

SEPTEMBER 29, 2017  
MONTEREY, CALIFORNIA



CONTRACTORS STATE LICENSE BOARD

# Board Meeting







# CONTRACTORS STATE LICENSE BOARD

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**Contractors State License Board Meeting  
Friday, September 29, 2017, 9:00 a.m. – 1:00 p.m.  
(or until the conclusion of business)  
Monterey Tides Hotel, 2600 Sand Dunes Drive, Monterey, CA 93940**

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**NOTICE OF PUBLIC BOARD MEETING**

Friday, September 29, 2017, 9:00 a.m. – 1:00 p.m. (or until the conclusion of business)  
Monterey Tides Hotel, 2600 Sand Dunes Drive, Monterey, CA 93940

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 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.

**MEETING AGENDA**

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

B. Public Comment for Items Not on the Agenda and Future Agenda Item Requests

*(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)).*

C. Legislation

1. Review, Discussion, and Possible Action Regarding Positions on 2017 Proposed Legislation:

- a. AB 710 (Wood) Department of Consumer Affairs: Boards: Meetings
- b. AB 996 (Cunningham) Contractors Licensing Board Web Site: Search Function
- c. AB 1070 (Gonzalez Fletcher) Solar Energy Systems: Contracts: Disclosures
- d. AB 1162 (Bocanegra) Electrical Contracts: Permits
- e. AB 1190 (Oberholte) Department of Consumer Affairs: BreEZe System
- f. AB 1278 (Low) Contractor Licensing: Final Judgments
- g. AB 1284 (Dababneh) California Financing Law: Property Assessed Clean Energy Program: Program Administrators
- h. AB 1357 (Chu) Home Inspectors: Roofing Contractors: Roof Inspections
- i. SB 242 (Skinner) Property Assessed Clean Energy Program: Program Administrator
- j. SB 244 (Lara) Privacy: Agencies: Personal Information
- k. SB 486 (Monning) Contractors State License Law: Letter of Admonishment
- l. SB 715 (Newman) Department of Consumer Affairs: Regulatory Boards
- m. SB 800 (BPED) Professions and Vocations

2. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Legislative Objectives

## D. Licensing

### 1. Licensing Program Update

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

### 2. Discussion and Possible Action Regarding License Reciprocity with Other States and the National Association of State Contractors Licensing Agencies (NASCLA) Trade Exams

### 3. Testing Program Update

- a. Examination Administration Unit Highlights
- b. Examination Development Unit Highlights
- c. Comparative Study of Pass/Fail Rates of Contractor License Exams in Other States

### 4. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Licensing and Examination Objectives

## E. Enforcement

### 1. Enforcement Program Update

- a. Consumer Investigation Highlights
- b. Statewide Investigative Fraud Team (SWIFT) Highlights
- c. General Complaint Handling Statistics
- d. Case Management Statistics
- e. Statewide Investigative Fraud Team Statistics

### 2. Update and Discussion on Workers' Compensation Enforcement Strategies, Resources, and Accomplishments

### 3. Update and Discussion Regarding CSLB's Solar Enforcement Task Force Activities, Objectives, and Strategies

### 4. Discussion Regarding Strategies to Address Owner-Builder Construction Permit and Unlicensed Activity Violations

- a. Partnering with Building Officials
- b. Consideration of Possible Amendments to CSLB's Disciplinary Guidelines (Title 16, California Code of Regulations section 871)

### 5. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Enforcement Objectives



## F. Public Affairs

### 1. Public Affairs Program Update

- a. Online Highlights
- b. Video/Digital Services
- c. Social Media
- d. Media Relations Highlights
- e. Publication/Graphic Design Highlights
- f. Industry/Licensee Outreach Highlights
- g. Consumer/Community Outreach Highlights
- h. Employee Relations

### 2. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Public Affairs Objectives

## G. Executive

### 1. Review and Possible Approval of June 15-16, 2017, Board Meeting Minutes

### 2. Discussion and Possible Action Regarding Options for Increasing the Exempt Pay Level for the CSLB Registrar

### 3. Personnel, Facilities and Administration Update

- a. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Administrative Objectives

### 4. Information Technology Update

- a. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Information Technology Objectives

### 5. Budget Update

### 6. Registrar's Report

- a. Tentative 2017-18 Board Meeting Schedule

## H. Adjournment

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 to have a guaranteed opportunity to observe, please plan to attend at the physical location. For verification of the meeting, call (916) 255-4000 or access the CSLB website at [www.cslb.ca.gov](http://www.cslb.ca.gov).

The meeting is accessible to the physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Aaron Schultz at (916) 255-4000 or [aaron.schultz@cslb.ca.gov](mailto:aaron.schultz@cslb.ca.gov) or send a written request to Aaron Schultz, 9821 Business Park Drive, Sacramento, CA 95827. Providing your request at least five (5) business days prior to the meeting will help ensure availability of the requested accommodation.



## 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

PASTOR HERRERA JR.

AGUSTIN BELTRAN

ED LANG

LINDA CLIFFORD

MIKE LAYTON

DAVID DE LA TORRE

MARLO RICHARDSON

DAVID DIAS

FRANK SCHETTER

SUSAN GRANZELLA

JOHNNY SIMPSON

JOAN HANCOCK

NANCY SPRINGER





## AGENDA ITEM B

# 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 C

## Legislation







## AGENDA ITEM C-1

# Review, Discussion, and Possible Action Regarding Positions on 2017 Proposed Legislation:

- a. AB 710 (Wood) Department of Consumer Affairs: Boards: Meetings
- b. AB 996 (Cunningham) Contractors Licensing Board Web Site:  
Search Function
- c. AB 1070 (Gonzalez Fletcher) Solar Energy Systems: Contracts:  
Disclosures
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- g. AB 1284 (Dababneh) California Financing Law: Property Assessed  
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- h. AB 1357 (Chu) Home Inspectors: Roofing Contractors: Roof Inspections
- i. SB 242 (Skinner) Property Assessed Clean Energy Program:  
Program Administrator
- j. SB 244 (Lara) Privacy: Agencies: Personal Information
- k. SB 486 (Monning) Contractors State License Law: Letter of Admonishment
- l. SB 715 (Newman) Department of Consumer Affairs: Regulatory Boards
- m. SB 800 (BPED) Professions and Vocations



AMENDED IN ASSEMBLY APRIL 27, 2017

AMENDED IN ASSEMBLY MARCH 27, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 710**

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**Introduced by Assembly Member Wood**

February 15, 2017

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An act to amend Section 101.7 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 710, as amended, Wood. Department of Consumer Affairs: boards: meetings.

Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law generally requires these boards to meet at least 3 times each calendar year, and at least once in northern California and once in southern California per calendar year.

This bill would require a board to meet once every other calendar year in rural ~~northern~~ California.

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 101.7 of the Business and Professions
- 2 Code is amended to read:
- 3 101.7. (a) Notwithstanding any other provision of law, boards
- 4 shall meet at least three times each calendar year. Boards shall

1 meet at least once each calendar year in northern California, once  
2 every other calendar year in rural ~~northern~~ California, and once  
3 each calendar year in southern California in order to facilitate  
4 participation by the public and its licensees.

5 (b) The director at his or her discretion may exempt any board  
6 from the requirement in subdivision (a) upon a showing of good  
7 cause that the board is not able to meet at least three times in a  
8 calendar year.

9 (c) The director may call for a special meeting of the board  
10 when a board is not fulfilling its duties.

11 (d) An agency within the department that is required to provide  
12 a written notice pursuant to subdivision (a) of Section 11125 of  
13 the Government Code, may provide that notice by regular mail,  
14 email, or by both regular mail and email. An agency shall give a  
15 person who requests a notice the option of receiving the notice by  
16 regular mail, email, or by both regular mail and email. The agency  
17 shall comply with the requester's chosen form or forms of notice.

18 (e) An agency that plans to Web cast a meeting shall include in  
19 the meeting notice required pursuant to subdivision (a) of Section  
20 11125 of the Government Code a statement of the board's intent  
21 to Web cast the meeting. An agency may Web cast a meeting even  
22 if the agency fails to include that statement of intent in the notice.

## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** AB 710 (Wood)  
**Status/Location:** Amended 4/27/17 – Senate Business, Professions and Economic Development Committee  
**Sponsor:** None  
**Subject:** Department of Consumer Affairs: Board Meetings  
**Code Section:** Business & Professions Code section 101.7

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### **Summary:**

Existing law requires boards within the Department of Consumer Affairs to meet at least three times each calendar year, and at least once each in northern and southern California.

This bill requires each board to meet once every other calendar year in rural California.

### **Background:**

According to the author:

“[DCA boards] are in charge of the professional licensure of medical professionals, contractors, engineers, and many other professions. Given the wide range of issues covered by each board, current law requires each board to meet at least once in Northern California and at least once in Southern California each calendar year. This meeting requirement helps ensure that stakeholders from all over the state have an opportunity to be heard by the boards that are responsible for regulat[ing] and licens[ing] them. Unfortunately, far too many times, board meetings do not take place in the rural parts of northern California. A board that meets in Santa Rosa, California would satisfy the northern California requirement, but there are still hundreds of miles north of Santa Rosa. If the board did not have any other planned meetings in northern California, a person from Crescent City, California would have to travel over 300 miles and over five hours to attend the board’s meeting in Santa Rosa. [This bill] requires boards within DCA to meet at least once every other year in rural northern California. This will ensure that our rural communities have a fair opportunity to have their voices heard at board meetings.”

### **Comments:**

This bill does not define what locations would be considered rural northern California. Also, if the Legislature agrees that boards need to meet in more rural locations, should that be limited to northern California?

**Fiscal Impact for CSLB:**

No significant fiscal impact.

**Board Position and Comments:**

**WATCH.** This bill will not have a significant fiscal impact on CSLB – the workload would likely entail scheduling one of its existing meetings in a new location that meets the requirements of this bill. The bill may be amended to address a different topic in the Senate.

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**Date:** September 7, 2017

AMENDED IN SENATE JULY 17, 2017

AMENDED IN ASSEMBLY MAY 26, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 996**

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**Introduced by Assembly Members Cunningham and Brough**

February 16, 2017

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An act to add Section 7018.5 to the Business and Professions Code, relating to contractors.

LEGISLATIVE COUNSEL'S DIGEST

AB 996, as amended, Cunningham. Contractors Licensing Board Web site: search function for ~~workers~~ workers' compensation claims.

Existing law, the Contractors' State License Law, requires the Contractors' State License Board, on or before January 1, 2019, to adopt an enhancement to the current contractor license check search function on its Internet Web site to permit consumers to search for a licensed contractor either by ZIP Code or geographic location.

This bill would require the Contractors' State License Board, on or before January 1, 2020, to adopt an enhancement to the current contractor license check search function on its Internet Web site to permit consumers and licensees to monitor the status and progress of a successfully filed workers' compensation certification that is pending before the board, as specified.

*Existing law requires a contractor to comply with specified documentation of workers' compensation insurance coverage as a condition precedent to receiving or maintaining the contractor's license.*

*This bill would state that these provisions do not change the requirements for workers' compensation documentation.*

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 7018.5 is added to the Business and  
2 Professions Code, to read:

3 7018.5. On or before January 1, 2020, the board shall adopt  
4 an enhancement to the current contractor license check search  
5 function on its Internet Web site to permit consumers and licensees  
6 to do all of the following:

7 (a) Monitor the status and progress of a successfully filed  
8 workers' compensation certification being reviewed by the board,  
9 including a visual tool that provides the date the application was  
10 filed, the status of each of the components of the certification that  
11 have been filed, and that shows that the review is being reviewed  
12 and shown as pending until the final disposition has been approved  
13 by the registrar.

14 (b) View the daily record of the average time elapsed from the  
15 time the board receives the certification until a final disposition  
16 has been approved by the registrar.

17 (c) *This section does not change the requirements set forth in*  
18 *Section 7125.*

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## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** AB 996 (Cunningham & Brough)  
**Status/Location:** Amended 7/17/17 – Senate Appropriations  
Committee  
**Sponsor:** Sacramento Regional Builders Exchange  
**Subject:** Contractors  
**Code Section:** Business & Professions Code section 7018.5

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### **Summary:**

Existing law requires the Contractors State License Board (CSLB) to add an enhancement by January 2019 to its online license look-up feature to allow searches for a licensed contractor by either zip code or geographic location.

This bill requires that CSLB, on or before January 1, 2020, adopt a website enhancement to allow consumers and licensees to do all of the following:

1. Monitor the status and progress of a successfully filed workers' compensation (WC) certification being reviewed by CSLB, including a visual tool that provides the date the application was filed, the status of each of the certifications that have been filed, and that the renewal is under review and pending until the Registrar approves the final disposition.
2. View the daily record of the average time elapsed between CSLB receipt of the renewal and Registrar approval of the disposition.

### Background:

This bill is sponsored by the Sacramento Regional Builders Exchange. The sponsor is presumably concerned with backlogs in the processing of WC certificates.

### Technical Concerns:

This bill requires that CSLB update its website to allow for the monitoring of a WC renewal application. However, CSLB does not have a WC renewal application. CSLB has a license renewal application, and accepts certificates of workers' compensation insurance. A licensee must have a valid WC certificate or WC exemption on file, or CSLB will suspend the license. This bill presumably wants to allow licensees to monitor the submission of WC certificates, but does not accurately reference that document.

CSLB's website currently has a link to a page that shows processing times for all applications, which allows a licensee to determine the average time that has elapsed between receipt of the WC information and processing.

Further, AB 996 provides that CSLB put language on its website that says a license suspension is not the fault of a licensee, if CSLB has had the WC recertification



information for more than 30 days, but it has not yet been processed. The practical impact of this provision is unclear, since the license would still be suspended, regardless of the reason why the licensee's WC status has not been updated.

#### Current Process:

CSLB receives approximately 13,500 workers' compensation certificates per month. Contractors are required to have a valid WC insurance certificate, or an exemption certificate if they have no employees, on file with the CSLB at all times. Failure to maintain WC results in suspension of the license, by operation of law.

When CSLB experiences a backlog in processing WC certificates, there is typically more than one causal factor. Approximately 20 percent of the WC certificates CSLB receives are incorrect and must be returned for correction, and 25 percent are duplicates, which staff still need to process until they are identified as duplicates. A CSLB staff workgroup on WC processing met regularly to develop and recommend process improvements that included creation of a fillable smart-form for submission of WC insurance information intended to reduce the error rate on certificates, and which was implemented in early August 2017. In addition, in early September it became possible to submit these forms electronically into CSLB's internal database, which will significantly decrease processing times.

#### **Fiscal Impact for CSLB:**

IT Consultant and IT Staff (initial) – To meet the requirements of this bill will require changes to CSLB's enterprise licensing system and website. Because of the current IT workload related to mandated projects, CSLB would need to hire an IT consultant for approximately 10-12 months to conduct a business analysis, build the necessary infrastructure to expand online capabilities/activities, update enterprise licensing system application, including code development and testing, and for website development. This would also require additional time on the part of an IT staff person to oversee project management of the contract to ensure the consultant meets contractual deadlines and deliverables.

- IT Consultant - CSLB IT division estimates it would take approximately 2,000 hours for an IT consultant to develop the required changes, at an hourly cost ranging from \$95-\$150, for a total cost of \$190,000 - \$300,000.
- IT Staff – CSLB IT division estimates it would take approximately 300 hours to oversee the project. A CSLB System Software Specialist III would perform this work, at an hourly cost of \$44.79. Total cost with benefits (assumed at the 42 percent) would be \$19,100 (300 hours x \$44.79/hour x 1.42 benefits rate).

Total cost: Approximately \$200,000 - \$300,000.

**Board Position and Comments:**

**Watch.** While the goal of providing more public information to consumers and licensees is worthwhile, this bill contains technical problems that would make it difficult for CSLB to comply, and would take considerable resources to implement. While staff is sympathetic to the impact of a WC backlog on licensees, this bill does nothing to alleviate backlogs when they occur.

In addition to the development of a smart form to make it easier to submit and process WC information, CSLB is currently documenting and mapping its “as is” processes related to WC recertification processes, which should be complete around June 2018. CSLB will then work with DCA on a cost benefit analysis to determine if BreEZe is the best option for CSLB.

The concept of this bill, allowing a contractor to monitor the status of his or her application and license, can be included in the development of a new CSLB IT system. It would be a better use of CSLB resources to focus on the development of a new system, rather than making significant modifications to its existing system. Staff is working with the sponsor to address technical problems and to provide additional information online about processing.

