensation insurance for employees, and they do not obtain bonds, all of which creates serious liabilities and provides little recourse for financially injured consumers.

Online Advertising

A review of advertisements for contracting services on one of the popular online platforms in five different regions around the state – Inland Empire, Los Angeles, Sacramento, San Diego, and San Francisco – revealed that anywhere from 12 percent to 19 percent of advertisements were for multi-trade home improvement services on any given day. None of the advertisements for multi-trade home improvement work included a contractor license number.

	Multi-Trade Ads	Total Contractor Ads	% Multi-Trade Ads
Inland Empire	12	68	18%
Los Angeles	28	160	18%
Sacramento	11	57	19%
San Diego	16	101	16%
San Francisco	30	242	12%

**CSLB Licensing Workshops**

Since November 2017, CSLB has held 67 licensing workshops for 2,377 attendees. Of those attending, approximately 80 to 85 percent would benefit from a residential remodeling and home improvement license, as many already perform remodeling work but lack the structural framing experience required for the “B” General Building license.

CSLB also recently began conducting an anonymous survey at the licensing workshops. Of the 49 unlicensed contractors surveyed to date:

- Approximately 60 percent do little-to-no structural work
- Participants reported performing a combination of the following residential multi-trade crafts at least once a month:
  - bathroom fixtures
  - painting
  - plugs and switches
  - light and fan fixtures
  - cabinets
  - windows and doors
  - drywall
  - tiling



- flooring
- insulation
- molding

To date, the data collected indicates that there is a significant population seeking licensure to perform multi-trade residential remodeling but cannot obtain a “B” General Building contractor license for lack of structural framing experience.

### **Western States General Building Requirements**

Several western states have multi-tier general building contracting license types, in addition to a general building contractor license:

- Arizona has a B-3 General Remodeling and Repair contractor. This classification allows the licensee to remodel and repair an existing residential structure or appurtenance except for electrical, plumbing, mechanical, boilers, swimming pools, spas, and water wells, which must be subcontracted to an appropriately licensed contractor. The scope of work allowed under the R-7 carpentry classification is included within this scope.
- Nevada has three license types. The B-1 Premanufactured Housing, the B-2 Residential and Small Commercial (limited to three-story structures), and the B-6 Commercial Remodeling.
- Oregon has a residential limited contractor license that is obtained by endorsement, which allows work on residential structures. The classification is intended for part-time workers and hobbyists. These contractors may supervise, arrange, and/or perform an unlimited number of unrelated building trades involving residential or small commercial structure projects that meet all of the following:
  1. Will not perform work exceeding \$40,000 in gross annual volume.
  2. Will not enter into contracts to perform work as a contractor that exceeds \$5,000.
  3. Will not perform work that exceeds \$5,000 per jobsite per year.
  4. Understands that if gross construction business volume exceeds \$40,000 during the year, the law requires the contractor to immediately change their endorsement and increase their bond and insurance coverage, if required.
- Utah has an R101 – residential and small commercial, non-structural remodel and repair contractor. These contractors may engage in multi-trade work in existing structures but may not make any changes to the bearing portions of the existing structure.

**PROPOSED LANGUAGE:****Section 7055 of the Business and Professions Code is amended, to read:**

7055. For the purpose of classification, the contracting business includes any or all of the following branches:

- (a) General engineering contracting.
- (b) General building contracting.

**(1) Residential remodeling and home improvement contracting**

- (c) Specialty contracting.

**Section 7057.1 is added to the Business and Professions Code, to read:**

**7057.1 Except as provided in this section, a residential remodeling and home improvement contractor is a contractor whose principal contracting business is in connection with any existing residential wood frame structure requiring the use of at least three unrelated building trades or crafts, and with the following limitations:**

**(a) The three unrelated trades shall not include framing and rough carpentry, but may include cabinetry, drywall, electrical devices (fans, lights, outlets), finish carpentry, flooring, insulation, molding, painting, plumbing fixtures, and tiling. The residential remodeling and home improvement contractor shall not take a prime contract for any project unless that includes less than three unrelated building trades or crafts, unless the residential remodeling and home improvement contractor holds the appropriate license classification or subcontracts with an appropriately licensed contractor to perform the work.**

**(b) The residential remodeling and home improvement contractor shall not contract to make structural changes to load bearing portions of the existing structure, including footings, foundations, partitions, and load bearing walls.**

**(c) The residential remodeling and home improvement contractor shall not contract to install, replace, or extend electrical or plumbing systems. The residential remodeling and home improvement contractor may install, repair, and replace plumbing and electrical fixtures and make minor alterations to an existing plumbing and electrical system to effectuate that purpose.**

**(d) The residential remodeling and home improvement contractor shall not contract for the installation, modification or replacement of heating, ventilating and air conditioning systems or their component parts.**

**(e) The residential remodeling and home improvement contractor shall not contract for any project that includes a fire protection system as provided for in**



Section 7026.12 or 7026.13, or the “C-57” Well Drilling classification as provided for in Section 13750.5 of the Water Code.

(f) This classification may be cited or referred to as the B-1 Residential Remodeling and Home Improvement Contractor.

**LICENSING COMMITTEE RECOMMENDATION:** That the full board approve the legislative proposal for a new license classification in statute and authorize staff to seek an author to carry the legislative proposal, as well as delegate to the registrar the authority to make technical and minor, non-substantive changes to the proposed language as may be necessary. The proposal would include a new B-1 Residential Remodeling/Home Improvement Contractor classification, which would include the following concepts:

- The B-1 classification scope would include three or more trades or crafts with the following restrictions:
  - Limited to working on existing residential wood frame structures
  - Cannot make structural alterations to load-bearing partitions and walls
  - Cannot install or extend electrical or plumbing systems but can make modifications to existing systems (e.g., install recessed lighting or alter plumbing for two shower heads)
  - Cannot install or replace an HVAC system
- Applicants/licensees must comply with CSLB experience, examination, license bond, and workers compensation insurance requirements

## AGENDA ITEM G-4

Review, Discussion, and Possible Action  
to Pursue Legislation to Increase the  
Minor Work Licensure Exemption for  
Contracting (Currently Under \$500  
for Labor and Materials)





# CONTRACTORS STATE LICENSE BOARD

## LEGISLATIVE PROPOSAL TO RAISE THE \$500 “MINOR WORK” EXEMPTION

**SUBJECT:** Raise the current “minor work” exemption from the contractor license requirement from \$500 to \$1,000.

**IDENTIFICATION OF PROBLEM/SUMMARY:**

Existing law states that a contractor license is not required for construction projects that cost less than \$500 in labor and materials combined; this is commonly referred to as the “minor work exemption.” These jobs are considered “casual, minor, or inconsequential” in nature and pose minimal harm to consumers. A 1998 legislative analysis on the minor work exemption conducted by the Senate Committee on Business and Profession states:

[T]here [is] a commonsense argument for exempting certain types of small projects that carry very minimal risk to the consumer from current law's requirements for full licensure by CSLB. . . . [I]t seems to be completely reasonable for a homeowner to legally hire a "handyman" – perhaps a retired neighbor, or a friend of a friend – to replace a section of wallboard in a garage, or to repair a leaky faucet.

The dollar amount of the minor work exemption has increased over time. It was \$200 in 1977, \$300 in 1986, and \$500 in 1998; it has remained at its current level for over 20 years. As a result of rising labor and material costs over the past decades, it is reasonable to consider an increase.

According to the Department of Industrial Relation’s California Consumer Price Index (CPI) calculator, the percent change in the CPI for urban wage earners and clerical workers between April 1998 (when the CSLB’s minor work exemption was last raised) and April 2019 is 72.3 percent. A 72 percent increase from \$500 is approximately \$862. To accommodate future increases in the consumer price index, staff suggests raising the amount to \$1,000.

**PROPOSED CHANGE:** Raise the minor work exemption to \$1,000.

**IMPACT ON OTHER DIVISIONS:** Increasing the minor work exemption to \$1000 would allow Enforcement staff to focus on larger enforcement and consumer protection concerns.

**PROPOSED LANGUAGE:**

**Business and Professions Code § 7048**

This chapter does not apply to any work or operation on one undertaking or project by one or more contracts, the aggregate contract price which for labor, materials, and all other items, is less than [StartStrikethrough]five hundred dollars (\$500)[EndStrikethrough] [StartUnderline]one thousand dollars



(\$1,000), that work or operations being considered of casual, minor, or inconsequential nature.

This exemption does not apply in any case wherein the work of construction is only a part of a larger or major operation, whether undertaken by the same or a different contractor, or in which a division of the operation is made in contracts of amounts less than ~~five hundred dollars (\$500)~~ one thousand dollars (\$1,000) for the purpose of evasion of this chapter or otherwise.

This exemption does not apply to a person who advertises or puts out any sign or card or other device which might indicate to the public that he or she is a contractor or that he or she is qualified to engage in the business of a contractor.

**LEGISLATIVE COMMITTEE RECOMMENDATION:** That the board approve this legislative proposal to raise the minor work exemption to \$1,000 and authorize staff to seek an author to carry the legislative proposal, and to further delegate to the registrar the authority to make technical and minor, non-substantive changes to the proposed language as may be necessary.





## AGENDA ITEM G-5

Review, Discussion, and Possible Action  
to Pursue Legislation to Amend Business  
and Professions Code Section 7141.5  
(Retroactive Renewals)





### Legislative Proposal on Retroactive Renewals

**SUBJECT:** Modify the rules for retroactive renewal of an expired license.

**EXISTING LAW:** Existing law provides that contractor licenses expire every two years, and that contracting on an expired, but renewable, contractor license is cause for disciplinary action. To maintain a license, existing law requires a licensee to apply for and pay for a license renewal prior to the license expiration date. Existing law allows the registrar to grant the retroactive renewal of an expired license if the licensee petitions the registrar, pays the renewal fee and a delinquency fee, and explains why the failure to renew timely was due to circumstances beyond their control.

**IDENTIFICATION OF PROBLEM:** Each year, more than 14,000 contractors renew their license more than 30 days after it expires. This occurs annually even though the renewals are sent to licensees 60 to 90 days prior to the date the license expires.

To meet the current requirement for retroactive renewal, staff must determine if a licensee's failure to renew timely was out of their control. This forces staff to inquire into facts about a licensee's operations and make a subjective value judgment about the licensee's decision making. It is also a heavy burden to meet: CSLB had to deny nearly every petition for retroactive renewal received last year because a failure to renew timely will almost never be out of the licensee's control.

The law should be changed to simply allow a retroactive renewal, if an acceptable renewal is received within 90 days of the license expiration date, without forcing staff to conduct a case-by-case analysis of why the renewal is late. The Medical Board of California has a similar provision (Business and Professions Code section 2424). This change would also mirror the provisions for retroactive acceptance of other license maintenance documents, such as workers' compensation and license bonds, that already exist in the law.

### PROPOSED LANGUAGE:

#### 7141.5.

The registrar ~~may~~ **shall** grant the retroactive renewal of a license if the licensee ~~requests the retroactive renewal in a petition to the registrar,~~ files an **completed** application for renewal on a form prescribed by the registrar, ~~and~~ **and** pays the appropriate renewal fee and delinquency fee prescribed by this chapter ~~chapter.~~ ~~The registrar shall reinstate the license to which the renewal pertains.~~ **and submits the application and appropriate fee within 90 days of the expiration of the license.** ~~This section shall only apply for a period not to exceed 90 days from the due date and only upon a~~



~~showing by the contractor that the failure to renew was due to circumstances beyond the control of the licensee.~~ For the purposes of this section, a renewal shall be deemed submitted if it is postmarked or delivered to the board's headquarters office within 90 days of the expiration of the license.

**LEGISLATIVE COMMITTEE RECOMMENDATION:** That the full board approve this legislative proposal that simplifies the rules for processing a retroactive renewal at Business and Professions Code section 7141.5 and authorize staff to seek an author to carry this legislative proposal, and to further delegate to the registrar the authority to make technical and minor, non-substantive changes to the proposed language as may be necessary.



## AGENDA ITEM G-6

Discussion and Possible Action to Consider Changes to Previously Proposed Text and Reauthorization of a Regular Rulemaking to Make Changes to Text at Title 16, CCR sections 868, 869, and 869.9 (Criteria to Aid in Determining if Crimes or Acts Are Substantially Related to Contracting Business, Criteria for Rehabilitation, and Criteria to Aid in Determining Earliest Date a Denied Applicant May Reapply for Licensure), Section 868.1 (Criteria to Aid in Determining if Financial Crimes Are Directly and Adversely Related to Fiduciary Qualifications, Functions, or Duties of a Licensee or Registrant for the Purpose of Considering Denials of Applications) and Section 869.5 (Inquiry into Criminal Convictions)





# CONTRACTORS STATE LICENSE BOARD

## PROPOSED REGULATORY CHANGE TO CCR TITLE 16

### Proposed Regulatory Change to CCR Title 16

Assembly Bill (AB) 2138 (Chapter 995, Statutes of 2018) will become operative on July 1, 2020. The bill amends the provisions of the Business and Professions Code that relate to a board's ability to deny a license or registration or to take disciplinary action based on a criminal conviction that is "substantially related" to the contracting business, and will add new authority to deny a license based upon a professional misconduct finding by another licensing board.

In response to AB 2138, Contractors State License Board (CSLB) staff and legal counsel drafted changes to its regulations relating to the "substantial relationship" criteria, the new "directly and adversely" related criteria added by the bill for financial crimes, the rehabilitation criteria, inquiries into criminal convictions, and the reapplication date criteria.

At its March 21, 2019 meeting, the board reviewed and authorized proposed regulatory changes to adopt 16 CCR section 868.1, repeal 16 CCR section 869.5, and amend 16 CCR sections 868, 869, and 869.9. The rulemaking package is currently being reviewed by the Department of Consumer Affairs, prior to the scheduling of a public hearing on the matter.

However, during their review of the draft regulatory language staff and legal counsel identified additional revisions to the language that the board approved at its March 2019 meeting, primarily for consistency and accuracy.

The board is now being asked to review and approve six technical and three substantive revisions to the language the board originally approved in March. The proposed revisions are below.

#### **Section 869 (b)(1) – Technical**

Add "or registration" where "license" is mentioned to reflect the fact that CSLB both licenses contractors and registers home improvement salespersons and both populations are subject to the provisions of these regulations.

#### **Section 869 (b)(1)(A) – Technical**

Add "or registration" where "licensee" is mentioned to reflect the fact that CSLB both licenses contractors and registers home improvement salespersons and both populations are subject to the provisions of these regulations.