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**Date:** 9/7/17

AMENDED IN SENATE SEPTEMBER 1, 2017

AMENDED IN SENATE JULY 18, 2017

AMENDED IN ASSEMBLY MAY 2, 2017

AMENDED IN ASSEMBLY APRIL 17, 2017

AMENDED IN ASSEMBLY MARCH 30, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1070**

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**Introduced by Assembly Member Gonzalez Fletcher**

February 16, 2017

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An act to add Sections 7169 and 7170 to the Business and Professions Code, to add Section 1882.7 to the Civil Code, and to add Section 2854.6 to the Public Utilities Code, relating to solar energy systems.

LEGISLATIVE COUNSEL'S DIGEST

AB 1070, as amended, Gonzalez Fletcher. Solar energy systems: contracts: disclosures.

Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law, the Contractors' State License Law, provides for the licensure and regulation of contractors by the Contractors' State License Board. Existing law requires licensed contractors to be classified and authorizes them to be classified as, among other things, a solar contractor. Under existing law, a solar contractor installs, modifies, maintains, and repairs thermal and photovoltaic solar energy systems. Existing law prohibits a solar contractor from performing building or

construction trades, crafts, or skills, except when required to install a thermal or photovoltaic solar energy system.

*Existing law authorizes the legislative body of a public agency, as defined, to determine that it would be convenient, advantageous, and in the public interest to designate an area within which authorized public agency officials and property owners may enter into voluntary contractual assessments to finance certain improvements, and to utilize Property Assessed Clean Energy (PACE) financing for the installation of distributed generation renewable energy sources and energy or water efficiency improvements, as specified. Existing law requires a financing estimate and disclosure form to be completed and delivered to a property owner before the property owner consummates a voluntary contractual assessment pursuant to one of these programs.*

This bill would require the board, in collaboration with the Public Utilities Commission, on or before July 1, 2018, to develop and make available on its Internet Web site a disclosure document that provides a consumer with accurate, clear, and concise information regarding the installation of a solar energy system, as specified. The bill would require this disclosure document to be provided by the solar energy systems company to the consumer prior to completion of a sale, financing, or lease of a solar energy system, as defined, and that it, and the contract, be written in the same language as was principally used in the sales presentation and marketing material. ~~The~~ *The bill would also require, for solar energy systems utilizing PACE financing, that the financing estimate and disclosure form satisfy these requirements with respect to the financing contract, as specified. The bill would also require the board to post the PACE Financing Estimate and Disclosure form on its Internet Web site.*

~~The bill would require the department Contractors' State License Board to receive and resolve review complaints and consumer questions, and complaints received from state agencies, regarding solar energy systems companies and solar contractors. The bill would, beginning on July 1, 2019, require the department board annually to compile a report documenting complaints it received relating to solar energy systems companies and solar contractors that it shall make available publicly on the department's board's and the Public Utilities Commission's Internet Web sites.~~

~~Existing law governs certain obligations arising from particular transactions, including consumer contracts.~~

~~This bill would afford a consumer who enters into a contract for sale, financing, or lease of a solar energy system a period not exceeding 3 days, during which time he or she may cancel the contract for any reason.~~

The California Constitution establishes the Public Utilities Commission and authorizes the commission to exercise ratemaking and rulemaking authority over all public utilities, as defined, subject to control by the Legislature.

~~This bill would require the Public Utilities Commission Commission, on or before July 1, 2019, to develop a standard methodology standardized inputs and assumptions to be used in the calculation and presentation of electric utility bill savings to a consumer that can be expected by using a solar energy system by vendors, installers, or financing entities and to post the methodology them on its Internet Web site. The bill also would require electrical corporations to post the methodology: standardized inputs and assumptions.~~

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 7169 is added to the Business and  
2 Professions Code, 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 Web site, 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*  
18 *every solar energy contract.* The “solar energy system disclosure  
19 document” ~~may include, at the board’s and the commission’s~~

1 ~~discretion, shall be printed in boldface 16-point type and include~~  
 2 ~~the following types of information, as well as other information~~  
 3 ~~deemed appropriate or useful by the board and the commission in~~  
 4 ~~furthering the directive described in subdivision (a): primary~~  
 5 ~~information:~~

6 ~~(1) The amounts and sources of financing obtained.~~

7 ~~(2)~~

8 (1) The total cost and payments for the system, including  
 9 financing costs.

10 (2) *Information on how and to whom customers may provide*  
 11 *complaints.*

12 (3) *The consumer's right to a cooling off period of three days*  
 13 *pursuant to Section 7159 of the Business and Professions Code.*

14 (c) *At the board's discretion, other types of supporting*  
 15 *information the board and the commission deem appropriate or*  
 16 *useful in furthering the directive described in subdivision (a) may*  
 17 *be included in the solar energy disclose document following the*  
 18 *front page or cover page, including, but not limited to:*

19 (1) *The amounts and sources of financing obtained.*

20 ~~(3)~~

21 (2) The calculations used by the home improvement salesperson  
 22 to determine how many panels the homeowner needs to install.

23 ~~(4)~~

24 (3) The calculations used by the home improvement salesperson  
 25 to determine how much energy the panels will generate.

26 ~~(5)~~

27 (4) Any additional monthly fees the homeowner's electric  
 28 company may bill, any turn-on charges, and any fees added for  
 29 the use of an Internet monitoring system of the panels or inverters.

30 ~~(6)~~

31 (5) The terms and conditions of any guaranteed rebate.

32 ~~(7)~~

33 (6) The final contract price, without the inclusion of possible  
 34 rebates.

35 ~~(8)~~

36 (7) The solar energy system company's contractor's license  
 37 number.

38 ~~(9)~~

39 (8) The impacts of solar energy system installations not  
 40 performed to code.

1 ~~(10)~~

2 (9) Types of solar energy system malfunctions.

3 ~~(11)~~

4 (10) Information about the difference between a solar energy  
5 system lease and a solar energy system purchase.

6 ~~(12) Information on how and to whom consumers may provide~~  
7 ~~complaints.~~

8 ~~(13) The consumer's right to a cooling-off period of three days~~  
9 ~~pursuant to Section 1882.7 of the Civil Code.~~

10 ~~(14)~~

11 (11) The impacts that the financing options, lease agreement  
12 terms, or contract terms will have on the sale of the consumer's  
13 home, including any balloon payments or solar energy system  
14 relocation that may be required if the contract is not assigned to  
15 the new owner of the home.

16 (12) *A calculator that calculates performance of solar projects*  
17 *to provide solar customers the solar power system's projected*  
18 *output, which may include an expected performance-based*  
19 *buydown calculator.*

20 ~~(e)~~

21 (d) A contract for sale, financing, or lease of a solar energy  
22 system and the solar energy system disclosure document shall be  
23 written in the same language as was principally used in the oral  
24 sales presentation made to the consumer or the print or digital  
25 marketing material given to the consumer.

26 (e) *For solar energy systems utilizing Property Assessed Clean*  
27 *Energy (PACE) financing, the Financing Estimate and Disclosure*  
28 *form required by subdivision (b) of Section 5898.17 of the Streets*  
29 *and Highways Code shall satisfy the requirements of this section*  
30 *with respect to the financing contract only, but not, however, with*  
31 *respect to the underlying contract for installation of the solar*  
32 *energy system.*

33 (f) *The board shall post the PACE Financing Estimate and*  
34 *Disclosure form required by subdivision (b) of Section 5898.17 of*  
35 *the Streets and Highways Code on its Internet Web site.*

36 ~~(g)~~

37 (g) For purposes of this section, "solar energy system" means  
38 a solar energy device to be installed on a residential building that  
39 has the primary purpose of providing for the collection and  
40 distribution of solar energy for the generation of electricity, that

1 produces at least one kW, and not more than five MW, alternating  
 2 current rated peak electricity, and that meets or exceeds the  
 3 eligibility criteria established pursuant to Section 25782 of the  
 4 Public Resources Code.

5 (e)

6 (h) This section does not apply to a solar energy system that is  
 7 installed as a standard feature on new construction.

8 SEC. 2. Section 7170 is added to the Business and Professions  
 9 Code, to read:

10 7170. (a) ~~The Department of Consumer Affairs~~ *Contractors'*  
 11 *State License Board* shall receive and ~~resolve~~ *review* complaints  
 12 and consumer questions regarding solar energy systems companies  
 13 and solar contractors. ~~The department board~~ shall also receive  
 14 complaints received from state agencies regarding solar energy  
 15 systems companies and solar contractors.

16 (b) ~~The department~~ *Beginning on July 1, 2019, the board*  
 17 annually shall compile a report documenting consumer complaints  
 18 relating to ~~solar energy systems companies and~~ solar contractors.  
 19 The report shall be made available publicly on the ~~department's~~  
 20 *board's* and the Public Utilities Commission's Internet Web sites.  
 21 The report shall contain all of the following:

22 (1) ~~The name of the solar energy system company or solar~~  
 23 ~~contractor.~~

24 (2)

25 (1) The number and types of ~~complaints for each business.~~  
 26 *complaints.*

27 (3)

28 (2) The ZIP Code where the consumer complaint originated.

29 (3) *The disposition of all complaints received against a solar*  
 30 *contractor.*

31 (c) For purposes of this section, "solar energy system" means  
 32 a solar energy device to be installed on a residential building that  
 33 has the primary purpose of providing for the collection and  
 34 distribution of solar energy for the generation of electricity, that  
 35 produces at least one kW, and not more than five MW, alternating  
 36 current rated peak electricity, and that meets or exceeds the  
 37 eligibility criteria established pursuant to Section 25782 of the  
 38 Public Resources Code.

39 SEC. 3. ~~Section 1882.7 is added to the Civil Code, to read:~~



1 ~~1882.7. (a) A consumer who enters into a contract for sale,~~  
 2 ~~financing, or lease of a solar energy system shall be afforded a~~  
 3 ~~period not exceeding three days, during which time he or she may~~  
 4 ~~cancel the contract for any reason.~~

5 (b) ~~For purposes of this section, “solar energy system” means~~  
 6 ~~a solar energy device to be installed on a residential building that~~  
 7 ~~has the primary purpose of providing for the collection and~~  
 8 ~~distribution of solar energy for the generation of electricity, that~~  
 9 ~~produces at least one kW, and not more than five MW, alternating~~  
 10 ~~current rated peak electricity, and that meets or exceeds the~~  
 11 ~~eligibility criteria established pursuant to Section 25782 of the~~  
 12 ~~Public Resources Code.~~

13 (e) ~~This section does not apply to a solar energy system that is~~  
 14 ~~installed as a standard feature on new construction.~~

15 ~~SEC. 4.~~

16 ~~SEC. 3.~~ Section 2854.6 is added to the Public Utilities Code,  
 17 to read:

18 2854.6. (a) ~~The~~ *On or before July 1, 2019, the commission*  
 19 ~~shall develop a standard methodology~~ *standardized inputs and*  
 20 *assumptions* to be used in the calculation and presentation of  
 21 electric utility bill savings to a consumer that can be expected by  
 22 using a solar energy system by vendors, installers, or financing  
 23 ~~entities. This methodology shall be posted by entities, and the~~  
 24 ~~commission and each electrical corporation shall post these~~  
 25 ~~standardized inputs and assumptions~~ on their Internet Web sites.

26 (b) For purposes of this section, “solar energy system” means  
 27 a solar energy device to be installed on a residential building that  
 28 has the primary purpose of providing for the collection and  
 29 distribution of solar energy for the generation of electricity, that  
 30 produces at least one kW, and not more than five MW, alternating  
 31 current rated peak electricity, and that meets or exceeds the  
 32 eligibility criteria established pursuant to Section 25782 of the  
 33 Public Resources Code.

**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** AB 1070 (Gonzalez Fletcher)  
**Status/Location:** Amended 9/1/17 – Governor’s Desk  
**Sponsor:** None  
**Subject:** Solar Energy Systems: Contracts: Disclosures  
**Code Section:** Business & Professions 7169 & 7170;  
Public Utilities 2854.6

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**Summary:**

Existing law: defines a solar energy system as either: (1) any solar collector or other solar energy device, whose primary purpose is to provide for the collection, storage, and distribution of solar energy for space heating, space cooling, electric generation, or water heating; or (2) any structural design feature of a building, whose primary purpose is to provide for the collection, storage, and distribution of solar energy for electricity generation, space heating or cooling, or for water heating.

Existing law: authorizes the legislative body of a public agency, as defined, to determine that it would be convenient, advantageous, and in the public interest to designate an area within which authorized public agency officials and property owners may enter into voluntary contractual assessments to finance certain improvements, and to utilize Property Assessed Clean Energy (PACE) financing for the installation of distributed generation renewable energy sources and energy or water efficiency improvements, as specified. Existing law requires a financing estimate and disclosure form be completed and delivered to a property owner before the property owner consummates a voluntary contractual assessment pursuant to one of these programs.

This bill requires:

1. By July 1, 2018, requires the Contractors State License Board (CSLB), in collaboration with the Public Utilities Commission, to develop and make available online a “solar energy system disclosure contract” that a solar energy systems company must provide to a consumer prior to completing the sale, financing, or leasing of a solar energy system. The “solar energy system disclosure documents” shall be printed on the front or cover page of each contract. The disclosure document shall be printed in 16 point boldface type and include the following:
  - (a) The total cost and payments for the system, including financing costs.
  - (b) Information on how and to whom customers may provide complaints.
  - (c) The consumer’s right to a three day cooling off period.
  - (d) At CSLB’s discretion, other types of information deemed appropriate or useful in furthering the goal, including, but not limited to:

- (1) The amounts and source of financing obtained.
  - (2) The calculations used by the home improvement salesperson to determine how many panels the homeowner needs to install.
  - (3) The calculations used by the home improvement salesperson to determine how much energy the panels will generate.
  - (4) Any additional monthly fees the homeowner's electric company may charge, any turn-on charges, and any fees added for the use of an Internet monitoring system of the panels or inverters.
  - (5) The terms and conditions of any guaranteed rebate.
  - (6) The final contract price, without the inclusion of possible rebates.
  - (7) The solar energy system company's contractor license number.
  - (8) The impacts of solar energy system installations not performed to code.
  - (9) Types of solar energy system malfunctions.
  - (10) Information about the difference between a solar energy system lease and a solar energy system purchase.
  - (11) The affects that the financing options, lease agreement terms, or contract terms will have on the future sale of the consumer's home, including any balloon payments or solar energy system relocation that may be required if the contract is not assigned to the new homeowner.
  - (12) A calculator that calculates performance of solar projects to provide solar customers the solar power system's projected output, which may include an expected performance-based calculator.
- e) That the contract for sale, financing, or lease of a solar energy system, and the disclosure documents shall be written in the same language as was principally used in the oral sale presentation made to the consumer or the printout of digital marketing material given to the consumer.
  - f) CSLB to post the PACE Financing Estimate and Disclosure form online.
2. Defines "solar energy system" as a solar energy device with the primary purpose of providing for the collection and distribution of solar energy for the generation of electricity that produces at least one kw, and not more than 5 mw, alternating current rated peak electricity, and that meets or exceeds the eligibility criteria established pursuant to the Public Resources Code.
  3. That CSLB shall receive and resolve complaints and consumer questions regarding solar energy systems companies and solar contractors.
  4. That DCA additionally receive complaints received from state agencies regarding solar energy systems companies and solar contractors.
  5. That CSLB annually, beginning January 1, 2019, compile a report documenting consumer complaints relating to solar energy systems companies and solar contractors, which shall include:
    - (a) The number and type of complaints;
    - (b) The zip code where the consumer complaint originated; and
    - (c) The disposition of all complaints received against a solar contractor.
  6. That a consumer who enters into a contract for sale, financing, or lease of a solar energy system shall be afforded a period of no more than three days in which to cancel the contract.

7. That the Public Utilities Commission (PUC) develop standardized inputs and assumptions for use in the calculation and presentation of electric utility bill savings a consumer can expect by using a solar energy system.

Background:

According to the author:

“Californians are committed to aggressive action to address the ongoing threats of climate change, including the adoption of aggressive goals for renewable energy production. These benchmarks serve as a model for the entire world and continue to motivate entire countries to take stronger steps of their own. Essential to achieving these goals and mitigating the dangerous impact people are having on our climate is ongoing investment in home solar systems. To their credit, Californians across the state have embraced this challenge enthusiastically, leading to a major boom in the solar industry. But it’s also critical that our oversight and disclosure of the household solar industry keep pace with this emerging industry.