#### **Section 869 (b)(1)(E) (as newly renumbered in this proposal) – Substantive**

Add "professional misconduct" to the listing of offenses to which the subsection applies because professional misconduct is grounds for denial pursuant to the new provisions



of Business and Professions Code section 480 (a)(2) that become operative on July 1, 2020. It was inadvertently left out of this particular listing.

**Section 869 (b)(2)(F) – Technical**

Add “or registration” where “licensure” is mentioned to reflect the fact that CSLB both licenses contractors and registers home improvement salespersons and both populations are subject to the provisions of these regulations.

**Section 869 (b)(2)(G) – Technical**

Delete “or” and add “or 1203.42” to the listing of Penal Code sections under which criminal convictions may be withdrawn, set aside, or dismissed and that are referenced in the new provisions of Business and Professions Code sections 480 (a)(2) and 480 (c) that become operative on July 1, 2020.

**Section 869 (c) (as newly renumbered in this proposal) – Substantive**

Add “relating to licensees or registrants” after “subsections (a) and (b)” in the last line of the subdivision. The subsections (a) and (b) referred to in Section 869 (c) relate to the denial, suspension or revocation of a license for applicants, licensees, and home improvement registrants. However, Section 869 (c) relates only to petitions for reinstatement of a license. Petitions for reinstatement of a license are only submitted by licensees and home improvement salespersons after their licenses or registrations have been disciplined. The criteria in Section 869 that relate to applicants are not relevant for consideration of a petition for reinstatement. Therefore, this change will clarify that requirements described in subsection (c) of 869 will only apply to those provisions of subsection (a) and (b) that relate to licensees or registrants, and not applicants.

**Section 869.9 title - Technical**

Add “or registration” where “licensure” is mentioned to reflect the fact that CSLB both licenses contractors and registers home improvement salespersons and both populations are subject to the provisions of these regulations.

**Section 869.9 (a) - Technical**

Add “or registration” where “licensure” is mentioned to reflect the fact that CSLB both licenses contractors and registers home improvement salespersons and both populations are subject to the provisions of these regulations.

**Section 869.9 (a)(10) - Technical**

Add “or registration” where “licensure” is mentioned to reflect the fact that CSLB both licenses contractors and registers home improvement salespersons and both populations are subject to the provisions of these regulations.

**Staff Recommendation:** That the board rescind prior proposed text and approve the proposed regulatory text and changes to Sections 868, 869, 868.1, 869.5, and 869.9 as provided in the materials and direct staff to submit all approved text to the Director of the Department of Consumer Affairs and the Business, Consumer Services, and



**CSLB**

**PROPOSED REGULATORY CHANGE TO CCR TITLE 16**

P

Housing Agency for review. If no adverse comments are received, authorize the Registrar to take all steps necessary to initiate the rulemaking process, make any non-substantive changes to the package, and set the matter for hearing.





**CONTRACTORS STATE LICENSE BOARD**

**ORIGINALLY PROPOSED LANGUAGE**

**California Code of Regulations  
Title 16, Division 8**

**Article 7. Special Provisions**

**Amend Section 868 as follows:**

§ 868. Criteria to Aid in Determining if Crimes, Professional Misconduct, or Acts Are Substantially Related to ~~Contracting Business~~ Qualifications, Functions, or Duties of a Licensee or Registrant.

(a) For the purposes of denial, suspension, or revocation of a license or registration pursuant to Section 141 or Division 1.5 (commencing with Section 475) of the eCode, a crime, professional misconduct, or act, as defined in Section 480 of the code, shall be considered to be substantially related to the qualifications, functions, or duties of a licensee or registrant (under Division 3, Chapter 9 of the eCode) if it evidences present or potential unfitness of an applicant, ~~or licensee, or registrant~~ to perform the functions authorized by the license or registration in a manner consistent with the public health, safety, and welfare. The crimes or acts shall include, but not be limited to, the following:

(b) In making the substantial relationship determination required under subdivision (a) for a crime, the Board or Registrar shall consider the following criteria:

(1) The nature and gravity of the offense,

(2) The number of years elapsed since the date of the offense, and

(3) The nature and duties of a contractor or home improvement salesperson.

(c) For purposes of subdivision (a), substantially-related crimes, professional misconduct, or acts shall include, but are not limited to, the following:

(a1) Any violation of the provisions of Chapter 9 of Division 3 of the eCode or other state or federal laws governing contractors or home improvement salespersons.

(b2) Failure to comply with the provisions of the California ~~Administrative Code of Regulations, Chapter 8, Title 16, Division 8.~~



(e3) Crimes, professional misconduct, or acts involving dishonesty, fraud, deceit, or theft with the intent to substantially benefit oneself or another or to substantially harm another.

(d4) Crimes, professional misconduct, or acts involving physical violence against persons.

(e5) Crimes, professional misconduct, or acts that indicate a substantial or repeated disregard for the health, safety, or welfare of the public.

Note: Authority cited: Sections 481, 493 and 7008, Business and Professions Code.

Reference: Sections 141, 480, 481, 490, 493, 7066, 7069, 7073, 7090, 7123, and 7124, Business and Professions Code.

**Add Section 868.1 as follows:**

§ 868.1. Criteria to Aid in Determining if Financial Crimes Are Directly and Adversely Related to Fiduciary Qualifications, Functions, or Duties of a Licensee or Registrant for the Purpose of Considering Denials of Applications.

For the purpose of determining whether there are grounds to deny a license or registration to an applicant who was convicted of a financial crime currently classified as a felony pursuant to Section 480 of the Code, the crime shall be considered to be directly and adversely related to the fiduciary qualifications, functions, or duties of a licensee or registrant if it involves dishonesty, fraud, deceit, or theft that resulted in: (i) direct financial benefit to the applicant or another person or entity, (ii) direct financial harm to another person or entity, or (iii) an attempt to obtain direct financial benefit or cause direct financial harm to another person or entity. The felony financial crimes shall include, but not be limited to, the following:

(a) Crimes involving the acquisition or provision of false, altered, forged, counterfeit, or fraudulent document(s), or the acquisition or provision of false or fraudulent statement(s).



(b) Crimes involving the use of personal identifying information for an unlawful purpose, including for the purpose of illegally obtaining money, credit, goods, services, real property, or medical information of another person (also known as identify theft).

(c) Crimes involving stolen property, embezzlement, grand theft, larceny, burglary, monetary transactions in property derived from a specified unlawful activity (also known as money laundering), or crimes related to obtaining money, labor, or property under false or fraudulent pretenses.

(d) Crimes involving an attempt or conspiracy to commit such crimes listed in subsections (a), (b), or (c).

(e) For the purposes of this section, "personal identifying information" has the meaning set forth in Penal Code section 530.55.

Note: Authority cited: Sections 480 and 7008, Business and Professions Code.

Reference: Sections 7.5, 480, 7069, 7073, 7090, and 7124, Business and Professions Code; Section 530.55, Penal Code.

**Amend Section 869 as follows:**

§869. Criteria for Rehabilitation.

(a) When considering the denial, suspension, or revocation of a license or registration pursuant to Division 1.5 (commencing with Section 475) of the eCode on the ground that the individual was convicted of a crime, the Board or Registrar shall consider whether the applicant, licensee, or registrant made a showing of rehabilitation and is presently eligible or fit for a license or registration if the applicant, licensee, or registrant completed the criminal sentence at issue without a violation of parole or probation. In making this determination, the Board or Registrar in evaluating the applicant's or licensee's rehabilitation and present eligibility for a license will consider the following criteria:

(1) The nature and gravity of the crime(s).



(2) The length(s) of the applicable parole or probation period(s).

(3) The extent to which the applicable parole or probation period was shortened or lengthened, and the reason(s) the period was modified.

(4) The terms or conditions of parole or probation, and the extent to which they bear on the applicant's rehabilitation.

(5) The extent to which the terms or conditions of parole or probation were modified, and the reason(s) for modification.

(b) If subsection (a) is inapplicable, or the Board or Registrar determines that an applicant, licensee, or registrant did not make a showing of rehabilitation based on the criteria in subsection (a), the Board or Registrar shall apply the following criteria in evaluating an applicant's, licensee's, or registrant's rehabilitation:

(1) Subject to the provisions of subsection (a)(2), an applicant or licensee may be determined to be rehabilitated if he or she meets the following criteria. The Board or Registrar shall find that an applicant, licensee, or registrant made a showing of rehabilitation and is presently eligible or fit for a license or registration if, after considering the following criteria and the provisions of subsection (b)(2), the Board or Registrar finds that the individual is rehabilitated:

Denial Based on Felony Convictions Within Seven Years of Application

(A) When considering the denial of a license or registration, the Board or Registrar may consider the applicant rehabilitated if the applicant was convicted of a felony within the preceding seven (7) years from the date of application that is substantially related to the qualifications, functions, or duties of a licensee or registration as defined in Section 868, and five (5) years have passed from the time of the applicant's release from incarceration or completion of probation if no incarceration was imposed, without the occurrence of additional substantially-related criminal activity, professional misconduct, acts, or omissions that also could be grounds for denial. This subsection does not apply to any crimes listed in subsection (b)(1)(B).

Denial Based on Serious Felonies, Felonies Requiring Sex Offender Registration, or Felony Financial Crimes Directly and Adversely Related to the Qualifications, Functions, or Duties of a Licensee or Registrant



(B) When considering the denial of a license or registration on the ground that the applicant was convicted of a crime identified in Section 480(a)(1)(A) of the Code or a felony financial crime as defined in Section 868.1, the Board or Registrar may consider an applicant rehabilitated if seven (7) years have passed from the time of the applicant's release from incarceration or completion of probation if no incarceration was imposed, and the applicant committed no additional substantially-related criminal activity, professional misconduct, acts, or omissions that also could be grounds for denial.

Discipline Based on Felony Convictions

(AC) When considering the suspension or revocation of a license or registration, the Board or Registrar may consider a licensee or registrant rehabilitated if the licensee or registrant was convicted of a ~~For~~ felony ~~convictions~~ that ~~are~~ is substantially related to the qualifications, functions, or duties of a licensee or registrant as defined in Section 868, and seven (7) years have passed from the time of release from incarceration or completion of probation if no incarceration was imposed, without the occurrence of additional substantially-related criminal activity, ~~or substantially-related acts, or omissions that also could be grounds for suspension or revocation.~~

Denial or Discipline Based on Misdemeanor Convictions

(BD) When considering the denial, suspension, or revocation of a license or registration, the Board or Registrar may consider an applicant, licensee, or registrant rehabilitated if the applicant, licensee, or registrant was convicted of a ~~For~~ misdemeanor ~~convictions~~ that ~~are~~ is substantially related to the qualifications, functions, or duties of a licensee or registrant as defined in Section 868, and three (3) years have passed from the time of release from incarceration or completion of probation if no incarceration was imposed, without the occurrence of additional substantially-related criminal activity, ~~or substantially-related act(s), or omission(s) that also could be grounds for denial, suspension, or revocation.~~

Denial or Discipline Based on Professional Misconduct, Acts, or Omissions

(CE) For professional misconduct or acts that are substantially related to the qualifications, functions, or duties of a licensee or registrant as defined in Section 868, or for other acts or omissions that are grounds for denial, suspension, or revocation, the



Board or Registrar may consider the applicant, licensee, or registrant rehabilitated if three (3) years have passed from the time of commission of the professional misconduct, act(s), or omission(s) without the occurrence of additional substantially-related criminal activity, professional misconduct, or additional substantially-related act(s), or omission(s) that also could be grounds for denial, suspension, or revocation.

(2) The amount of time needed to demonstrate rehabilitation under subsection ~~(a)~~(b)(1) may be increased or decreased by taking into account the following:

(A) The nature and severity of the crime(s), professional misconduct, ~~or act(s), or omission(s)~~ that are under consideration as, or that were, the grounds for denial, suspension, or revocation.

(B) Evidence of any crime(s), professional misconduct, ~~or act(s), or omission(s)~~ committed subsequent to the crime(s), professional misconduct, ~~or act(s), or omission(s)~~ that are under consideration as, or that were, the grounds for denial, suspension, or revocation, which also could be considered as grounds for denial, suspension, or revocation.

(C) The time that has elapsed since commission of the crime(s), professional misconduct, ~~or act(s), or omission(s)~~ that are under consideration as, or that were, the grounds for denial, suspension, or revocation.

(D) The extent to which the applicant, ~~or licensee, or registrant~~ has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant, ~~or licensee, or registrant~~.

(E) Consistent work history subsequent to the release from incarceration, or the completion of probation if no incarceration was imposed, or subsequent to the time of commission of the professional misconduct, act(s), or omission(s).

(F) Documents or testimony from credible individuals who have personal knowledge of the applicant's, ~~or licensee's, or registrant's~~ life and activities subsequent to the time of commission of the crime(s), professional misconduct, ~~or act(s), or omission(s)~~ who can attest to the applicant's, ~~or licensee's, or registrant's~~ present fitness for licensure or registration.



(G) If applicable, evidence of ~~expungement proceedings~~ a plea of guilty or of nolo contendere, a verdict of guilty, or a conviction having been withdrawn, set aside, or dismissed, and records having been sealed pursuant to Section 1203.4, 1203.4a, or 1203.41, or 1203.42 of the Penal Code.

(H) Other relevant evidence, if any, of rehabilitation submitted by the applicant, ~~or licensee, or registrant~~. For example, relevant evidence may include evidence of recovery from drug and/or alcohol addiction or abuse or completion of a drug and/or alcohol aversion or diversion program if the crime(s), professional misconduct, or act(s), or omission(s) related to or involved drug and/or alcohol use; or evidence of completion of an anger management program if the crime(s), professional misconduct, or act(s), or omission(s) demonstrated the applicant's, ~~or licensee's, or registrant's~~ inability to control one's temper.

(bc) When considering a petition for reinstatement of the license of a contractor or the registration of a home improvement salesperson, the Board shall evaluate evidence of rehabilitation submitted by the petitioner, considering those criteria specified in subsections (a) and (b) relating to licensees or registrants.

Note: Authority cited: Sections 482 and 7008, Business and Professions Code.

Reference: Sections 7.5, 141, 480, 481, 482, 488, 490, 493, 496, 7066, 7069, 7073, 7090, 7102, 7123, and 7124, Business and Professions Code; Sections 1203.4, 1203.4a, and 1203.41, Penal Code.