As is too often the case, rapid expansion has led to uncertainty and occasional bad actors in the marketplace, where multiple incentive programs have presented the general public with unprecedented options but often without the levels of clarity or disclosure that other large-scale financial products carry. As a result, many consumers have been surprised by long-term financial impacts, often hindering their ability to stay in or sell their homes. Complaints have been lodged nationwide over the lack of clear disclosures, prompting widespread efforts to improve consumer protections.

We can't rely on commission-driven salespeople in an under-regulated industry to ensure that all customers reliably receive all the information they need to make informed, responsible decisions. California has wisely used its legislative influence to help spur the growth of the home solar market. Now, the Legislature has an obligation to ensure that home solar customers receive accurate, clear and concise information about the installation of home solar systems.”

Prior Legislation:

AB 2699 (Gonzalez, 2016) contained similar requirements for a solar energy systems disclosure document, and additionally required contractors who install these systems to hold a blanket bond. This bill was held in the Assembly Appropriations Committee.

**Fiscal Impact for CSLB:**

Enforcement Staff (initial & ongoing) –The CSLB Enforcement division anticipates that the provisions of this bill would result in a substantial workload, since solar complaints continue to rise annually. In 2016, CSLB received 449 solar complaints – a 61 percent increase over 2015 – and closed 597 solar complaints over the last two years. Of these complaints, 48 percent were charged with a Business and Professions Code section

7159 contract violation. Between January 2017 and June 2017, CSLB received 388 solar complaints, more than double the number received for the same period in 2016.

Staff would have to handle consumer complaints and take legal action against licensees that neglect to provide the “Solar Energy System Disclosure Document” to their customers. This work would be performed full-time by one staff person in the Enforcement Representative II (ER II) classification. Total ongoing costs with benefits (assumed at the 42 percent) would be \$97,470 (2080 hours x \$33/hour x 1.42 benefits rate).

Programming/Web Services (initial) – The CSLB IT division estimates that it would take approximately 40 hours to develop the online disclosure form (Solar Energy Disclosure Document) and make it available on the CSLB website for use by solar companies. A Senior Programmer Analyst would perform this work. Total cost with benefits (assumed at the 42 percent) would be \$2,272 (40 hours x \$40/hour x 1.42 benefits rate).

Executive Staff (initial) – The CSLB Executive division estimates that it would take approximately four months (about 700 hours) to develop the language for the “Solar Energy Disclosure Document” and adopt regulations, which would require working with internal and external staff, PUC, DCA Legal, and stakeholders. A Staff Services Manager I (Specialist) would perform this work. Total cost with benefits (assumed at the 42 percent) would be \$39,760 (700 hours x \$40/hour x 1.42 benefits rate).

CSLB total cost: approximately \$140,000 (initially) and \$100,000 (ongoing).

**Board Position and Comments:**

**Support if Amended.** The Board adopted a support if amended position at the June 2017 Board meeting. The bill was since amended to address the concerns previously identified.

This bill will provide consumers additional information before entering into contracts for a solar energy system. As CSLB has received an increasing number of complaints related to solar over the last few years, there appears to be a need for better consumer education.

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**Date:** September 8, 2017

AMENDED IN ASSEMBLY MARCH 21, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1162**

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**Introduced by Assembly Member Bocanegra**

February 17, 2017

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An act to amend Section ~~408~~ 7031.5 of the ~~Labor Business and Professions Code~~, relating to ~~labor standards enforcement~~. *contractors.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1162, as amended, Bocanegra. ~~Labor standards enforcement. Electrical contractors: local permits: use of certified electricians.~~

*The Contractors' State License Law provides for the licensure and regulation of contractors by the Contractors' State License Board. That law requires a county or city that requires the issuance of a permit for the construction, alteration, improvement, demolition, or repair of any building or structure to require the applicant for a permit to file a specified statement.*

*This bill would require a specified licensed electrical contractor to include in this statement an additional statement regarding its licensure.*

~~Existing law creates the Division of Labor Standards Enforcement in the Department of Industrial Relations. Existing law prescribes various duties for the division, including maintaining minimum standards for the competency and training of electricians through a system of testing and certification.~~

~~This bill would make a nonsubstantive change in these provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

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

1     *SECTION 1. Section 7031.5 of the Business and Professions*  
 2     *Code is amended to read:*

3     7031.5. ~~Each~~ (a) A county or city ~~which~~ *that* requires the  
 4 issuance of a permit as a condition precedent to the construction,  
 5 alteration, improvement, ~~demolition~~ *demolition*, or repair of any  
 6 building or structure shall also require that ~~each~~ *an* applicant for  
 7 such a permit file as a condition precedent to the issuance of ~~a~~ *the*  
 8 permit a statement ~~which~~ *that* he or she has prepared and signed  
 9 stating that the applicant is licensed under the provisions of this  
 10 chapter, giving the number of the license and stating that it is in  
 11 full force and effect, or, if the applicant is exempt from the  
 12 provisions of this chapter, the basis for the alleged exemption.

13     (b) A contractor licensed as a Class C-10 electrical contractor  
 14 with the Contractors' State License Board shall include a further  
 15 statement that he or she is in compliance with, and there are no  
 16 grounds for disciplinary proceedings under, Section 108.2 of the  
 17 Labor Code in the statement required pursuant to subdivision (a).

18     ~~Any~~

19     (c) Any violation of this section by any applicant for a permit  
 20 shall be subject to a civil penalty of not more than five hundred  
 21 dollars (\$500).

22     ~~SECTION 1. Section 108 of the Labor Code is amended to~~  
 23     ~~read:~~

24     ~~108. (a) The Division of Labor Standards Enforcement shall~~  
 25     ~~do the following:~~

26     ~~(1) Maintain minimum standards for the competency and~~  
 27     ~~training of electricians through a system of testing and certification.~~

28     ~~(2) Maintain an advisory committee and panels as necessary to~~  
 29     ~~carry out the functions under this section. There shall be contractor~~  
 30     ~~representation from both joint apprenticeship programs and~~  
 31     ~~unilateral nonunion programs in the electrical contracting industry.~~

32     ~~(3) Establish and collect fees necessary to implement this~~  
 33     ~~section.~~

34     ~~(4) Carry out the responsibilities of the Division of~~  
 35     ~~Apprenticeship Standards that are specified in Subchapter 4~~  
 36     ~~(commencing with Section 290) of Chapter 2 of Division 1 of Title~~  
 37     ~~8 of the California Code of Regulations. The Labor Commissioner~~  
 38     ~~may amend or repeal existing regulations or adopt new regulations~~

1 as necessary to enforce this section. Pending amendments to  
2 conform to this section, any reference within the Subchapter 4  
3 regulations to the Chief of the Division of Apprenticeship  
4 Standards is deemed a reference to the Labor Commissioner, and  
5 references to prior statutory sections are deemed to refer to current  
6 statutory language as follows:

7 (A) References to former Section 3099 refer to current Section  
8 108.

9 (B) References to former Section 3099.2 refer to current Section  
10 108.2.

11 (C) References to former Section 3099.3 refer to current Section  
12 108.3.

13 (D) References to former Section 3099.4 refer to current Section  
14 108.4.

15 (E) References to former Section 3099.5 refer to current Section  
16 108.5.

17 (5) Issue certification cards to electricians who have been  
18 certified pursuant to this section. Notwithstanding Section 13340  
19 of the Government Code, fees collected pursuant to paragraph (3)  
20 are continuously appropriated in an amount sufficient to pay the  
21 costs of issuing certification cards, and that amount may be  
22 expended for that purpose by the division.

23 (6) Maintain an electrical certification curriculum committee  
24 comprised of representatives of the State Department of Education,  
25 the California Community Colleges, and the division. The electrical  
26 certification curriculum committee shall do all of the following:

27 (A) Establish written educational curriculum standards for  
28 enrollees in training programs established pursuant to Section  
29 108.4.

30 (B) If an educational provider's curriculum meets the written  
31 educational curriculum standards established in accordance with  
32 subparagraph (A), designate that curriculum as an approved  
33 curriculum of classroom instruction.

34 (C) At the committee's discretion, review the approved  
35 curriculum of classroom instruction of any designated educational  
36 provider. The committee may withdraw its approval of the  
37 curriculum if the educational provider does not continue to meet  
38 the established written educational curriculum standards.

39 (D) Require each designated educational provider to submit an  
40 annual notice to the committee stating whether the educational



1 provider is continuing to offer the approved curriculum of  
2 classroom instruction and whether any material changes have been  
3 made to the curriculum since its approval.

4 (b) There shall be no discrimination for or against any person  
5 based on membership or nonmembership in a union.

6 (c) As used in this section, "electricians" includes all persons  
7 who engage in the connection of electrical devices for electrical  
8 contractors licensed pursuant to Section 7058 of the Business and  
9 Professions Code, specifically, contractors classified as electrical  
10 contractors in the Contractors' State License Board Rules and  
11 Regulations. This section does not apply to electrical connections  
12 under 100 volt-amperes. This section does not apply to persons  
13 performing work to which Section 7042.5 of the Business and  
14 Professions Code is applicable, or to electrical work ordinarily and  
15 customarily performed by stationary engineers. This section does  
16 not apply to electrical work in connection with the installation,  
17 operation, or maintenance of temporary or portable electrical  
18 equipment performed by technicians in the theatrical, motion  
19 picture production, television, hotel, exhibition, or trade show  
20 industries.

**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** AB 1162 (Bocanegra)  
**Status/Location:** Amended March 21, 2017 – Senate  
**Sponsor:** None  
**Subject:** Electrical Contractors  
**Code Section:** Business & Professions Code section 7031.5

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**Summary:**

Existing law (Business & Professions Code) requires a county or city that requires issuance of a permit for the construction, alteration, improvement, demolition, or repair of any building or structure to require the applicant for a permit to file a statement regarding contractor license status.

Existing law (Labor Code Section 108.2) requires persons who perform work as electricians to be certified by the Division of Labor Standards Enforcement (DSLE). “Electricians” includes all persons licensed pursuant to Business & Professions Code section 7058, specifically those classified as electrical contractors according to the rules and regulations of CSLB. This definition does not apply to electrical connections under 100 volt-amperes.

This bill requires a contractor licensed with CLSB as C-10 Electrical to include a statement when applying for a building permit that he or she is in compliance with, and there are no grounds for disciplinary proceedings under, Section 108.2 of the Labor Code.

Background:

According to the author:

“Assembly Bill 1162 would enhance the electrical certification requirements by requiring C-10 contractors when applying for a building permit to certify with the application that they understand and are in compliance with the state’s electrical certification law.

By adding a penalty for not complying, this bill will incentivize contractors to employ qualified workers, ensuring that permitted work is being done properly by certified electricians. This bill will positively affect people contracting for work and contractors themselves because it encourages compliance with the law and the employment of qualified workers.”

**Fiscal Impact for CSLB:**

None.

**Board Position and Comments:**

**WATCH.** This bill does not directly affect CSLB. However, the process for its implantation is not clear. A licensee would need to state in a permit application that there are no grounds for disciplinary action for violations of the electrician certification requirement. DLSE is the entity that would determine whether or not there are grounds for disciplinary proceedings for a violation of the certification requirement, not the licensee.

The Western Electrical Contractors Association suggested that the phrase, “to the best of their knowledge,” be added to the bill language regarding pending disciplinary action. The Assembly Business & Professions Committee analysis notes that that phrase may not create an enforceable standard, but suggests the author continue to work on language.

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**Date:** September 7, 2017

AMENDED IN SENATE JUNE 13, 2017

AMENDED IN ASSEMBLY MAY 2, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1190**

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**Introduced by Assembly Member Obernolte**

February 17, 2017

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An act to *amend Section 210 of, and to add Section 210.5 to* the Business and Professions Code, relating to consumer affairs.

LEGISLATIVE COUNSEL'S DIGEST

AB 1190, as amended, Obernolte. Department of Consumer Affairs: BreEZe system.

Existing law authorizes the Department of Consumer Affairs to enter into a contract with a vendor for the licensing and enforcement of the BreEZe system, which is a specified integrated, enterprisewide enforcement case management and licensing system, no sooner than 30 days after written notification to certain committees of the Legislature. Existing law requires the amount of contract funds for the system to be consistent with costs approved by the Department of Technology, formerly known as the office of the State Chief Information Officer, based on information provided by the department in a specified manner.

This bill would require the Department of Consumer Affairs to publish, a minimum of once quarterly, prescribed information relating to BreEZe on its Internet Web site, including the estimated start and completion date of the Department of Technology's Project Approval Lifecycle (PAL) process for programs that were previously scheduled for the 3rd release of BreEZe, the status of programs that have started

the process, and the results and recommendations made for each program that has completed the PAL process. *The bill would also delete an obsolete provision relating to budget augmentation for BreEZe project costs.*

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 210 of the Business and Professions Code*  
2     *is amended to read:*

3     210. (a) (1) The department may enter into a contract with a  
4     vendor for the BreEZe system, the integrated, enterprisewide  
5     enforcement case management and licensing system described in  
6     the department's strategic plan, no sooner than 30 days after  
7     notification in writing to the chairpersons of the Appropriations  
8     Committees of each house of the Legislature and the Chairperson  
9     of the Joint Legislative Budget Committee.

10    (2) The amount of BreEZe system vendor contract funds,  
11    authorized pursuant to this section, shall be consistent with the  
12    project costs approved by the office of the State Chief Information  
13    Officer based on its review and approval of the most recent BreEZe  
14    Special Project Report to be submitted by the department prior to  
15    contract award at the conclusion of procurement activities.

16    (3) Paragraph (2) shall apply to all Budget Act items for the  
17    department that have an appropriation for the BreEZe system.

18    (b) (1) If the department enters into a contract with a vendor  
19    for the BreEZe system pursuant to subdivision (a), the department  
20    shall, by December 31, 2014, submit to the Legislature, the Senate  
21    Committee on Business, Professions and Economic Development,  
22    the Assembly Committee on Business, Professions and Consumer  
23    Protection, and the budget committees of each house, a report  
24    analyzing the workload of licensing personnel employed by boards  
25    within the department participating in the BreEZe system.

26    (2) A report to the Legislature pursuant to this subdivision shall  
27    be submitted in compliance with Section 9795 of the Government  
28    Code.

29    (3) This subdivision shall become inoperative on December 1,  
30    2018, pursuant to Section 10231.5 of the Government Code.

1 ~~(e) (1) Notwithstanding any other provision of law, upon the~~  
 2 ~~request of the Department of Consumer Affairs, the Department~~  
 3 ~~of Finance may augment the budgets of the boards, bureaus,~~  
 4 ~~commissions, committees, programs, and divisions that comprise~~  
 5 ~~the Department of Consumer Affairs, as defined in Section 101,~~  
 6 ~~for expenditure of non-General Fund moneys to pay BreEZe project~~  
 7 ~~costs. The augmentation may be made no sooner than 30 days after~~  
 8 ~~notification in writing to the chairpersons of the committees in~~  
 9 ~~each house of the Legislature that consider appropriations and the~~  
 10 ~~Chairperson of the Joint Legislative Budget Committee, or no~~  
 11 ~~sooner than whatever lesser time the chairperson of the joint~~  
 12 ~~committee may in each instance determine. The amount of funds~~  
 13 ~~augmented pursuant to the authority of this subdivision shall be~~  
 14 ~~consistent with project cost increases approved by the Secretary~~  
 15 ~~of California Technology based on the secretary's review and~~  
 16 ~~approval of the most recent BreEZe Special Project Report to be~~  
 17 ~~submitted at the conclusion of procurement activities. This~~  
 18 ~~subdivision shall apply to all Budget Act items for the boards,~~  
 19 ~~bureaus, commissions, committees, programs, and divisions that~~  
 20 ~~comprise the Department of Consumer Affairs, as defined in~~  
 21 ~~Section 101, that have an appropriation for the BreEZe system in~~  
 22 ~~the Budget Act of 2011.~~

23 ~~(2) This subdivision shall become inoperative upon enactment~~  
 24 ~~of the Budget Act of 2012.~~

25 **SECTION 1.**

26 *SEC. 2.* Section 210.5 is added to the Business and Professions  
 27 Code, to read:

28 210.5. (a) In connection with the department's ongoing  
 29 commitment to provide quarterly and monthly updates to the  
 30 Legislature on the entities that were previously scheduled for the  
 31 third release of BreEZe, the department shall publish on its Internet  
 32 Web site the following:

33 (1) The estimated start and completion date of the Department  
 34 of Technology's Project Approval Lifecycle process for the  
 35 programs that were previously scheduled for the third release of  
 36 BreEZe.