**Repeal Section 869.5 as follows:**

~~§ 869.5. Inquiry into Criminal Convictions.~~

~~The Board may conduct an inquiry into the circumstances surrounding the commission of a crime in order to fix the degree of discipline or to determine if the crime is substantially related to the qualifications, functions, and duties of a licensee by requiring the applicant or licensee to provide documents including, but not limited to, certified court documents, certified court orders or sentencing documents.~~



Note: Authority cited: Sections 480, 481 and 7008, Business and Professions Code.  
Reference: Sections 480, 481, 493, 7066, 7069 and 7073, Business and Professions Code.

**Amend Section 869.9 as follows:**

§869.9. Criteria to Aid in Determining Earliest Date a Denied Applicant May Reapply for Licensure **or Registration**.

(a) For an applicant who is denied licensure **or registration** pursuant to subdivision section (a) of Section 480 of the Business and Professions Code, the date of reapplication shall be set by the Registrar at not less than one (1) year nor more than five (5) years after the denial. When computing the date for reapplication, the time shall commence from the effective date of the decision if an appeal is made or from the service of the notice of denial under Section 485(b) if a request for hearing is not made. The Registrar will consider the following criteria when setting the reapplication date of an individual who was denied a license or registration:

(1) For felony convictions listed in Section 869(b)(1)(B) that are substantially related to the qualifications, functions, or duties of a licensee as defined in Section 868, seven (7) years have passed from the time of release from incarceration or completion of probation if no incarceration was imposed, without the occurrence of additional substantially-related criminal activity, professional misconduct, or substantially-related act(s), or omission(s) that also could be grounds for denial.

(2) For felony convictions not listed in Section 869(b)(1)(B) that are substantially related to the qualifications, functions, or duties of a licensee as defined in Section 868, five (5) years have passed from the time of the applicant's release from incarceration or completion of probation if no incarceration was imposed, without the occurrence of additional substantially-related criminal activity, professional misconduct, act(s), or omission(s) that also could be grounds for denial.

(23) For misdemeanor convictions that are substantially related to the qualifications, functions, or duties of a licensee or registrant as defined in Section 868, three (3) years have passed from the time of release from incarceration or completion of probation if no incarceration was imposed, without the occurrence of additional substantially-related





criminal activity, professional misconduct, or substantially-related act(s), or omission(s) that also could be grounds for denial.

(34) For ~~acts~~ professional misconduct that ~~are~~ is substantially related to the qualifications, functions, or duties of a licensee or registrant as defined in Section 868, or for other acts or omissions that are grounds for denial, three (3) years have passed from the time of commission of the professional misconduct, act(s), or omission(s), without the occurrence of substantially-related criminal activity, professional misconduct, or substantially-related act(s), or omission(s) that also could be grounds for denial.

(45) The nature and severity of the crime(s), professional misconduct, or act(s), or omission(s) that were the grounds for denial.

(56) Evidence of any crime(s), professional misconduct, or act(s), or omission(s) committed subsequent to the crime(s), professional misconduct, or act(s), or omission(s) that were the grounds for denial, which also could be considered as grounds for denial.

(67) The time that has elapsed since commission of the crime(s), professional misconduct, or act(s), or omission(s) that were the grounds for denial.

(78) The extent to which the applicant ~~or licensee~~ has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant in connection with the crime(s), professional misconduct, act(s), or omission(s) that were the grounds for denial.

(89) Consistent work history subsequent to the release from incarceration, or the completion of probation if no incarceration was imposed, or subsequent to the ~~time~~ date of commission of the crime(s), professional misconduct, act(s), or omission(s) that were the grounds for denial.

(910) Documents or testimony from credible individuals who have personal knowledge of the applicant's life and activities subsequent to the ~~time~~ date of commission of the crime(s), professional misconduct, or act(s), or omission(s) that were the grounds for denial and who can attest to the applicant's present fitness for licensure or registration.



~~(10) If applicable, evidence of expungement proceedings pursuant to Section 1203.4 of the Penal Code.~~

(11) Other relevant evidence, if any, of eligibility for reapplication submitted by the applicant. For example, relevant evidence may include evidence of recovery from drug and/or alcohol addiction or abuse or completion of a drug and/or alcohol aversion or diversion program if the crime(s), professional misconduct, or act(s), or omission(s) that were the grounds for denial related to or involved drug and/or alcohol use; or evidence of completion of an anger management program if the crime(s), professional misconduct, or act(s), or omission(s) demonstrated the applicant's ~~or licensee's~~ inability to control one's temper.

(b) Nothing in this section shall preclude the ~~Registrar~~ from denying the license or registration of an applicant who was previously denied a license or registration and who is eligible for reapplication in accordance with this section.

Note: Authority cited: Sections 482, 7008, and 7073, Business and Professions Code.  
Reference: Sections 480, 482, 485, 486, 496, 7066, 7069, 7073, and 7124, Business and Professions Code.

## AGENDA ITEM G-7

# Review, Discussion, and Possible Action to Amend Legislative 2019-21 Strategic Plan Objectives





### 2019-21 Strategic Plan – Legislative Objectives

#### Item 3.1

**Description:** Collaborate annually with industry and consumer leaders to share new legislative ideas.

**Target Date:** January 2019 – November 2019 (annually thereafter)

**Current Status:** Three meetings held in April and May 2019 with industry on legislation or regulation dealt with: energy storage systems; workers' compensation for specified license classifications; and home improvement contract requirements.

#### Item 3.2

**Description:** Seek legislation to mandate workers' compensation insurance for specified license classifications to protect workers and consumers. (Statutory)

**Target Date:** January 2020

**Current Status:** First stakeholder meeting held in April 2019; proposed classifications subject to this requirement revised; staff is gathering additional information and statistics.

#### Item 3.3

**Description:** Review disaster related consumer protection laws, including the hazardous substances certification requirements. (Statutory)

**Target Date:** July 2020

**Current Status:** Not yet begun

#### Item 3.4

**Description:** In conjunction with the Licensing division, review multiple qualifier responsibilities and bonding requirements to determine if regulatory or legislative changes will improve consumer protection.

*(See Licensing objective 1.5)*

**Target Date:** ~~August 2019~~

**Proposed New Target Date:** **January 2021**

**Current Status:** Modified per mandate from Senate Business and Professions Committee in Sunset bill to study whether or not current bond amount is sufficient, which will include an analysis of the bond of qualifying individual and multiple license qualifiers.



**2019-21 Strategic Plan – Legislative Objectives**

**Item 3.5**

**Description:** Clarify home improvement contract requirements to improve licensee understanding and compliance. (Statutory)

**Target Date:** July 2020

**Current Status:** First of multiple stakeholder meetings held in April 2019; workgroups will continue to convene; and draft language will be proposed by summer 2020.

**Item 3.6**

**Description:** Review laws and update penalties as necessary to ensure they are adequate for the violations in order to encourage compliance and protect consumers. (Regulatory)

**Target Date:** March 2021

**Current Status:** Not yet begun

**Item 3.7**

**Description:** Clarify in regulation (CCR section 825) the definition of foreman, supervising employee, and contractor, to provide applicants greater clarity about the experience needed to obtain a license. (Regulatory)

**Target Date:** June 2021

**Current Status:** Not yet begun

**Item 3.8**

**Description:** Research the feasibility of a graduated fee increase for larger licensed contractors to increase enforcement resources and public outreach.

**Target Date:** September 2021

**Current Status:** Not yet begun



# AGENDA ITEM H

## Public Affairs







## AGENDA ITEM H-1

# Public Affairs Program Update

- a. Online Highlights
- b. Video/Digital Services
- c. Social Media Highlights
- d. Media Relations Highlights
- e. Publications/Graphic Design Highlights
- f. Industry/Licensee Outreach Highlights
- g. Consumer/Community Outreach Highlights
- h. Intranet/Employee Relations





# CONTRACTORS STATE LICENSE BOARD

## PUBLIC AFFAIRS PROGRAM UPDATE

### Public Affairs Program Update

CSLB's Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer relations, as well as outreach. PAO provides a wide range of services, including proactive public relations; response to media inquiries; community outreach, featuring Senior Scam Stopper<sup>SM</sup> and Consumer Scam Stopper<sup>SM</sup> seminars, and seminars for both disaster survivors and contractors; speeches to service groups and organizations; publication and newsletter development and distribution; contractor education and outreach; social media outreach to consumers, the construction industry, and other government entities; website and employee Intranet content, including webcasts, video and audio production; as well as disaster outreach and education.

### STAFFING/FACILITIES UPDATE

PAO is staffed with seven full-time positions and a part-time Student Assistant. The new Television Specialist started work on August 26, 2019.

Staff Name	Position
<b>Rick Lopes</b>	Chief of Public Affairs
<b>Claire Goldstene</b>	Information Officer II
<b>Amber Foreman</b>	Graphic Designer III
<b>Jane Kreidler</b>	Associate Government Program Analyst

Staff Name	Position
<b>Kevin Durawa</b>	Information Officer I
<b>Natalie Watmore</b>	Information Officer I
<b>Amy Lawrence</b>	Television Specialist
<b>Leslie Gutierrez</b>	Student Assistant

The construction of a new Digital Media Center (DMC) at CSLB's Sacramento headquarters is in its final stages. The DMC, which will include both a dedicated studio and control room, will allow CSLB for the first time to efficiently produce a variety of video and audio programs, webinars, and training sessions. It will also be used to webcast public meetings held at Sacramento headquarters.

Control Room



Studio





## ONLINE HIGHLIGHTS

### **Launch of New Website – Americans with Disabilities Act Compliance**

Together with the Information Technology (IT) unit, PAO worked to meet a July 1, 2019, deadline to make CSLB's website compliant with the requirements of the Americans with Disabilities Act (ADA).

PAO's work included, helping identify non-compliant materials, making materials compliant, and helping determine how best to migrate website materials onto a more ADA compliant template. This final step included PAO design of a new homepage, defining new navigation routes and website sections, and designing a variety of new graphic elements.

### **Expansion of Website Content – New Contractor Blog-Style Site**

To help meet Public Affairs Strategic Plan objective 4.6 – expanding website content to keep industry and licensees up-to-date on relevant information – PAO is working with the Information Technology (IT) unit and the Department of Technology's Office of Technology Services (OTech) to create a separate website specifically targeted to licensees and those looking to get a contractor license. The site will have newly developed content and features, including regularly updated news about laws, legislation, and other information that affects a contractor's business.

PAO staff are currently developing the materials for the site and working with OTech to build the site. OTech is hosting the site to allow PAO staff the ability to quickly update materials.

The new site is expected to launch fall 2019.

## VIDEO/DIGITAL SERVICES

### **Public Meetings**

- *Board Meetings and Live Webcasts*
  - June 6-7: Quarterly Board meeting in South Lake Tahoe
  - June 26: CSLB Senior Scam Stopper seminar in Avenal
  - August 5: Executive Committee meeting in Sacramento
  - August 6: Licensing & Legislative Committee meetings in Sacramento



- *Other Published Videos*
  - May 23: How to Find a Licensed Contractor Near You
  - May 24: CSLB Shows the Importance of 3 Bids
  - June 4: CSLB looks at the 1930’s construction of the Bay Bridge



**Social Media Highlights**

**Followers on CSLB’s Social Media Channels**

Date	Facebook	Twitter	YouTube	LinkedIn	Instagram	Flickr
November 2010	86	50	2	-	-	-
November 2011	731	638	20	-	-	-
November 2012	1,139	1,040	282	-	-	-
November 2013	1,457	1,349	343	-	-	-
November 2014	1,796	1,622	352	-	-	-
November 2015	2,228	1,824	434	14	-	-
November 2016	2,909	2,123	600	59	12	7
November 2017	3,312	2,405	702	105	99	10
November 2018	3,680	2,471	832	153	210	12
May 1, 2019	4,440	2,540	923	199	289	12
August 22, 2019	4,602	2,602	955	236	399	12

CSLB continues to use a variety of posts that include infographics to enhance engagement with audiences via a variety of social media. The use of infographics has increased CSLB’s interaction in comparison to posts without graphics.

Below are examples of infographics recently posted on Facebook, Twitter, Instagram, and LinkedIn:



### Nextdoor Partnership

Nextdoor is a private social network for neighborhoods. This network serves over 158,000 neighborhoods across the country and is used as a source of local information.

CSLB is a Nextdoor Public Agency Partner, which allows PAO to create targeted messages to reach residents in communities of declared disaster areas. CSLB's agency account can currently reach all active neighborhoods in Napa, Sonoma, Yuba, Butte, Lake, Mendocino, Nevada, Orange, and Solano counties.

Between June 1 and August 22, 2019, 71,673 people joined CSLB's reachable Nextdoor Network, bringing the total number of verified residents in CSLB's network to 878,275.

### Facebook Growth

Between June 1, 2019 and August 22, 2019, CSLB "reached" 57,992 people on its Facebook page.

- 68 percent of those who follow CSLB on Facebook are male; 31 percent female.
- 56 percent of CSLB's Facebook fans are between the ages of 35 and 54.
- Most viewed posts:
  - An important reminder for contractors and homeowners: Call 811 before digging – "reached" 4,946 people
  - CSLB investigators conducted an undercover sting in Salinas – "reached" 3,815 people

Since the June 2019 board meeting, CSLB produced one Facebook Live video.