37 (2) The status of the programs that have started the project  
 38 approval process, including the programs' current stage in the  
 39 process.

1 (3) The results and recommendations made for each program  
2 that has completed the Department of Technology's Project  
3 Approval Lifecycle process, including the results of the alternatives  
4 and cost-benefit analyses made during Stage 2 of the process.

5 (b) The department shall publish the information specified in  
6 subdivision (a) a minimum of once quarterly.

**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** AB 1190 (Oberholte)  
**Status/Location:** Amended 06/13/17 – Senate Floor  
**Sponsor:** None  
**Subject:** BreEZe: Annual Report  
**Code Section:** Business & Professions Code section 210.5

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**Summary:**

This bill requires the Department of Consumer Affairs to post quarterly on its website the following information:

1. The estimated start and completion dates of the Department of Technology’s Project Approval Lifecycle (PAL) process for the programs that were previously scheduled for the third release phase of BreEZe.
2. The status of the programs that have started the project approval process, including their current stage in the process.
3. The results and recommendation made for each program that has completed the PAL process, including the analysis of potential alternatives and cost-benefits made during stage two of the process.

Comments:

According to the Assembly Business & Professions Committee analysis, the Department of Consumer Affairs provided the following update to the Legislature earlier in 2017:

“The Department has learned many lessons from Release one (eight programs) and Release two (ten programs) of the BreEZe system. Going forward, programs that were previously scheduled for the third release of BreEZe will be utilizing the Department of Technology’s Project Approval Lifecycle process to determine what IT solution best meets their individual business needs.

The objective of the Department of Technology’s four-step process is to match an entity’s organizational readiness and business needs with the most appropriate IT solution. In the State Auditor’s report regarding BreEZe a recommendation was made that in order to ensure each of the remaining boards and bureaus receives an IT update that addresses their business needs, a cost benefit analysis should be completed. The Department has identified that the best approach to achieving this mandate is during the second stage of the Department of Technology process for each individual board.

The Department’s expectation is that in some cases, the process will determine that BreEZe is the best solution. In other cases, such as the Bureau of Medical



Cannabis Regulation, a different platform may better meet the business needs. However, the resources that each of these programs has already committed to this effort will still provide value regardless of which IT solution is ultimately implemented. This includes staff training, documentation of business processes, and general expertise and knowledge of the process of transitioning into a new system. For example, the Department's training division, SOLID, which actively worked with programs in earlier releases, will continue to provide support to boards as they transition into new IT systems. Ultimately, the lessons and experiences of the first two releases will benefit the remaining boards and bureaus and their licensees regardless of which IT solution it chooses."

**Fiscal Impact for CSLB:**

No impact from this bill. By the end of the 2017-18 fiscal year, CSLB is projected to have spent approximately \$4.25 million on BreEZe.

**Board Position and Comments:**

**WATCH.** CSLB is one of 19 regulatory entities within DCA's Phase 3 of BreEZe implementation. CSLB is currently documenting its "as is" processes in order to prepare for a cost benefit analysis with DCA. In February 2015, the State Auditor released an audit of the BreEZe System, which found that inadequate planning and oversight led to implementation of the system at a significantly higher cost than originally estimated and to a reduced number of boards. Among the Auditor's recommendations is the type of report required by this bill.

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**Date:** September 7, 2017

AMENDED IN SENATE JULY 3, 2017  
AMENDED IN SENATE JUNE 13, 2017  
AMENDED IN ASSEMBLY MAY 1, 2017  
AMENDED IN ASSEMBLY APRIL 3, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1278**

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**Introduced by Assembly Member Low**

February 17, 2017

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An act to amend Section 7071.17 of the Business and Professions Code, relating to contractors.

LEGISLATIVE COUNSEL'S DIGEST

AB 1278, as amended, Low. Contractor licensing: judgment debtor prohibition.

Existing law, the Contractors' State License Law, provides for licensing and regulation of contractors by the Contractors' State License Board. That law requires the board, with the approval of the Director of Consumer Affairs, to appoint a registrar of contractors to serve as the executive officer and secretary of the board.

That law directs the board to require, as a condition precedent to accepting an application for licensure, renewal, reinstatement, or to change officers or other personnel of record, that an applicant for a license, previously found to have failed or refused to pay a contractor, subcontractor, consumer, materials supplier, or employee based on a specified unsatisfied final judgment, to file or have on file with the board a bond sufficient to guarantee payment of an amount equal to the unsatisfied judgment or judgments, as specified. That law requires a

licensee to notify the registrar in writing of a specified unsatisfied final judgment imposed on the licensee within 90 days of the imposition, and to file or have on file with the board a bond sufficient to guarantee payment of an amount equal to specified unsatisfied judgments within 90 days from date of notification. That law requires the license of a licensee who does not comply with these requirements to be automatically suspended. That law prohibits the suspension from being removed until proof of satisfaction of the judgment, or in lieu thereof, a notarized copy of an accord, is submitted to the registrar.

~~This bill would require the suspension to be removed if the licensee provides proof that the judgment is under appeal in a court of competent jurisdiction. The bill would require the suspension to be reinstated after the judgment has been upheld and no further appeal is sought, or all appeals are exhausted. The bill would revise and recast the provisions relating to notice of an unsatisfied judgment, a sufficient bond for that judgment, and suspension for failure to comply.~~

The Contractors' State License Law also requires the qualifying person and any partner of the licensee or personnel of the licensee named as a judgment debtor in an unsatisfied final judgment to be automatically prohibited from serving as an officer, director, associate, partner, owner, manager, qualifying individual, or other personnel of record of another licensee. That law requires the license of any other existing renewable licensed entity with any of the same personnel of record as the judgment debtor licensee to be suspended until the license of the judgment debtor is reinstated or until those same personnel of record disassociate themselves from the renewable licensed entity.

This bill instead would, if a judgment is entered against a licensee, require a qualifying person or personnel of record of the licensee at the time of the activities on which the judgment is based to be automatically prohibited from serving as a qualifying individual or other personnel of record ~~of on another licensee, license,~~ until the judgment is satisfied. ~~The bill would require that this prohibition not apply if the qualifying person or personnel of record provides proof that the judgment is under appeal in a court of competent jurisdiction. The bill would require the suspension to be reinstated after the judgment has been upheld and no further appeal is sought, or all appeals are exhausted.~~

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 7071.17 of the Business and Professions  
2 Code is amended to read:

3 7071.17. (a) Notwithstanding any other provision of law, the  
4 board shall require, as a condition precedent to accepting an  
5 application for licensure, renewal, reinstatement, or to change  
6 officers or other personnel of record, that an applicant, previously  
7 found to have failed or refused to pay a contractor, subcontractor,  
8 consumer, materials supplier, or employee based on an unsatisfied  
9 final judgment, file or have on file with the board a bond sufficient  
10 to guarantee payment of an amount equal to the unsatisfied final  
11 judgment or judgments. The applicant shall have 90 days from the  
12 date of notification by the board to file the bond or the application  
13 shall become void and the applicant shall reapply for issuance,  
14 reinstatement, or reactivation of a license. The board may not issue,  
15 reinstate, or reactivate a license until the bond is filed with the  
16 board. The bond required by this section is in addition to the  
17 contractor's bond. The bond shall be on file for a minimum of one  
18 year, after which the bond may be removed by submitting proof  
19 of satisfaction of all debts. The applicant may provide the board  
20 with a notarized copy of any accord, reached with any individual  
21 holding an unsatisfied final judgment, to satisfy a debt in lieu of  
22 filing the bond. The board shall include on the license application  
23 for issuance, reinstatement, or reactivation, a statement, to be made  
24 under penalty of perjury, as to whether there are any unsatisfied  
25 judgments against the applicant on behalf of contractors,  
26 subcontractors, consumers, materials suppliers, or the applicant's  
27 employees. Notwithstanding any other provision of law, if it is  
28 found that the applicant falsified the statement then the license  
29 will be retroactively suspended to the date of issuance and the  
30 license will stay suspended until the bond, satisfaction of judgment,  
31 or notarized copy of any accord applicable under this section is  
32 filed.

33 (b) (1) Notwithstanding any other provision of law, all licensees  
34 shall notify the registrar in writing of any unsatisfied final judgment  
35 imposed on the licensee. If the licensee fails to notify the registrar  
36 in writing within 90 days, the license shall be automatically  
37 suspended on the date that the registrar is informed, or is made  
38 aware of the unsatisfied final judgment.

1 (2) (A) The suspension shall not be removed until proof of  
2 satisfaction of the judgment, or in lieu thereof, a notarized copy  
3 of an accord is submitted to the registrar.

4 (B) ~~Notwithstanding subparagraph (A), the suspension shall be~~  
5 ~~removed if the licensee provides proof that the judgment is under~~  
6 ~~appeal in a court of competent jurisdiction. The suspension shall~~  
7 ~~be reinstated after the judgment has been upheld and no further~~  
8 ~~appeal is sought, or all appeals are exhausted.~~

9 (3) If the licensee notifies the registrar in writing within 90 days  
10 of the imposition of any unsatisfied final judgment, the licensee  
11 shall, as a condition to the continual maintenance of the license,  
12 file or have on file with the board a bond sufficient to guarantee  
13 payment of an amount equal to all unsatisfied judgments applicable  
14 under this section.

15 (4) The licensee has 90 days from date of notification by the  
16 board to file the bond or at the end of the 90 days the license shall  
17 be automatically suspended. In lieu of filing the bond required by  
18 this section, the licensee may provide the board with a notarized  
19 copy of any accord reached with any individual holding an  
20 unsatisfied final judgment.

21 (c) By operation of law, failure to maintain the bond or failure  
22 to abide by the accord shall result in the automatic suspension of  
23 any license to which this section applies.

24 (d) A license that is suspended for failure to comply with the  
25 provisions of this section can only be reinstated when proof of  
26 satisfaction of all debts is made, or when a notarized copy of an  
27 accord has been filed as set forth under this section.

28 (e) This section applies only with respect to an unsatisfied final  
29 judgment that is substantially related to the construction activities  
30 of a licensee licensed under this chapter, or to the qualifications,  
31 functions, or duties of the license.

32 (f) Except as otherwise provided, this section shall not apply to  
33 an applicant or licensee when the financial obligation covered by  
34 this section has been discharged in a bankruptcy proceeding.

35 (g) Except as otherwise provided, the bond shall remain in full  
36 force in the amount posted until the entire debt is satisfied. If, at  
37 the time of renewal, the licensee submits proof of partial  
38 satisfaction of the financial obligations covered by this section,  
39 the board may authorize the bond to be reduced to the amount of  
40 the unsatisfied portion of the outstanding judgment. When the

1 licensee submits proof of satisfaction of all debts, the bond  
2 requirement may be removed.

3 (h) The board shall take the actions required by this section  
4 upon notification by any party having knowledge of the outstanding  
5 judgment upon a showing of proof of the judgment.

6 (i) For the purposes of this section, the term "judgment" also  
7 includes any final arbitration award where the time to file a petition  
8 for a trial de novo or a petition to vacate or correct the arbitration  
9 award has expired, and no petition is pending.

10 (j) (1) If a judgment is entered against a licensee, then a  
11 qualifying person or personnel of record of the licensee at the time  
12 of the activities on which the judgment is based shall be  
13 automatically prohibited from serving as a qualifying individual  
14 or other personnel of record on another license until the judgment  
15 is satisfied.

16 (2) The prohibition described in paragraph (1) shall cause the  
17 license of any other existing renewable licensed entity with any  
18 of the same personnel of record as the judgment debtor licensee  
19 to be suspended until the license of the judgment debtor is  
20 reinstated or until those same personnel of record disassociate  
21 themselves from the renewable licensed entity.

22 ~~(3) The prohibition described in paragraph (1) shall not apply~~  
23 ~~if the qualifying person or personnel of record provides proof that~~  
24 ~~the judgment is under appeal in a court of competent jurisdiction.~~  
25 ~~The suspension described in paragraph (2) shall be reinstated after~~  
26 ~~the judgment has been upheld and no further appeal is sought, or~~  
27 ~~all appeals are exhausted.~~

28 (k) For purposes of this section, a cash deposit may be submitted  
29 in lieu of the bond.

30 (l) Notwithstanding subdivision (f), the failure of a licensee to  
31 notify the registrar of an unsatisfied final judgment in accordance  
32 with this section is cause for disciplinary action.

**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** AB 1278 (Low)  
**Status/Location:** Amended 7/03/17 – Assembly Floor  
**Sponsor:** California State Council of Laborers  
**Subject:** Judgments – License Suspension  
**Code Section:** Business & Professions Code section 7071.17

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**Summary:**

Existing law:

1. Requires a licensee of the Contractors State License Board (CSLB) to report a construction-related civil judgment to CSLB within 90 days of the judgment date.
2. Requires a licensee to comply with the final judgment within 90 days.
3. Provides that if the judgment is not satisfied after 90 days, the license is suspended.
4. Further provides that if a licensee does not report a final judgment, and another party informs CSLB of the final judgment, the license shall be suspended once the Registrar is made aware of the unsatisfied final judgment.
5. Provides that the license remain suspended until CSLB receives proof of satisfaction of the judgment.

This bill: Provides that if a judgment is entered against a qualifying person (qualifier) or a personnel of record of the licensee (personnel) the qualifier or personnel in question shall automatically be prohibited from serving as a qualifier or personnel on another license until the judgment is satisfied.

Background:

Under CSLB's current practice, the person requesting the license suspension has the burden of proving that the judgment is truly final.

Existing law related to reporting of judgments and license suspension for unsatisfied final judgments has been in place for some time. Previously, CSLB would record a judgment and suspend a license before determining if the appeal process was completed. CSLB would allow a licensee to submit evidence of the appeal, and would then lift the suspension during the appeal process. A licensee, whose license was suspended, sued CSLB and argued that CSLB violated his due process rights by suspending his license before the judgment was final. In response, CSLB reviewed its practices and existing law, and determined that it needed to wait until a judgment is final and that all time for appeal has passed before suspending a license. This has been CSLB policy since early 2016.

**Fiscal Impact for CSLB:**

Minor and absorbable.

**Board Position and Comments:**

**SUPPORT IF AMENDED.** The Board previously adopted a support if amended position, requesting some amendments related to evidence of appeal. The bill was amended subsequently to address these issues.

This bill would clarify that the judgment covers the timeframe of the contracting activity at issue, rather than when the related civil judgment is finalized. As a result, a qualifier on the license at the time of the act or misconduct subject to the judgment would be prohibited from serving in any official capacity on another license until the judgment is satisfied, irrespective of whether or not he or she associated with the license when the judgment becomes final.

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**Date:** September 8, 2017



AMENDED IN SENATE SEPTEMBER 12, 2017

AMENDED IN SENATE SEPTEMBER 8, 2017

AMENDED IN SENATE SEPTEMBER 1, 2017

AMENDED IN SENATE AUGUST 28, 2017

AMENDED IN SENATE AUGUST 24, 2017

AMENDED IN SENATE JUNE 14, 2017

AMENDED IN ASSEMBLY MARCH 21, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1284**

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**Introduced by Assembly Member Dababneh**  
**(Coauthor: Assembly Member Calderon)**  
(Coauthor: Senator Skinner)

February 17, 2017

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An act to amend, repeal, and add Section 10133.1 of the Business and Professions Code, and to amend Sections 22000, 22753, 22780 of, to amend the heading of Division 9 (commencing with Section 22000) of, to amend, repeal, and add Sections 22001, 22007, 22010, 22101, 22101.5, 22102, 22103, 22104, 22105, 22105.3, 22106, 22107, 22109, 22151, 22152, 22153, 22154, 22155, 22156, 22157, 22159, 22161, 22162, 22163, 22164, 22168, 22169, 22700, 22701, 22706, 22712, 22714, and 22716 of, to add Sections ~~4061~~, 22003.5, 22015, 22016, 22017, 22018, 22018.5, 22019, 22020, 22068, 22100.5, 22252, 22552, and 22758 to, and to add Chapter 3.5 (commencing with Section 22680) to Division 9 of, the Financial Code, relating to financial ~~institutions~~ *institutions, and declaring the urgency thereof, to take effect immediately.*

## LEGISLATIVE COUNSEL'S DIGEST

AB 1284, as amended, Dababneh. California Financing Law: Property Assessed Clean Energy program: program administrators.

Existing law, the California Finance Lenders Law, generally provides for the licensure and regulation of finance lenders and brokers by the Commissioner of Business Oversight. Existing law requires a person seeking to become licensed as a finance lender or broker to submit an application to the commissioner, and to comply with specified licensure requirements such as paying a fee and an annual assessment to the commissioner. Existing law requires a finance lender or broker licensee to comply with requirements related to the conduct of his or her business. Existing law exempts specified types of entities or financial instruments from regulation under the California Finance Lenders Law. Existing law authorizes the commissioner to take specified disciplinary actions against a licensee, including ordering the licensee to cease specified activity or suspending or revoking the license of the licensee.

Existing law, known commonly as a Property Assessed Clean Energy (PACE program), authorizes a public agency, by making specified findings, to authorize public agency officials and property owners to enter into voluntary contractual 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 requires a public agency to comply with specified requirements before permitting a property owner to participate in any program established pursuant to those provisions, including that the property owner's participation would not result in the total amount of any annual property taxes and assessments exceeding 5% of the property's market value, and that the property owner is provided with specified financial documents and other forms. Existing law authorizes a private entity to administer a PACE program on behalf of, and with the written consent of, a public agency.

Existing state law, the California Financial Information Privacy Act, prohibits a financial institution from selling, sharing, transferring, or otherwise disclosing nonpublic personal information to, or with, nonaffiliated 3rd parties without the explicit prior consent from the consumer to whom the information relates.

This bill would rename the "California Finance Lenders Law" the "California Financing Law," and would require specified criteria related to the assessment contract to be satisfied before a program administrator

approves an assessment contract for recordation by a public agency, including that all property taxes on the applicable property be current, the applicable property to not have specified debt recorded, that the property owner be current on specified debt and to have not been a party to a bankruptcy proceeding within a specified time, that the financing of the assessment, as well as the total value of all debt on the property, not exceed a specified amount, and that the terms of the assessment contract not exceed certain limitations.

This bill would, commencing on April 1, 2018, prohibit a program administrator from approving an assessment contract for funding and recording by a public agency unless the program administrator makes a reasonable good faith determination that the property owner has a reasonable ability to pay the PACE assessments, subject to specified requirements and procedures. The bill would require a program administrator to comply with the requirements of the California Financial Information Privacy Act.

The bill would, commencing on January 1, 2019, require a program administrator that administers a PACE program on or behalf of a public agency to be licensed by the commissioner under the California Financing Law. The bill would require a program administrator to comply with licensure requirements that are similar to those of a finance lender or broker as described above. The bill would require a program administrator licensee to comply with similar requirements to those of finance lenders and brokers as to the conduct of his or her business, including display of his or her license, location of his or her business, maintenance and preservation of his or her records, reporting, including filing a specified annual report under oath, prohibiting making false or misleading statements, and advertising. By expanding the crime of perjury, this bill would impose state-mandated local program. The bill would provide that the exemptions described above do not apply to a program administrator.

The bill would require a program administrator to establish and maintain a process for the enrollment of a PACE solicitor and a PACE solicitor agent, including requiring a PACE solicitor or a PACE solicitor agent to meet specified minimum background checks, and would prohibit a program administrator from enrolling a PACE solicitor or a PACE solicitor agent if the program administrator makes specified findings. The bill would require a program administrator to establish and maintain a process to promote and evaluate the compliance of a PACE solicitor and a PACE solicitor agent with applicable law, and to

establish and maintain a process to cancel the enrollment of a PACE solicitor or PACE solicitor agents who fail to meet minimum qualifications. The bill would require a program administrator to establish and maintain a training program for PACE solicitor agents, in accordance with certain requirements.

The bill would authorize the commissioner to take disciplinary actions against a program administrator that are similar to the disciplinary provisions described above for a finance lender or broker, including authorizing the commissioner to conduct an examination under oath, and would subject a program administrator to the enforcement authority of the commissioner for specified violations. The bill would authorize the commissioner, if during the course of an inspection, examination, or investigation of a program administrator the commissioner has cause to believe that the program administrator, PACE solicitor, or PACE solicitor agent may have committed a violation of the California Financing Law or that certain conditions are met, to take specified actions to investigate a PACE solicitor or a PACE solicitor agent, including authorizing the commissioner to conduct an examination under oath. The bill would authorize the commissioner to take disciplinary actions against a PACE solicitor or a PACE solicitor agent that violates any provision of the California Financing Law, subject to certain requirements and procedures. The bill would provide that if the person subject to an investigation under these provisions complies with the commissioner's demands, or otherwise reaches a mutually agreeable resolution of any issues, then any examinations and correspondence related to that investigation is confidential.

*This bill would require a program administrator to submit to the commissioner information beneficial to evaluating various aspects of the PACE program to be included in a specified annual report, as provided. The bill would authorize the commissioner, by rule, to require a program administrator to use a real-time registry or database system for tracking PACE assessments and the bill would require costs associated with the real-time registry or database system to be apportioned among licensed program administrators, as specified.*

The bill would include findings that the changes proposed by this bill address a matter of statewide concern and is not a municipal affair, and shall therefore apply equally to all cities, including charter cities.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the

interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

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.

*This bill would declare that it is to take effect immediately as an urgency statute.*

Vote: ~~majority~~<sup>2/3</sup>. 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 10133.1 of the Business and Professions  
2 Code is amended to read:  
3 10133.1. (a) Subdivisions (d) and (e) of Section 10131, Section  
4 10131.1, Article 5 (commencing with Section 10230), and Article  
5 7 (commencing with Section 10240) of this code and Section  
6 1695.13 of the Civil Code do not apply to any of the following:  
7 (1) Any person or employee thereof doing business under any  
8 law of this state, any other state, or the United States relating to  
9 banks, trust companies, savings and loan associations, industrial  
10 loan companies, pension trusts, credit unions, or insurance  
11 companies.  
12 (2) Any nonprofit cooperative association organized under  
13 Chapter 1 (commencing with Section 54001) of Division 20 of the  
14 Food and Agricultural Code, in loaning or advancing money in  
15 connection with any activity mentioned therein.  
16 (3) Any corporation, association, syndicate, joint stock company,  
17 or partnership engaged exclusively in the business of marketing  
18 agricultural, horticultural, viticultural, dairy, livestock, poultry, or  
19 bee products on a cooperative nonprofit basis, in loaning or  
20 advancing money to the members thereof or in connection with  
21 any business of that type.  
22 (4) Any corporation securing money or credit from any federal  
23 intermediate credit bank organized and existing pursuant to the  
24 provisions of an act of Congress entitled the "Agricultural Credits  
25 Act of 1923," in loaning or advancing money or credit so secured.

1 (5) Any person licensed to practice law in this state, not actively  
2 and principally engaged in the business of negotiating loans secured  
3 by real property, when that person renders services in the course  
4 of his or her practice as an attorney at law, and the disbursements  
5 of that person, whether paid by the borrower or other person, are  
6 not charges or costs and expenses regulated by or subject to the  
7 limitations of Article 7 (commencing with Section 10240), and  
8 the fees and disbursements are not shared, directly or indirectly,  
9 with the person negotiating the loan or the lender.

10 (6) Any person licensed as a finance lender when acting under  
11 the authority of that license.

12 (7) Any cemetery authority as defined by Section 7018 of the  
13 Health and Safety Code, that is authorized to do business in this  
14 state or its authorized agent.

15 (8) Any person authorized in writing by a savings institution to  
16 act as an agent of that institution, as authorized by Section 6520  
17 of the Financial Code or comparable authority of the Office of the  
18 Comptroller of the Currency of the United States Department of  
19 the Treasury by its regulations, when acting under the authority  
20 of that written authorization.

21 (9) Any person who is licensed as a securities broker or  
22 securities dealer under any law of this state, or of the United States,  
23 or any employee, officer, or agent of that person, if that person,  
24 employee, officer, or agent is acting within the scope of authority  
25 granted by that license in connection with a transaction involving  
26 the offer, sale, purchase, or exchange of a security representing an  
27 ownership interest in a pool of promissory notes secured directly  
28 or indirectly by liens on real property, which transaction is subject  
29 to any law of this state or the United States regulating the offer or  
30 sale of securities.

31 (10) Any person licensed as a residential mortgage lender or  
32 servicer when acting under the authority of that license.

33 (11) Any organization that has been approved by the United  
34 States Department of Housing and Urban Development pursuant  
35 to Section 106(a)(1)(iii) of the federal Housing and Urban  
36 Development Act of 1968 (12 U.S.C. Sec. 1701x), to provide  
37 counseling services, or an employee of such an organization, when  
38 those services are provided at no cost to the borrower and are in  
39 connection with the modification of the terms of a loan secured

1 directly or collaterally by a lien on residential real property  
2 containing four or fewer dwelling units.

3 (b) Persons described in paragraph (1), (2), or (3), as follows,  
4 are exempt from the provisions of subdivisions (d) and (e) of  
5 Section 10131 or Section 10131.1 with respect to the collection  
6 of payments or performance of services for lenders or on notes of  
7 owners in connection with loans secured directly or collaterally  
8 by liens on real property:

9 (1) The person makes collections on 10 or less of those loans,  
10 or in amounts of forty thousand dollars (\$40,000) or less, in any  
11 calendar year.

12 (2) The person is a corporation licensed as an escrow agent  
13 under Division 6 (commencing with Section 17000) of the  
14 Financial Code and the payments are deposited and maintained in  
15 the escrow agent's trust account.

16 (3) An employee of a real estate broker who is acting as the  
17 agent of a person described in paragraph (4) of subdivision (b) of  
18 Section 10232.4.

19 For purposes of this subdivision, performance of services does  
20 not include soliciting borrowers, lenders, or purchasers for, or  
21 negotiating, loans secured directly or collaterally by a lien on real  
22 property.

23 (c) (1) Subdivision (d) of Section 10131 does not apply to an  
24 employee of a real estate broker who, on behalf of the broker,  
25 assists the broker in meeting the broker's obligations to its  
26 customers in residential mortgage loan transactions, as defined in  
27 Section 50003 of the Financial Code, where the lender is an  
28 institutional lender, as defined in Section 50003 of the Financial  
29 Code, provided the employee does not participate in any  
30 negotiations occurring between the principals.

31 (2) A broker shall exercise reasonable supervision and control  
32 over the activities of nonlicensed employees acting under this  
33 subdivision, and shall comply with Section 10163 for each location  
34 where the nonlicensed persons are employed.

35 This section does not restrict the ability of the commissioner to  
36 discipline a broker or corporate broker licensee or its designated  
37 officer, or both the corporate broker licensee and its designated  
38 officer, for misconduct of a nonlicensed employee acting under  
39 this subdivision, or, pursuant to Section 10080, to adopt, amend,  
40 or repeal rules or regulations governing the employment or

1 supervision of an employee who is a nonlicensed person as  
2 described in this subdivision.

3 This section shall remain in effect only until January 1, 2019,  
4 and as of that date is repealed.

5 SEC. 2. Section 10133.1 is added to the Business and  
6 Professions Code, to read:

7 10133.1. (a) Subdivisions (d) and (e) of Section 10131, Section  
8 10131.1, Article 5 (commencing with Section 10230), and Article  
9 7 (commencing with Section 10240) of this code and Section  
10 1695.13 of the Civil Code do not apply to any of the following:

11 (1) Any person or employee thereof doing business under any  
12 law of this state, any other state, or the United States relating to  
13 banks, trust companies, savings and loan associations, industrial  
14 loan companies, pension trusts, credit unions, or insurance  
15 companies.

16 (2) Any nonprofit cooperative association organized under  
17 Chapter 1 (commencing with Section 54001) of Division 20 of the  
18 Food and Agricultural Code, in loaning or advancing money in  
19 connection with any activity mentioned therein.

20 (3) Any corporation, association, syndicate, joint stock company,  
21 or partnership engaged exclusively in the business of marketing  
22 agricultural, horticultural, viticultural, dairy, livestock, poultry, or  
23 bee products on a cooperative nonprofit basis, in loaning or  
24 advancing money to the members thereof or in connection with  
25 any business of that type.

26 (4) Any corporation securing money or credit from any federal  
27 intermediate credit bank organized and existing pursuant to the  
28 provisions of an act of Congress entitled the "Agricultural Credits  
29 Act of 1923," in loaning or advancing money or credit so secured.

30 (5) Any person licensed to practice law in this state, not actively  
31 and principally engaged in the business of negotiating loans secured  
32 by real property, when that person renders services in the course  
33 of his or her practice as an attorney at law, and the disbursements  
34 of that person, whether paid by the borrower or other person, are  
35 not charges or costs and expenses regulated by or subject to the  
36 limitations of Article 7 (commencing with Section 10240), and  
37 the fees and disbursements are not shared, directly or indirectly,  
38 with the person negotiating the loan or the lender.

39 (6) Any person licensed as a finance lender when acting under  
40 the authority of that license.



1 (7) Any cemetery authority as defined by Section 7018 of the  
2 Health and Safety Code, that is authorized to do business in this  
3 state or its authorized agent.

4 (8) Any person authorized in writing by a savings institution to  
5 act as an agent of that institution, as authorized by Section 6520  
6 of the Financial Code or comparable authority of the Office of the  
7 Comptroller of the Currency of the United States Department of  
8 the Treasury by its regulations, when acting under the authority  
9 of that written authorization.

10 (9) Any person who is licensed as a securities broker or  
11 securities dealer under any law of this state, or of the United States,  
12 or any employee, officer, or agent of that person, if that person,  
13 employee, officer, or agent is acting within the scope of authority  
14 granted by that license in connection with a transaction involving  
15 the offer, sale, purchase, or exchange of a security representing an  
16 ownership interest in a pool of promissory notes secured directly  
17 or indirectly by liens on real property, which transaction is subject  
18 to any law of this state or the United States regulating the offer or  
19 sale of securities.

20 (10) Any person licensed as a residential mortgage lender or  
21 servicer when acting under the authority of that license.

22 (11) Any organization that has been approved by the United  
23 States Department of Housing and Urban Development pursuant  
24 to Section 106(a)(1)(iii) of the federal Housing and Urban  
25 Development Act of 1968 (12 U.S.C. Sec. 1701x), to provide  
26 counseling services, or an employee of such an organization, when  
27 those services are provided at no cost to the borrower and are in  
28 connection with the modification of the terms of a loan secured  
29 directly or collaterally by a lien on residential real property  
30 containing four or fewer dwelling units.

31 (12) Any person licensed as a PACE program administrator  
32 when acting under the authority of that license.

33 (13) A PACE solicitor, when enrolled by a person licensed as  
34 a program administrator and acting pursuant to an agreement with  
35 that program administrator licensee.

36 (14) A PACE solicitor agent, when enrolled by a person licensed  
37 as a program administrator and acting pursuant to an agreement  
38 between a PACE solicitor and that program administrator licensee.

39 (b) Persons described in paragraph (1), (2), or (3), as follows,  
40 are exempt from the provisions of subdivisions (d) and (e) of

1 Section 10131 or Section 10131.1 with respect to the collection  
2 of payments or performance of services for lenders or on notes of  
3 owners in connection with loans secured directly or collaterally  
4 by liens on real property:

5 (1) The person makes collections on 10 or less of those loans,  
6 or in amounts of forty thousand dollars (\$40,000) or less, in any  
7 calendar year.

8 (2) The person is a corporation licensed as an escrow agent  
9 under Division 6 (commencing with Section 17000) of the  
10 Financial Code and the payments are deposited and maintained in  
11 the escrow agent's trust account.

12 (3) An employee of a real estate broker who is acting as the  
13 agent of a person described in paragraph (4) of subdivision (b) of  
14 Section 10232.4.

15 For purposes of this subdivision, performance of services does  
16 not include soliciting borrowers, lenders, or purchasers for, or  
17 negotiating, loans secured directly or collaterally by a lien on real  
18 property.

19 (c) (1) Subdivision (d) of Section 10131 does not apply to an  
20 employee of a real estate broker who, on behalf of the broker,  
21 assists the broker in meeting the broker's obligations to its  
22 customers in residential mortgage loan transactions, as defined in  
23 Section 50003 of the Financial Code, where the lender is an  
24 institutional lender, as defined in Section 50003 of the Financial  
25 Code, provided the employee does not participate in any  
26 negotiations occurring between the principals.

27 (2) A broker shall exercise reasonable supervision and control  
28 over the activities of nonlicensed employees acting under this  
29 subdivision, and shall comply with Section 10163 for each location  
30 where the nonlicensed persons are employed.

31 This section does not restrict the ability of the commissioner to  
32 discipline a broker or corporate broker licensee or its designated  
33 officer, or both the corporate broker licensee and its designated  
34 officer, for misconduct of a nonlicensed employee acting under  
35 this subdivision, or, pursuant to Section 10080, to adopt, amend,  
36 or repeal rules or regulations governing the employment or  
37 supervision of an employee who is a nonlicensed person as  
38 described in this subdivision.