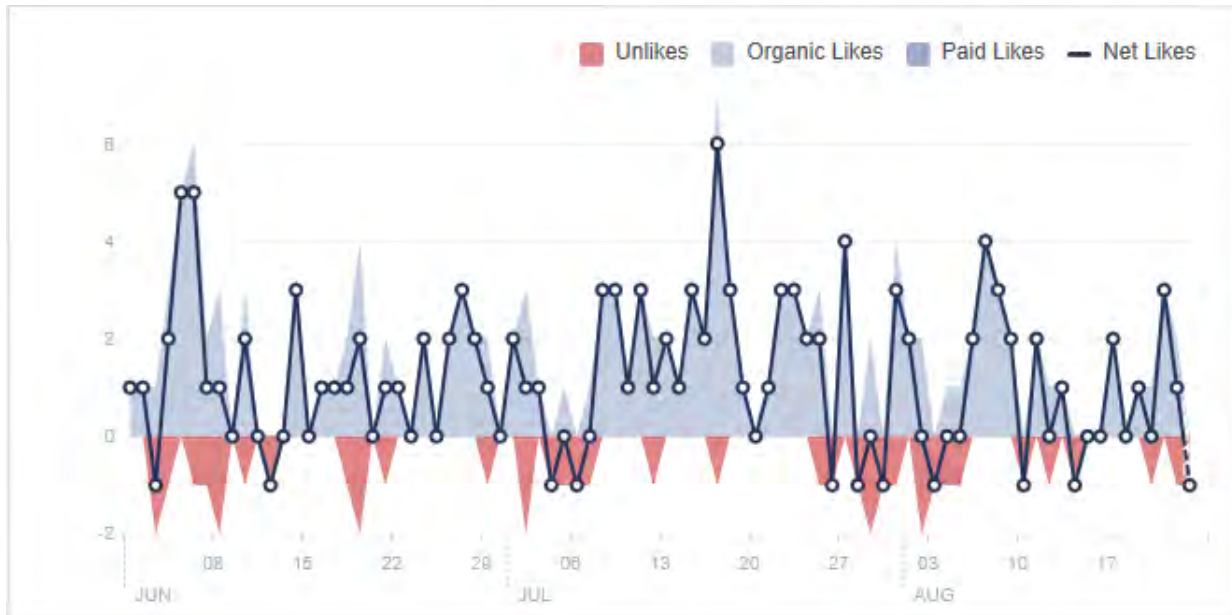
On June 26, 2019, CSLB held a Senior Scam Stopper seminar in Avenal. CSLB Public Affairs Chief Rick Lopes broadcast the nearly ninety-minute long event on Facebook live, which garnered hundreds of views. CSLB partnered with Senator Melissa Hurtado for the event, which educated seniors on the dangers of scams and hiring unlicensed contractors. Other





speakers included Peter Meza from the California Department of Insurance, who warned seniors about insurance fraud and shady insurance sales tactics.

The following chart shows the net growth per day from June 1, 2019 through August 22, 2019, for CSLB's Facebook page. The blue line represents individuals who have "liked" CSLB, and the red areas represent individuals who have "liked" CSLB at one point, but subsequently "un-liked" CSLB. CSLB gained more than 100 likes during that time period, passing the 4,000 mark.



### Twitter Growth

Between June 1, 2019 and August 22, 2019, CSLB had 111K impressions on Twitter. In total, CSLB has 2,602 twitter followers.

PAO began to bullet-point the top of CSLB Twitter posts to enhance clarity and improve user engagement.

- 54 percent of CSLB's Twitter followers are female; 46 percent male.
- The most popular categories of Twitter posts are: disaster recovery, sting operations, and news releases.



- Top tweets:
  - CSLB wants to warn consumers about unlicensed contractors after a disaster like the #RidgecrestEarthquake – 8,927 impressions



- CSLB is tracking updates on the #MountainFire – 2,105 impressions



### YouTube Growth

CSLB's YouTube Channel received 4,400 views between June 1, 2019 and August 22, 2019.

- Viewers watched a combined total of 18,500 minutes of video.
- CSLB gained 24 subscribers on YouTube since the June 2019 board meeting, growing from 931 to 955.
- CSLB has a total of 472,100 views (1.6 million minutes watched) since the page was created in 2009.



## **Instagram Growth**

To increase audience engagement, PAO has started to post Instagram stories, a growing means of communication which attracts 500 million users a day worldwide.

- CSLB has 403 Instagram followers
- 67 percent are between the ages of 25-44
- 72 percent of CSLB followers are men; 28 percent are women
- CSLB's audience is most likely to be on Instagram between 12:00 p.m. and 9:00 p.m.

## **Flickr Growth**

CSLB is expanding its portfolio of photographs on Flickr, a no-cost, photo-sharing social media website.

Flickr allows PAO staff to upload and post high-resolution photos as individual photographs or in album format. Flickr also permits professional media and industry followers of CSLB to download photographs at the resolution level of their choosing.

As of August 22, 2019, CSLB had 347 photos available for download on Flickr.

## **LinkedIn Growth**

PAO actively posts current job vacancies to LinkedIn, a business-oriented social networking site primarily used for professional networking. LinkedIn can increase exposure and act as an effective recruiting tool to attract quality employees for CSLB positions.

## **Email Alert Feature**

In May 2010, PAO launched a website feature that allows people to subscribe to various CSLB email alerts. Today, these choices include:

- *California Licensed Contractor* Newsletters
- News Releases/Consumer Alerts
- Industry Bulletins
- Public Meeting Notices/Agendas
- CSLB Job Openings
- Surveys

The total subscriber database currently stands at 29,922 contacts, which includes 321 new accounts since the June 2019 board meeting.

PAO also utilizes a database consisting of email addresses voluntarily submitted on license applications and renewal forms. This database now consists of addresses for 146,188 licensees, which brings the combined database contacts to 176,201 email addresses.





Date	Industry Bulletins	Meeting Notices	CLC Newsletter	News Releases	Surveys	Job Openings
May 2010	185	187	103	277	57	-
May 2011	2,390	1,531	3,141	2,361	137	-
May 2012	4,387	2,879	5,212	4,015	284	-
May 2013	5,089	3,341	5,975	4,660	398	-
May 2014	6,027	4,017	6,947	5,538	476	-
May 2015	6,459	4,273	7,293	5,852	591	-
May 2016	6,866	4,479	7,575	6,096	673	17
May 2017	7,410	4,573	7,857	6,468	760	305
May 2018	7,525	4,653	8,017	6,720	843	462
May 2019	7,923	4,783	8,210	6,962	976	647

**MEDIA RELATIONS HIGHLIGHTS**

**Media Calls**

Between May 1 and August 23, 2019, PAO staff responded to 49 media inquiries, providing information and/or interviews to a variety of media outlets.

**News Releases**

PAO continued its policy of aggressively distributing news releases to the media, especially to publicize enforcement actions and undercover sting operations. Between May 1, 2019 and August 23, 2019, PAO distributed ten news releases.

**Press Events**

PAO is working with partners on the Joint Agency Solar Consumer Protection Task Force. Partners include the California Public Utilities Commission (CPUC), the Department of Business Oversight (DBO), Fresno County District Attorney’s Office, and other stakeholders to plan a press event, likely in late September or early October. The event will highlight a consumer protection bulletin, “Thinking about Going Solar” that is being mailed to 300,000 residents in Fresno County. This is an area where several residences have been victimized by unlicensed or unscrupulous solar contractors.



## **PUBLICATION/GRAPHIC DESIGN HIGHLIGHTS**

Since the June 2019 board meeting, PAO's Graphic Design Unit has completed the following projects:

### Posters & Signs

- 20" x 16" Employee Notice Signs for Testing Centers
- 72" x 36" Wall Sign for Redding Office
- 30" x 40" Sign for use at a SWIFT Sting Operation
- Signage for August 5-6 Committee Meetings

### Employee ID Photo Shoot

- On a monthly basis PAO holds a photo shooting session for new employee identification cards

### Publications

- August 5-6 Committee Meeting Board Packet
- Building your Career as a Licensed Contractor Brochure
- Senior Scam Stopper Materials in Spanish
- CSLB Recruitment Brochure

### Website

- CSLB Website Homepage Redesign for ADA Compliancy
- CSLB Data Portal Graphic

## **INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS**

### **California Licensed Contractor Newsletter**

The Spring 2019 edition of the licensee newsletter was distributed in June. This edition of the newsletter included articles on licensing, enforcement, and 2018 legislative changes. The newsletter was distributed to over 154,000 email addresses.