39 This section shall become operative on January 1, 2019.

40 ~~SEC. 3. Section 4061 is added to the Financial Code, to read:~~

1 4061. ~~(a) A program administrator shall comply with all~~  
2 ~~requirements of this division that are applicable to a financial~~  
3 ~~institution. Unless the context clearly requires otherwise, whenever~~  
4 ~~the term “financial institution” appears in any code in this division,~~  
5 ~~it shall also be construed to refer to a program administrator. Unless~~  
6 ~~the context clearly requires otherwise, whenever the term~~  
7 ~~“consumer” appears in any code in this division, it shall also be~~  
8 ~~construed to refer to a property owner, as that term is defined in~~  
9 ~~Section 22018.5.~~

10 ~~(b) For purposes of this section, program administrator shall~~  
11 ~~mean a program administrator licensee under the California~~  
12 ~~Financing Law.~~

13 ~~(c) This section shall become operative on April 1, 2018.~~

14 ~~SEC. 4.~~

15 *SEC. 3.* The heading of Division 9 (commencing with Section  
16 22000) of the Financial Code is amended to read:

17

18 DIVISION 9. CALIFORNIA FINANCING LAW

19

20 ~~SEC. 5.~~

21 *SEC. 4.* Section 22000 of the Financial Code is amended to  
22 read:

23 22000. This division is known and may be cited as the  
24 “California Financing Law.”

25 ~~SEC. 6.~~

26 *SEC. 5.* Section 22001 of the Financial Code is amended to  
27 read:

28 22001. (a) This division shall be liberally construed and  
29 applied to promote its underlying purposes and policies, which  
30 are:

31 (1) To ensure an adequate supply of credit to borrowers in this  
32 state.

33 (2) To simplify, clarify, and modernize the law governing loans  
34 made by finance lenders.

35 (3) To foster competition among finance lenders.

36 (4) To protect borrowers against unfair practices by some  
37 lenders, having due regard for the interests of legitimate and  
38 scrupulous lenders.

39 (5) To permit and encourage the development of fair and  
40 economically sound lending practices.

1 (6) To encourage and foster a sound economic climate in this  
2 state.

3 (b) Consumer loans, as defined in Sections 22203 and 22204,  
4 are subject to this chapter, Chapter 2 (commencing with Section  
5 22200), Article 1 (commencing with Section 22700) of Chapter  
6 4, and Article 2 (commencing with Section 22750) of Chapter 4.

7 (c) Commercial loans, as defined in Section 22502, are subject  
8 to this chapter, Chapter 3 (commencing with Section 22500),  
9 Article 1 (commencing with Section 22700) of Chapter 4, and  
10 Article 3 (commencing with Section 22780) of Chapter 4.

11 (d) This section shall remain in effect only until January 1, 2019,  
12 and as of that date is repealed.

13 ~~SEC. 7.~~

14 *SEC. 6.* Section 22001 is added to the Financial Code, to read:  
15 22001. (a) This division shall be liberally construed and  
16 applied to promote its underlying purposes and policies, which  
17 are:

18 (1) To ensure an adequate supply of credit to borrowers in this  
19 state.

20 (2) To simplify, clarify, and modernize the law governing loans  
21 made by finance lenders.

22 (3) To foster competition among finance lenders.

23 (4) To protect borrowers against unfair practices by some  
24 lenders, having due regard for the interests of legitimate and  
25 scrupulous lenders.

26 (5) To permit and encourage the development of fair and  
27 economically sound lending practices.

28 (6) To encourage and foster a sound economic climate in this  
29 state.

30 (7) To protect property owners from deceptive and misleading  
31 practices that threaten the efficacy and viability of property  
32 assessed clean energy financing programs.

33 (b) Consumer loans, as defined in Sections 22203 and 22204,  
34 are subject to this chapter, Chapter 2 (commencing with Section  
35 22200), Article 1 (commencing with Section 22700) of Chapter  
36 4, and Article 2 (commencing with Section 22750) of Chapter 4.

37 (c) Commercial loans, as defined in Section 22502, are subject  
38 to this chapter, Chapter 3 (commencing with Section 22500),  
39 Article 1 (commencing with Section 22700) of Chapter 4, and  
40 Article 3 (commencing with Section 22780) of Chapter 4.

1 (d) A program administrator, as defined in Section 22018, is  
2 subject to this chapter, Chapter 3.5 (commencing with Section  
3 22680), and Article 1 (commencing with Section 22700) of Chapter  
4 4.

5 (e) This section shall become operative on January 1, 2019.

6 ~~SEC. 8.~~

7 *SEC. 7.* Section 22003.5 is added to the Financial Code, to  
8 read:

9 22003.5. "Assessment contract" means an agreement entered  
10 into between all property owners of record on real property and a  
11 public agency in which, for voluntary contractual assessments  
12 imposed on the real property, the public agency provides a PACE  
13 assessment for the installation of one or more efficiency  
14 improvements on the real property in accordance with a PACE  
15 program, specified in paragraph (2) of subdivision (a) of Section  
16 5898.20 of the Streets and Highways Code, or Section 5899 or  
17 5899.3 of the Streets and Highways Code, or a special tax described  
18 in Section 53328.1 of the Government Code.

19 ~~SEC. 9.~~

20 *SEC. 8.* Section 22007 of the Financial Code is amended to  
21 read:

22 22007. (a) "Licensee" means any finance lender or broker who  
23 receives a license in accordance with this division.

24 (b) This section shall remain in effect only until January 1, 2019,  
25 and as of that date is repealed.

26 ~~SEC. 10.~~

27 *SEC. 9.* Section 22007 is added to the Financial Code, to read:

28 22007. (a) "Licensee" means any finance lender, broker, or  
29 program administrator who receives a license in accordance with  
30 this division.

31 (b) This section shall become operative on January 1, 2019.

32 ~~SEC. 11.~~

33 *SEC. 10.* Section 22010 of the Financial Code is amended to  
34 read:

35 22010. (a) "Finance lender" and "broker" do not include  
36 employees regularly employed at the location specified in the  
37 license of the finance lender or broker, except that an employee,  
38 when acting within the scope of his or her employment, shall be  
39 exempt from any other law from which his or her employer is  
40 exempt.

1 (b) This section shall remain in effect only until January 1, 2019,  
2 and as of that date is repealed.

3 ~~SEC. 12.~~

4 *SEC. 11.* Section 22010 is added to the Financial Code, to read:

5 22010. (a) "Finance lender," "broker," and "program  
6 administrator" do not include employees regularly employed at  
7 the location specified in the license of the finance lender, broker,  
8 or program administrator, except that an employee, when acting  
9 within the scope of his or her employment, shall be exempt from  
10 any other law from which his or her employer is exempt.

11 (b) This section shall become operative on January 1, 2019.

12 ~~SEC. 13.~~

13 *SEC. 12.* Section 22015 is added to the Financial Code, to read:

14 22015. "PACE assessment" means a voluntary contractual  
15 assessment, voluntary special tax, or special tax, as described in  
16 subdivisions (a), (b), and (c) of Section 26054 of the Public  
17 Resources Code.

18 ~~SEC. 14.~~

19 *SEC. 13.* Section 22016 is added to the Financial Code, to read:

20 22016. "PACE program" means a program in which financing  
21 is provided for the installation of efficiency improvements on real  
22 property and funded through the use of property assessments, as  
23 well as other program components defined in this section,  
24 established pursuant to any of the following:

25 (a) Chapter 29 (commencing with Section 5898.10) of Part 3  
26 of Division 7 of the Streets and Highways Code.

27 (b) The Mello-Roos Community Facilities Act of 1982 (Chapter  
28 2.5 (commencing with Section 53311) of Part 1 of Division 2 of  
29 Title 5 of the Government Code).

30 (c) A charter city's constitutional authority under Section 5 of  
31 Article XI of the California Constitution.

32 ~~SEC. 15.~~

33 *SEC. 14.* Section 22017 is added to the Financial Code, to read:

34 22017. (a) "PACE solicitor" means a person authorized by a  
35 program administrator to solicit a property owner to enter into an  
36 assessment contract.

37 (b) "PACE solicitor agent" means an individual who is  
38 employed or retained by, and acts on behalf of, a PACE solicitor  
39 to solicit a property owner to enter into an assessment contract.

1 (c) “PACE solicitor” and “PACE solicitor agent” do not include  
2 any of the following:

3 (1) A person employed by a program administrator.

4 (2) A person, including a home improvement contractor or  
5 subcontractor, who does not solicit property owners to enter into  
6 assessment contracts.

7 (3) A person who performs purely administrative or clerical  
8 tasks.

9 (4) A person who advertises a PACE program, if the content of  
10 the advertising is created, prepared, or approved by a program  
11 administrator, and advertising ~~to~~ *is* subject to, and *in* compliance  
12 with this division.

13 (5) A person who obtains information regarding prospective  
14 applicants for PACE financing, or who provides to a program  
15 administrator information regarding prospective applicants for  
16 PACE financing, if such information was not obtained in  
17 connection with advertising *or soliciting* a PACE program.

18 ~~SEC. 16.~~

19 *SEC. 15.* Section 22018 is added to the Financial Code, to read:

20 22018. “Program administrator” means a person administering  
21 a PACE program on behalf of, and with the written consent of, a  
22 public agency. “Program administrator” does not include a public  
23 agency.

24 (a) For purposes of this division, “program administrator” does  
25 not include a person who meets both of the following conditions:

26 (1) The person does not administer a PACE program that  
27 provides financing for the installation of efficiency improvements  
28 on residential ~~property.~~ *property with four or fewer units.*

29 (2) The person does not administer a PACE program that  
30 provides financing for the installation of efficiency improvements  
31 on real-~~contractual~~ ~~assessments~~ on property with a market value  
32 of less than one million dollars (\$1,000,000).

33 ~~SEC. 17.~~

34 *SEC. 16.* Section 22018.5 is added to the Financial Code, to  
35 read:

36 22018.5. “Property owner” means all property owners of record  
37 on the property subject to the PACE assessment.

38 ~~SEC. 18.~~

39 *SEC. 17.* Section 22019 is added to the Financial Code, to read:

1 22019. "Efficiency improvement" means one or more  
2 permanent improvements fixed to real property financed through  
3 a PACE assessment.

4 ~~SEC. 19.~~

5 *SEC. 18.* Section 22020 is added to the Financial Code, to read:

6 22020. "Public agency" means a city, including a charter city,  
7 county, city and county, municipal utility district, community  
8 services district, community facilities district, joint powers  
9 authority, sanitary district, sanitation district, or water district, as  
10 defined in Section 20200 of the Water Code, that has established  
11 or participates in a PACE program, and utilizes a program  
12 administrator.

13 ~~SEC. 20.~~

14 *SEC. 19.* Section 22068 is added to the Financial Code, to read:

15 22068. (a) The exemptions and exclusions in this article are  
16 not applicable to a person engaged in business as a program  
17 administrator or a PACE solicitor.

18 (b) This section shall become operative on January 1, 2019.

19 ~~SEC. 21.~~

20 *SEC. 20.* Section 22100.5 is added to the Financial Code, to  
21 read:

22 22100.5. (a) A person shall not engage in the business of a  
23 program administrator without obtaining a license from the  
24 commissioner.

25 (b) This section shall become operative on January 1, 2019.

26 ~~SEC. 22.~~

27 *SEC. 21.* Section 22101 of the Financial Code is amended to  
28 read:

29 22101. (a) An application for a license as a finance lender or  
30 broker under this division shall be in the form and contain the  
31 information that the commissioner may by rule or order require  
32 and shall be filed upon payment of the fee specified in Section  
33 22103.

34 (b) Notwithstanding any other law, an applicant who does not  
35 currently hold a license as a finance lender or broker under this  
36 division shall furnish, with his or her application, a full set of  
37 fingerprints and related information for purposes of the  
38 commissioner conducting a criminal history record check. The  
39 commissioner shall obtain and receive criminal history information



1 from the Department of Justice and the Federal Bureau of  
2 Investigation pursuant to Section 22101.5.

3 (c) This section shall not be construed to prevent a licensee from  
4 engaging in the business of a finance lender through a subsidiary  
5 corporation if the subsidiary corporation is licensed pursuant to  
6 this division.

7 (d) For purposes of this section, “subsidiary corporation” means  
8 a corporation that is wholly owned by a licensee.

9 (e) A new application shall not be required for a change in the  
10 address of an existing location previously licensed under this  
11 division. However, the licensee shall comply with the requirements  
12 of Section 22153.

13 (f) Notwithstanding subdivisions (a) to (e), inclusive, the  
14 commissioner may by rule require an application to be made  
15 through the Nationwide Mortgage Licensing System and Registry,  
16 and may require fees, fingerprints, financial statements, supporting  
17 documents, changes of address, and any other information, and  
18 amendments or modifications thereto, to be submitted in the same  
19 manner.

20 (g) Notwithstanding any other law, the commissioner may by  
21 rule or order prescribe circumstances under which to accept  
22 electronic records or electronic signatures. This section does not  
23 require the commissioner to accept electronic records or electronic  
24 signatures.

25 (h) For purposes of this section, the following terms have the  
26 following meanings:

27 (1) “Electronic record” means an initial license application, or  
28 material modification of that license application, and any other  
29 record created, generated, sent, communicated, received, or stored  
30 by electronic means. “Electronic records” also includes, but is not  
31 limited to, all of the following:

32 (A) An application, amendment, supplement, and exhibit, filed  
33 for any license, consent, or other authority.

34 (B) A financial statement, a report, or advertising.

35 (C) An order, license, consent, or other authority.

36 (D) A notice of public hearing, accusation, and statement of  
37 issues in connection with any application, license, consent, or other  
38 authority.

39 (E) A proposed decision of a hearing officer and a decision of  
40 the commissioner.

1 (F) The transcripts of a hearing and correspondence between a  
2 party and the commissioner directly relating to the record.

3 (G) A release, newsletter, interpretive opinion, determination,  
4 or specific ruling.

5 (H) Correspondence between a party and the commissioner  
6 directly relating to any document listed in subparagraphs (A) to  
7 (G), inclusive.

8 (2) “Electronic signature” means an electronic sound, symbol,  
9 or process attached to or logically associated with an electronic  
10 record and executed or adopted by a person with the intent to sign  
11 the electronic record.

12 (i) The Legislature finds and declares that the Department of  
13 Business Oversight has continuously implemented methods to  
14 accept records filed electronically, and is encouraged to continue  
15 to expand its use of electronic filings to the extent feasible, as  
16 budget, resources, and equipment are made available to accomplish  
17 that goal.

18 (j) This section shall remain in effect only until January 1, 2019,  
19 and as of that date is repealed.

20 ~~SEC. 23.~~

21 *SEC. 22.* Section 22101 is added to the Financial Code, to read:

22 22101. (a) An application for a license as a finance lender,  
23 broker, or program administrator under this division shall be in  
24 the form and contain the information that the commissioner may  
25 by rule or order require and shall be filed upon payment of the fee  
26 specified in Section 22103.

27 (b) Notwithstanding any other law, an applicant who does not  
28 currently hold a license as a finance lender, broker, or program  
29 administrator under this division shall furnish, with his or her  
30 application, a full set of fingerprints and related information for  
31 purposes of the commissioner conducting a criminal history record  
32 check. The commissioner shall obtain and receive criminal history  
33 information from the Department of Justice and the Federal Bureau  
34 of Investigation pursuant to Section 22101.5.

35 (c) This section does not prevent a licensee from engaging in  
36 the business of a finance lender *or program administrator* through  
37 a subsidiary corporation if the subsidiary corporation is licensed  
38 pursuant to this division.

39 (d) For purposes of this section, “subsidiary corporation” means  
40 a corporation that is wholly owned by a licensee.

1 (e) A new application shall not be required for a change in the  
2 address of an existing location previously licensed under this  
3 division. However, the licensee shall comply with the requirements  
4 of Section 22153.

5 (f) Notwithstanding subdivisions (a) to (e), inclusive, the  
6 commissioner may by rule require an application to be made  
7 through the Nationwide Mortgage Licensing System and Registry,  
8 and may require fees, fingerprints, financial statements, supporting  
9 documents, changes of address, and any other information, and  
10 amendments or modifications thereto, to be submitted in the same  
11 manner.

12 (g) Notwithstanding any other law, the commissioner may by  
13 rule or order prescribe circumstances under which to accept  
14 electronic records or electronic signatures. This section does not  
15 require the commissioner to accept electronic records or electronic  
16 signatures.

17 (h) For purposes of this section, the following terms have the  
18 following meanings:

19 (1) "Electronic record" means an initial license application, or  
20 material modification of that license application, and any other  
21 record created, generated, sent, communicated, received, or stored  
22 by electronic means. "Electronic records" also includes, but is not  
23 limited to, all of the following:

24 (A) An application, amendment, supplement, and exhibit, filed  
25 for any license, consent, or other authority.

26 (B) A financial statement, a report, or advertising.

27 (C) An order, license, consent, or other authority.

28 (D) A notice of public hearing, accusation, and statement of  
29 issues in connection with any application, license, consent, or other  
30 authority.

31 (E) A proposed decision of a hearing officer and a decision of  
32 the commissioner.

33 (F) The transcripts of a hearing and correspondence between a  
34 party and the commissioner directly relating to the record.

35 (G) A release, newsletter, interpretive opinion, determination,  
36 or specific ruling.

37 (H) Correspondence between a party and the commissioner  
38 directly relating to any document listed in subparagraphs (A) to  
39 (G), inclusive.

1 (2) "Electronic signature" means an electronic sound, symbol,  
2 or process attached to or logically associated with an electronic  
3 record and executed or adopted by a person with the intent to sign  
4 the electronic record.

5 (i) The Legislature finds and declares that the Department of  
6 Business Oversight has continuously implemented methods to  
7 accept records filed electronically, and is encouraged to continue  
8 to expand its use of electronic filings to the extent feasible, as  
9 budget, resources, and equipment are made available to accomplish  
10 that goal.

11 (j) This section shall become operative on January 1, 2019.

12 ~~SEC. 24.~~

13 *SEC. 23.* Section 22101.5 of the Financial Code is amended  
14 to read:

15 22101.5. (a) The commissioner shall submit to the Department  
16 of Justice fingerprint images and related information required by  
17 the Department of Justice of all finance lender and broker license  
18 candidates, as defined by subdivision (a) of Section 22101, for  
19 purposes of obtaining information as to the existence and content  
20 of a record of state or federal convictions, state or federal arrests,  
21 and information as to the existence and content of a record of state  
22 or federal arrests for which the Department of Justice establishes  
23 that the person is free on bail or on his or her own recognizance  
24 pending trial or appeal.

25 (b) When received, the Department of Justice shall forward to  
26 the Federal Bureau of Investigation requests for federal summary  
27 criminal history information received pursuant to this section. The  
28 Department of Justice shall review the information returned from  
29 the Federal Bureau of Investigation and compile and disseminate  
30 a response to the commissioner.

31 (c) The Department of Justice shall provide a response to the  
32 commissioner pursuant to paragraph (1) of subdivision (p) of  
33 Section 11105 of the Penal Code.

34 (d) The commissioner shall request from the Department of  
35 Justice subsequent arrest notification service, as provided pursuant  
36 to Section 11105.2 of the Penal Code, for license candidates  
37 described in subdivision (a).

38 (e) The Department of Justice shall charge a fee sufficient to  
39 cover the costs of processing the requests pursuant to this section.

1 (f) Notwithstanding subdivisions (a) to (e), inclusive, the  
2 commissioner may by rule require fingerprints submitted by an  
3 applicant to be submitted to the Nationwide Mortgage Licensing  
4 System and Registry in addition to the Department of Justice.

5 (g) This section shall remain in effect only until January 1, 2019,  
6 and as of that date is repealed.

7 ~~SEC. 25.~~

8 *SEC. 24.* Section 22101.5 is added to the Financial Code, to  
9 read:

10 22101.5. (a) The commissioner shall submit to the Department  
11 of Justice fingerprint images and related information required by  
12 the Department of Justice of all finance lender, broker, or program  
13 administrator license candidates, as defined by subdivision (a) of  
14 Section 22101, for purposes of obtaining information as to the  
15 existence and content of a record of state or federal convictions,  
16 state or federal arrests, and information as to the existence and  
17 content of a record of state or federal arrests for which the  
18 Department of Justice establishes that the person is free on bail or  
19 on his or her own recognizance pending trial or appeal.

20 (b) When received, the Department of Justice shall forward to  
21 the Federal Bureau of Investigation requests for federal summary  
22 criminal history information received pursuant to this section. The  
23 Department of Justice shall review the information returned from  
24 the Federal Bureau of Investigation and compile and disseminate  
25 a response to the commissioner.

26 (c) The Department of Justice shall provide a response to the  
27 commissioner pursuant to paragraph (1) of subdivision (p) of  
28 Section 11105 of the Penal Code.

29 (d) The commissioner shall request from the Department of  
30 Justice subsequent arrest notification service, as provided pursuant  
31 to Section 11105.2 of the Penal Code, for license candidates  
32 described in subdivision (a).

33 (e) The Department of Justice shall charge a fee sufficient to  
34 cover the costs of processing the requests pursuant to this section.

35 (f) Notwithstanding subdivisions (a) to (e), inclusive, the  
36 commissioner may by rule require fingerprints submitted by an  
37 applicant to be submitted to the Nationwide Mortgage Licensing  
38 System and Registry in addition to the Department of Justice.

39 (g) This section shall become operative on January 1, 2019.

1 ~~SEC. 26.~~

2 *SEC. 25.* Section 22102 of the Financial Code is amended to  
3 read:

4 22102. (a) A finance lender or broker licensee seeking to  
5 engage in business at a new location shall submit an application  
6 for a branch office license to the commissioner at least 10 days  
7 before engaging in business at a new location and pay the fee  
8 required by Section 22103. The commissioner may require an  
9 applicant seeking to engage in business at a new location to submit  
10 its application, or parts thereof, through the Nationwide Mortgage  
11 Licensing System and Registry.

12 (b) The licensee may engage in business at the new location 10  
13 days after the date of submission of a branch office application.

14 (c) (1) The commissioner shall approve or deny the person  
15 responsible for the lending activity at the new location in  
16 accordance with Section 22109, and shall notify the licensee of  
17 this decision within 90 days of the date of receipt of the application.

18 (2) If the commissioner denies the application, the licensee shall,  
19 within 10 days of the date of receipt of notification of the  
20 commissioner's denial, submit a new application to the  
21 commissioner designating a different person responsible for the  
22 lending activity at the new location. The commissioner shall  
23 approve or deny the different person as provided in paragraph (1).

24 (d) A licensee shall not engage in business at a new location in  
25 a name other than a name approved by the commissioner.

26 (e) The commissioner may adopt regulations to implement the  
27 requirements of this section.

28 (f) A branch office license to engage in business at a new  
29 location shall be issued in accordance with this section. A change  
30 of street address of a place of business designated in a license shall  
31 be made in accordance with Section 22153 and shall not constitute  
32 a new location subject to the requirements of this section.

33 (g) This section shall remain in effect only until January 1, 2019,  
34 and as of that date is repealed.

35 ~~SEC. 27.~~

36 *SEC. 26.* Section 22102 is added to the Financial Code, to read:

37 22102. (a) A finance lender, broker, or program administrator  
38 licensee seeking to engage in business at a new location shall  
39 submit an application for a branch office license to the  
40 commissioner at least 10 days before engaging in business at a

1 new location and pay the fee required by Section 22103. The  
2 commissioner may require an applicant seeking to engage in  
3 business at a new location to submit its application, or parts thereof,  
4 through the Nationwide Mortgage Licensing System and Registry.

5 (b) The licensee may engage in business at the new location 10  
6 days after the date of submission of a branch office application.

7 (c) (1) The commissioner shall approve or deny the person  
8 responsible for the lending activity at the new location in  
9 accordance with Section 22109, and shall notify the licensee of  
10 this decision within 90 days of the date of receipt of the application.

11 (2) If the commissioner denies the application, the licensee shall,  
12 within 10 days of the date of receipt of notification of the  
13 commissioner's denial, submit a new application to the  
14 commissioner designating a different person responsible for the  
15 lending activity at the new location. The commissioner shall  
16 approve or deny the different person as provided in paragraph (1).

17 (d) A licensee shall not engage in business at a new location in  
18 a name other than a name approved by the commissioner.

19 (e) The commissioner may adopt regulations to implement the  
20 requirements of this section.

21 (f) A branch office license to engage in business at a new  
22 location shall be issued in accordance with this section. A change  
23 of street address of a place of business designated in a license shall  
24 be made in accordance with Section 22153 and shall not constitute  
25 a new location subject to the requirements of this section.

26 (g) This section shall become operative on January 1, 2019.

27 ~~SEC. 28.~~

28 *SEC. 27.* Section 22103 of the Financial Code is amended to  
29 read:

30 22103. (a) At the time of filing the application for a finance  
31 lender, broker, or branch office license, the applicant shall pay to  
32 the commissioner the sum of one hundred dollars (\$100) as a fee  
33 for investigating the application, plus the cost of fingerprint  
34 processing and the criminal history record check under Section  
35 22101.5, and two hundred dollars (\$200) as an application fee.  
36 The investigation fee, including the amount for the criminal history  
37 record check, and the application fee are not refundable if an  
38 application is denied or withdrawn.

39 (b) This section shall remain in effect only until January 1, 2019,  
40 and as of that date is repealed.

1 ~~SEC. 29.~~

2 *SEC. 28.* Section 22103 is added to the Financial Code, to read:

3 22103. (a) At the time of filing the application for a finance  
4 lender, broker, program administrator, or branch office license,  
5 the applicant shall pay to the commissioner the sum of one hundred  
6 dollars (\$100) as a fee for investigating the application, plus the  
7 cost of fingerprint processing and the criminal history record check  
8 under Section 22101.5, and two hundred dollars (\$200) as an  
9 application fee. The investigation fee, including the amount for  
10 the criminal history record check, and the application fee are not  
11 refundable if an application is denied or withdrawn.

12 (b) This section shall become operative on January 1, 2019.

13 ~~SEC. 30.~~

14 *SEC. 29.* Section 22104 of the Financial Code is amended to  
15 read:

16 22104. (a) The applicant shall file with the application for a  
17 finance lender or broker license financial statements prepared in  
18 accordance with generally accepted accounting principles and  
19 acceptable to the commissioner that indicate a net worth of at least  
20 twenty-five thousand dollars (\$25,000). Except as provided in  
21 subdivisions (b) and (c), a licensee shall maintain a net worth of  
22 at least twenty-five thousand dollars (\$25,000) at all times.

23 (b) A licensed finance lender or broker, that employs one or  
24 more mortgage loan originators and that makes residential  
25 mortgage loans, shall continuously maintain a minimum net worth  
26 of at least two hundred fifty thousand dollars (\$250,000).

27 (c) A licensed finance broker, that employs one or more  
28 mortgage loan originators and that arranges, but does not make,  
29 residential mortgage loans, shall continuously maintain a minimum  
30 net worth of at least fifty thousand dollars (\$50,000).

31 (d) The commissioner may promulgate rules or regulations with  
32 respect to the requirements for minimum net worth, as are  
33 necessary to accomplish the purposes of this division and comply  
34 with the SAFE Act.

35 (e) This section shall remain in effect only until January 1, 2019,  
36 and as of that date is repealed.

37 ~~SEC. 31.~~

38 *SEC. 30.* Section 22104 is added to the Financial Code, to read:

39 22104. (a) The applicant shall file with the application for a  
40 finance lender, broker, or program administrator license financial



1 statements prepared in accordance with generally accepted  
2 accounting principles and acceptable to the commissioner that  
3 indicate a net worth of at least twenty-five thousand dollars  
4 (\$25,000). Except as provided in subdivisions (b) and (c), a licensee  
5 shall maintain a net worth of at least twenty-five thousand dollars  
6 (\$25,000) at all times.

7 (b) A licensed finance lender or broker, that employs one or  
8 more mortgage loan originators and that makes residential  
9 mortgage loans, shall continuously maintain a minimum net worth  
10 of at least two hundred fifty thousand dollars (\$250,000).

11 (c) A licensed finance broker, that employs one or more  
12 mortgage loan originators and that arranges, but does not make,  
13 residential mortgage loans, shall continuously maintain a minimum  
14 net worth of at least fifty thousand dollars (\$50,000).

15 (d) The commissioner may promulgate rules or regulations with  
16 respect to the requirements for minimum net worth, as are  
17 necessary to accomplish the purposes of this division and comply  
18 with the SAFE Act.

19 (e) This section shall become operative on January 1, 2019.

20 ~~SEC. 32:~~

21 *SEC. 31.* Section 22105 of the Financial Code is amended to  
22 read:

23 22105. (a) Upon the filing of an application pursuant to Section  
24 22101 and the payment of the fees, the commissioner shall  
25 investigate the applicant and its general partners and persons  
26 owning or controlling, directly or indirectly, 10 percent or more  
27 of the outstanding interests or any person responsible for the  
28 conduct of the applicant's lending activities in this state, if the  
29 applicant is a partnership. If the applicant is a corporation, trust,  
30 limited liability company, or association, including an  
31 unincorporated organization, the commissioner shall investigate  
32 the applicant, its principal officers, directors, managing members,  
33 and persons owning or controlling, directly or indirectly, 10 percent  
34 or more of the outstanding equity securities or any person  
35 responsible for the conduct of the applicant's lending activities in  
36 this state. Upon the filing of an application pursuant to Section  
37 22102 and the payment of the fees, the commissioner shall  
38 investigate the person responsible for the lending activity of the  
39 licensee at the new location described in the application. The  
40 investigation may be limited to information that was not included

1 in prior applications filed pursuant to this division. If the  
2 commissioner determines that the applicant has satisfied this  
3 division and does not find facts constituting reasons for denial  
4 under Section 22109, the commissioner shall issue and deliver a  
5 license to the applicant.

6 (b) For the purposes of this section, “principal officers” shall  
7 mean president, chief executive officer, treasurer, and chief  
8 financial officer, as may be applicable, and any other officer with  
9 direct responsibility for the conduct of the applicant’s lending  
10 activities within the state.

11 (c) This section shall remain in effect only until January 1, 2019,  
12 and as of that date is repealed.

13 ~~SEC. 33.~~

14 *SEC. 32.* Section 22105 is added to the Financial Code, to read:

15 22105. (a) Upon the filing of an application pursuant to Section  
16 22101 and the payment of the fees, the commissioner shall  
17 investigate the applicant and its general partners and persons  
18 owning or controlling, directly or indirectly, 10 percent or more  
19 of the outstanding interests or any person responsible for the  
20 conduct of the applicant’s lending activities in this state, if the  
21 applicant is a partnership. If the applicant is a corporation, trust,  
22 limited liability company, or association, including an  
23 unincorporated organization, the commissioner shall investigate  
24 the applicant, its principal officers, directors, managing members,  
25 and persons owning or controlling, directly or indirectly, 10 percent  
26 or more of the outstanding equity securities or any person  
27 responsible for the conduct of the applicant’s lending activities or  
28 for administering PACE programs for the applicant in this state.  
29 Upon the filing of an application pursuant to Section 22102 and  
30 the payment of the fees, the commissioner shall investigate the  
31 person responsible for the lending activity of the licensee, or for  
32 administering one or more PACE programs for the licensee, at the  
33 new location described in the application. The investigation may  
34 be limited to information that was not included in prior applications  
35 filed pursuant to this division. If the commissioner determines that  
36 the applicant has satisfied this division and does not find facts  
37 constituting reasons for denial under Section 22109, the  
38 commissioner shall issue and deliver a license to the applicant.

39 (b) For the purposes of this section, “principal officers” shall  
40 mean president, chief executive officer, treasurer, and chief

1 financial officer, as may be applicable, and any other officer with  
2 direct responsibility for the conduct of the applicant's lending  
3 activities or for PACE program administration for the applicant  
4 within the state.

5 (c) This section shall become operative on January 1, 2019.

6 ~~SEC. 34.~~

7 *SEC. 33.* Section 22105.3 of the Financial Code is amended  
8 to read:

9 22105.3. (a) Except as otherwise provided in Section 1512 of  
10 the SAFE Act, the requirements under any federal or state law  
11 regarding the privacy or confidentiality of any information or  
12 material provided to the Nationwide Mortgage Licensing System  
13 and Registry, and any privilege arising under federal or state law,  
14 including the rules of any federal or state court, with respect to  
15 that information or material, shall continue to apply to the  
16 information or material after the information or material has been  
17 disclosed to the Nationwide Mortgage Licensing System and  
18 Registry. The information and material may be shared with all  
19 state and federal regulatory officials with mortgage industry  
20 oversight authority without the loss of privilege or the loss of  
21 confidentiality protections provided by federal or state law.