PAO is currently generating content for a licensee specific news blog, which is currently in production.

### **Industry Bulletins**

PAO alerts industry members to important and interesting news by distributing Industry Bulletins, which are sent out via email on an as-needed basis to more than 7,900 people and interested parties. Distribution includes those who signed-up to receive the bulletins through CSLB's Email Alert System. Between June 7, 2019 and August 22, 2019, PAO distributed four industry bulletins.



**CONSUMER/COMMUNITY OUTREACH HIGHLIGHTS**

**Senior Scam Stopper<sup>SM</sup> Seminars**

CSLB’s Senior Scam Stopper<sup>SM</sup> seminars have been offered throughout the state since 1999, in cooperation with legislators, state and local agencies, law enforcement, district attorneys, and community-based organizations. Seminars provide information about construction-related scams and how seniors, who are often preyed upon by unlicensed or unscrupulous contractors, can protect themselves when hiring a contractor. Sessions feature expert speakers from local, state, and federal agencies, who present broader topics, including identity theft, auto repair, Medicare, foreign lotteries, and mail fraud.

The following seminars were conducted and/or scheduled from July through September 2019:

Date	Location	Legislative/Community Partner(s)
July 11, 2019	Pleasanton	Asm. Rebecca Bauer-Kahan
July 12, 2019	Anaheim	Asm. Steven Choi
July 16, 2019	Norwalk	Asm. Ian Calderon
July 17, 2019	Lynwood	Asm. Anthony Rendon
July 18, 2018 AM	Huntington Park	Asm. Miguel Santiago
July 18, 2018 AM	Los Angeles (Korea Town)	Asm. Miguel Santiago
July 18, 2018 PM	Los Angeles	Asm. Miguel Santiago
July 22, 2019	Maywood	Asm. Anthony Rendon
July 23, 2019	Fresno	Asm. Jim Patterson
July 24, 2019	Avenal	Asm. Rudy Salas
July 25, 2019	Hanford	Asm. Rudy Salas
July 26, 2019	Costa Mesa	Asm. <u>Cottie</u> Petrie-Norris
July 31, 2019	Carlsbad	Asm. Tasha Boerner-Horvath
August 8, 2019	San Bruno	Asm. Kevin Mullin
August 16, 2019	Huntington Beach	Asm. <u>Cottie</u> Petrie-Norris
August 23, 2019	Seaside	Asm. Mark Stone
August 26, 2019	Riverside	Sen. Richard Roth
August 27, 2019	Barstow	No legislator
August 28, 2019	Norco	Sen. Richard Roth
September 16, 2019	Saratoga	U.S. Rep. Anna Eshoo & Asm. Evan Low
September 19, 2019	Laguna Woods	Asm. <u>Cottie</u> Petrie-Norris
September 20, 2019	Irvine	Asm. Steven Choi
September 23, 2019	Selma	Sen. Melissa Hurtado
September 25, 2019	San Bernardino County	Asm. Jay <u>Obernolte</u>
September 27, 2019	Buena Park	Asm. Sharon Quirk-Silva
September 30, 2019	McFarland	Sen. Melissa Hurtado



During the same time period, CSLB staff spoke or staffed booths for the following organizations/events, and conducted Consumer Scam Stopper<sup>SM</sup> seminars:

Date	Location	Organization/Event
July 10, 2019	Atascadero	City of Atascadero Building Department
July 18-19, 2019	Anaheim	California Construction Expo 2019
July 19-21, 2019	Fresno	Fresno Home Show
August 10, 2019	San Diego	Asm. Shirley Weber Annual Health Fair
August 22, 2019	Pacific Palisades	Stop Senior Scam event
September 26, 2019	Los Angeles	Asm. Anthony Rendon's Senior Luncheon

## **INTRANET/EMPLOYEE RELATIONS**

### **Intranet (CSLBin)**

*CSLBin*, the employee-only Intranet site, was launched in November 2013. Stories and photos highlight employee and organizational accomplishments. In addition to employee news, the site is also kept up-to-date with the latest forms, policies, reports, and other information used by CSLB staff around the state.

Recent articles and video included CSLB's staff response to wildfires, building security, unit staff highlights, a call for stories on CSLB history, employee hobbies, committee meetings, and helping to name CSLB's contractor blog.

## AGENDA ITEM H-2

# Update and Discussion of Public Affairs 2019-21 Strategic Plan Objectives





### 2019-21 Strategic Plan – Public Affairs Objectives

#### Item 4.1

**Description:** Distribute a calendar of key meetings, events, and activities to Board members to increase participation and their ability to advocate on the Board's Behalf

**Target Date:** January 2019

**Current Status:** Completed

#### Item 4.2

**Description:** In partnership with all divisions, lead effort to formalize CSLB's disaster response program

*(See Enforcement objective 2.1)*

**Target Date:** June 2019

**Current Status:** Completed

#### Item 4.3

**Description:** Conduct a workload analysis to determine if additional staffing resources are needed

**Target Date:** June 2019

**Current Status:** No Longer Needed

#### Item 4.4

**Description:** In partnership with the Enforcement division, develop and implement a plan to identify opportunities to increase publicity concerning enforcement actions, including relaunch of CSLB's Most Wanted feature.

*(See Enforcement objective 2.3)*

**Target Date:** Develop: June 2019, Implement: January 2020

**Current Status:** Two new suspects added to Most Wanted list; one already been arrested. Outreach effort expected to begin in Fall 2019. Working with Enforcement to identify new outreach opportunities.



**2019-21 Strategic Plan – Public Affairs Objectives**

**Item 4.5**

**Description:** Research the feasibility of creating a text alert program to communicate with licensees and consumers and implement if possible.

**Target Date:** Feasibility: June 2019, Implement: March 2020

**Current Status:** Will be presented at November 2019 Public Affairs Committee meeting

**Item 4.6**

**Description:** Expand website content to keep industry and licensees up-to-date on relevant information.

**Target Date:** September 2019 and ongoing

**Current Status:** Working with IT and Dept. of Technology on new contractor website

**Item 4.7**

**Description:** In partnership with the Licensing division and Information Technology unit develop online original contractor applications to reduce application return rates.

*(See Licensing objective 1.7 and Information Technology 5.15)*

**Target Date:** December 2019

**Current Status:** Staff continue to map processes and procedures and are currently working on a user-friendly interface.

**Item 4.8**

**Description:** Develop orientation videos for new staff, managers and Board members

*(See Administrative objective 5.8)*

**Target Date:** January 2020

**Current Status:** Has been assigned to PAO's new Television Specialist.



2019-21 Strategic Plan – Public Affairs Objectives

**Item 4.9**

**Description:** In partnership with the Information Technology unit, review and update web content to ensure information present to the public is accurate and accessible.

*(See Information Technology objective 5.16)*

**Target Date:** March 2020

**Current Status:** Relaunch in accordance with American with Disabilities Act (ADA) requirements completed. Web content updated on ongoing basis

**Item 4.10**

**Description:** In partnership with the Enforcement and Licensing divisions, create online courses and content to educate licensees.

*(See Enforcement objective 2.6 and Licensing objective 1.9)*

**Target Date:** December 2021

**Current Status:** Helped develop an online building permit compliance training course for licensees who fail to comply with local building department permit requirements. New Television Specialist has been assigned this task.



# AGENDA ITEM I

Adjournment