22 (b) For these purposes, the commissioner is authorized to enter  
23 agreements or share arrangements with other governmental  
24 agencies, the Conference of State Bank Supervisors, the American  
25 Association of Residential Mortgage Regulators, or other  
26 associations representing governmental agencies as established by  
27 rule, regulation, or order of the commissioner.

28 (c) Information or material that is subject to a privilege or  
29 confidentiality under subdivision (a) shall not be subject to the  
30 following:

31 (1) Disclosure under any federal or state law governing the  
32 disclosure to the public of information held by an officer or an  
33 agency of the federal government or the state.

34 (2) Subpoena or discovery, or admission into evidence, in any  
35 private civil action or administrative process, unless with respect  
36 to any privilege held by the Nationwide Mortgage Licensing  
37 System and Registry with respect to the information or material,  
38 the person to whom the information or material pertains waives,  
39 in whole or in part, in the discretion of the person, that privilege.

1 (3) This section shall not apply with respect to the information  
2 or material relating to the employment history of, and publicly  
3 adjudicated disciplinary and enforcement actions against, mortgage  
4 loan originators that is included in the Nationwide Mortgage  
5 Licensing System and Registry for access by the public.

6 (d) This section shall remain in effect only until January 1, 2019,  
7 and as of that date is repealed.

8 ~~SEC. 35.~~

9 *SEC. 34.* Section 22105.3 is added to the Financial Code, to  
10 read:

11 22105.3. (a) Except as otherwise provided in Section 1512 of  
12 the SAFE Act, the requirements under any federal or state law  
13 regarding the privacy or confidentiality of any information or  
14 material provided to the Nationwide Mortgage Licensing System  
15 and Registry, and any privilege arising under federal or state law,  
16 including the rules of any federal or state court, with respect to  
17 that information or material, shall continue to apply to the  
18 information or material after the information or material has been  
19 disclosed to the Nationwide Mortgage Licensing System and  
20 Registry. The information and material may be shared with all  
21 state and federal regulatory officials with applicable oversight  
22 authority without the loss of privilege or the loss of confidentiality  
23 protections provided by federal or state law.

24 (b) For these purposes, the commissioner is authorized to enter  
25 agreements or share arrangements with other governmental  
26 agencies, the Conference of State Bank Supervisors, the American  
27 Association of Residential Mortgage Regulators, or other  
28 associations representing governmental agencies as established by  
29 rule, regulation, or order of the commissioner.

30 (c) Information or material that is subject to a privilege or  
31 confidentiality under subdivision (a) shall not be subject to the  
32 following:

33 (1) Disclosure under any federal or state law governing the  
34 disclosure to the public of information held by an officer or an  
35 agency of the federal government or the state.

36 (2) Subpoena or discovery, or admission into evidence, in any  
37 private civil action or administrative process, unless with respect  
38 to any privilege held by the Nationwide Mortgage Licensing  
39 System and Registry with respect to the information or material,

1 the person to whom the information or material pertains waives,  
2 in whole or in part, in the discretion of the person, that privilege.

3 (3) This section shall not apply with respect to the information  
4 or material relating to the employment history of, and publicly  
5 adjudicated disciplinary and enforcement actions against, mortgage  
6 loan originators that is included in the Nationwide Mortgage  
7 Licensing System and Registry for access by the public.

8 (d) This section shall become operative on January 1, 2019.

9 ~~SEC. 36.~~

10 *SEC. 35.* Section 22106 of the Financial Code is amended to  
11 read:

12 22106. (a) The finance lender or broker license shall state the  
13 name of the licensee, and if the licensee is a partnership, the names  
14 of its general partners, and if a corporation or an association, the  
15 date and place of its incorporation or organization, and the address  
16 of the licensee's principal business location. On the approval and  
17 licensing of a location pursuant to Section 22101 or 22102, the  
18 commissioner shall issue an original license endorsed to show the  
19 address of the authorized location and, if applicable, the name of  
20 the subsidiary corporation licensed to operate the location. The  
21 license shall state whether the licensee is licensed as a finance  
22 lender or a broker.

23 (b) (1) An application for a license for a business location  
24 outside this state shall constitute an agreement by the applicant to  
25 do all of the following:

26 (A) Make the licensee's books, accounts, papers, records, and  
27 files available to the commissioner or the commissioner's  
28 representatives in this state.

29 (B) Pay the reasonable expenses for travel, meals, and lodging  
30 of the commissioner or the commissioner's representatives incurred  
31 during any investigation or examination made at the licensee's  
32 location outside this state.

33 (2) A licensee located outside this state is not required to  
34 maintain books and records regarding licensed loans separate from  
35 those for other loans if the licensed loans can be readily identified.

36 (c) This section shall remain in effect only until January 1, 2019,  
37 and as of that date is repealed.

38 ~~SEC. 37.~~

39 *SEC. 36.* Section 22106 is added to the Financial Code, to read:

1 22106. (a) The finance lender, broker, or program administrator  
2 license shall state the name of the licensee, and if the licensee is  
3 a partnership, the names of its general partners, and if a corporation  
4 or an association, the date and place of its incorporation or  
5 organization, and the address of the licensee's principal business  
6 location. On the approval and licensing of a location pursuant to  
7 Section 22101 or 22102, the commissioner shall issue an original  
8 license endorsed to show the address of the authorized location  
9 and, if applicable, the name of the subsidiary corporation licensed  
10 to operate the location. The license shall state whether the licensee  
11 is licensed as a finance lender, broker, or program administrator.

12 (b) (1) An application for a license for a business location  
13 outside this state shall constitute an agreement by the applicant to  
14 do all of the following:

15 (A) Make the licensee's books, accounts, papers, records, and  
16 files available to the commissioner or the commissioner's  
17 representatives in this state.

18 (B) Pay the reasonable expenses for travel, meals, and lodging  
19 of the commissioner or the commissioner's representatives incurred  
20 during any investigation or examination made at the licensee's  
21 location outside this state.

22 (2) A licensee located outside this state is not required to  
23 maintain books and records regarding licensed loans separate from  
24 those for other loans if the licensed loans can be readily identified.

25 (c) This section shall become operative on January 1, 2019.

26 ~~SEC. 38:~~

27 *SEC. 37.* Section 22107 of the Financial Code is amended to  
28 read:

29 22107. (a) Each finance lender and broker licensee shall pay  
30 to the commissioner its pro rata share of all costs and expenses,  
31 including the costs and expenses associated with the licensing of  
32 mortgage loan originators it employs, reasonably incurred in the  
33 administration of this division, as estimated by the commissioner,  
34 for the ensuing year and any deficit actually incurred or anticipated  
35 in the administration of the program in the year in which the  
36 assessment is made. The pro rata share shall be the proportion that  
37 a licensee's gross income bears to the aggregate gross income of  
38 all licensees as shown by the annual financial reports to the  
39 commissioner, for the costs and expenses remaining after the  
40 amount assessed pursuant to subdivision (c).

1 (b) On or before the 30th day of September in each year, the  
2 commissioner shall notify each licensee of the amount assessed  
3 and levied against it and that amount shall be paid by October 31.  
4 If payment is not made by October 31, the commissioner shall  
5 assess and collect a penalty, in addition to the assessment, of 1  
6 percent of the assessment for each month or part of a month that  
7 the payment is delayed or withheld.

8 (c) In the levying and collection of the assessment, a licensee  
9 shall neither be assessed for nor be permitted to pay less than two  
10 hundred fifty dollars (\$250) per licensed location per year.

11 (d) If a licensee fails to pay the assessment on or before the 31st  
12 day of October, the commissioner may by order summarily suspend  
13 or revoke the certificate issued to the licensee. If, after an order is  
14 made, a request for a hearing is filed in writing within 30 days,  
15 and a hearing is not held within 60 days thereafter, the order is  
16 deemed rescinded as of its effective date. During any period when  
17 its certificate is revoked or suspended, a finance lender or broker  
18 licensee and any mortgage loan originator licensee employed by  
19 the finance lender or broker shall not conduct business pursuant  
20 to this division except as may be permitted by order of the  
21 commissioner. However, the revocation, suspension, or surrender  
22 of a certificate shall not affect the powers of the commissioner as  
23 provided in this division.

24 (e) The commissioner shall, by rule, establish the timelines,  
25 fees, and assessments applicable to applicants for original mortgage  
26 loan originator licenses, license renewals, and license changes  
27 under this division.

28 (f) Notwithstanding subdivisions (a) to (e), inclusive, the  
29 commissioner may by rule require licensees to pay assessments  
30 through the Nationwide Mortgage Licensing System and Registry.

31 (g) This section shall remain in effect only until January 1, 2019,  
32 and as of that date is repealed.

33 ~~SEC. 39.~~

34 *SEC. 38.* Section 22107 is added to the Financial Code, to read:

35 22107. (a) Each finance lender, broker, or program  
36 administrator licensee shall pay to the commissioner its pro rata  
37 share of all costs and expenses, including the costs and expenses  
38 associated with the licensing of mortgage loan originators it  
39 employs, reasonably incurred in the administration of this division,  
40 as estimated by the commissioner, for the ensuing year and any

1 deficit actually incurred or anticipated in the administration of the  
2 program in the year in which the assessment is made. The pro rata  
3 share shall be the proportion that a licensee's gross income bears  
4 to the aggregate gross income of all licensees as shown by the  
5 annual financial reports to the commissioner, for the costs and  
6 expenses remaining after the amount assessed pursuant to  
7 subdivision (c).

8 (b) On or before September 30th in each year, the commissioner  
9 shall notify each licensee of the amount assessed and levied against  
10 it and that amount shall be paid by October 31. If payment is not  
11 made by October 31, the commissioner shall assess and collect a  
12 penalty, in addition to the assessment, of 1 percent of the  
13 assessment for each month or part of a month that the payment is  
14 delayed or withheld.

15 (c) In the levying and collection of the assessment, a licensee  
16 shall neither be assessed for nor be permitted to pay less than two  
17 hundred fifty dollars (\$250) per licensed location per year.

18 (d) If a licensee fails to pay the assessment on or before the  
19 October 31st, the commissioner may by order summarily suspend  
20 or revoke the certificate issued to the licensee. If, after an order is  
21 made, a request for a hearing is filed in writing within 30 days,  
22 and a hearing is not held within 60 days thereafter, the order is  
23 deemed rescinded as of its effective date. During any period when  
24 its certificate is revoked or suspended, a finance lender, broker, or  
25 program administrator licensee and any mortgage loan originator  
26 licensee employed by the finance lender or broker shall not conduct  
27 business pursuant to this division except as may be permitted by  
28 order of the commissioner. However, the revocation, suspension,  
29 or surrender of a certificate shall not affect the powers of the  
30 commissioner as provided in this division.

31 (e) The commissioner shall, by rule, establish the timelines,  
32 fees, and assessments applicable to applicants for original mortgage  
33 loan originator licenses, license renewals, and license changes  
34 under this division.

35 (f) Notwithstanding subdivisions (a) to (e), inclusive, the  
36 commissioner may by rule require licensees to pay assessments  
37 through the Nationwide Mortgage Licensing System and Registry.

38 (g) This section shall become operative on January 1, 2019.



1 ~~SEC. 40.~~

2 *SEC. 39.* Section 22109 of the Financial Code is amended to  
3 read:

4 22109. (a) Upon reasonable notice and opportunity to be heard,  
5 the commissioner may deny the application for a finance lender  
6 or broker license for any of the following reasons:

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

9 (2) The applicant or an officer, director, general partner, person  
10 responsible for the applicant's lending activities in this state, or  
11 person owning or controlling, directly or indirectly, 10 percent or  
12 more of the outstanding interests or equity securities of the  
13 applicant has, within the last 10 years, been convicted of or pleaded  
14 nolo contendere to a crime, or committed an act involving  
15 dishonesty, fraud, or deceit, if the crime or act is substantially  
16 related to the qualifications, functions, or duties of a person  
17 engaged in business in accordance with this division.

18 (3) The applicant or an officer, director, general partner, person  
19 responsible for the applicant's lending activities in this state, or  
20 person owning or controlling, directly or indirectly, 10 percent or  
21 more of the outstanding interests or equity securities of the  
22 applicant has violated any provision of this division or the rules  
23 thereunder or any similar regulatory scheme of the State of  
24 California or a foreign jurisdiction.

25 (4) The applicant employs a mortgage loan originator who is  
26 not licensed, or has not initiated an application to become licensed,  
27 pursuant to this division.

28 (b) The application shall be considered withdrawn within the  
29 meaning of this section if the applicant fails to respond to a written  
30 notification of a deficiency in the application within 90 days of  
31 the date of the notification.

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

37 (d) This section shall remain in effect only until January 1, 2019,  
38 and as of that date is repealed.

39 ~~SEC. 41.~~

40 *SEC. 40.* Section 22109 is added to the Financial Code, to read:

1 22109. (a) Upon reasonable notice and opportunity to be heard,  
2 the commissioner may deny the application for a finance lender,  
3 broker, or program administrator license for any of the following  
4 reasons:

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

7 (2) The applicant or an officer, director, general partner, person  
8 responsible for the applicant's lending activities or administering  
9 PACE programs for the applicant in this state, or person owning  
10 or controlling, directly or indirectly, 10 percent or more of the  
11 outstanding interests or equity securities of the applicant has, within  
12 the last 10 years, been convicted of or pleaded nolo contendere to  
13 a crime, or committed an act involving dishonesty, fraud, or deceit,  
14 if the crime or act is substantially related to the qualifications,  
15 functions, or duties of a person engaged in business in accordance  
16 with this division.

17 (3) The applicant or an officer, director, general partner, person  
18 responsible for the applicant's lending activities or administering  
19 PACE programs for the applicant in this state, or person owning  
20 or controlling, directly or indirectly, 10 percent or more of the  
21 outstanding interests or equity securities of the applicant has  
22 violated any provision of this division or the rules thereunder or  
23 any similar regulatory scheme of the State of California or a foreign  
24 jurisdiction.

25 (4) The applicant employs a mortgage loan originator who is  
26 not licensed, or has not initiated an application to become licensed,  
27 pursuant to this division.

28 (b) The application shall be considered withdrawn within the  
29 meaning of this section if the applicant fails to respond to a written  
30 notification of a deficiency in the application within 90 days of  
31 the date of the notification.

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

37 (d) This section shall become operative on January 1, 2019.

38 ~~SEC. 42.~~

39 *SEC. 41.* Section 22151 of the Financial Code is amended to  
40 read:

1 22151. (a) A finance lender license, broker license, and the  
2 license of every mortgage loan originator employed by a lender  
3 or finance broker, along with any currently effective order of the  
4 commissioner approving a different name pursuant to Section  
5 22155, shall be conspicuously posted in the place of business  
6 authorized by the license.

7 (b) A license is not transferable or assignable. A license issued  
8 to a partnership or a limited partnership is not transferred or  
9 assigned within the meaning of this section by the death,  
10 withdrawal, or admission of a partner, general partner, or limited  
11 partner, unless the death, withdrawal, or admission dissolves the  
12 partnership to which the license was issued.

13 (c) This section shall remain in effect only until January 1, 2019,  
14 and as of that date is repealed.

15 ~~SEC. 43.~~

16 *SEC. 42.* Section 22151 is added to the Financial Code, to read:

17 22151. (a) A finance lender license, broker license, program  
18 administrator license, and the license of every mortgage loan  
19 originator employed by a lender or finance broker, along with any  
20 currently effective order of the commissioner approving a different  
21 name pursuant to Section 22155, shall be conspicuously posted in  
22 the place of business authorized by the license.

23 (b) A license is not transferable or assignable. A license issued  
24 to a partnership or a limited partnership is not transferred or  
25 assigned within the meaning of this section by the death,  
26 withdrawal, or admission of a partner, general partner, or limited  
27 partner, unless the death, withdrawal, or admission dissolves the  
28 partnership to which the license was issued.

29 (c) This section shall become operative on January 1, 2019.

30 ~~SEC. 44.~~

31 *SEC. 43.* Section 22152 of the Financial Code is amended to  
32 read:

33 22152. (a) A finance lender or broker licensee shall maintain  
34 only one place of business under a duplicate or original license  
35 issued pursuant to Section 22101 or 22102. The commissioner  
36 may issue more than one license to the same licensee upon  
37 compliance with all the provisions of this division governing an  
38 original issuance of a license.

39 (b) This section shall remain in effect only until January 1, 2019,  
40 and as of that date is repealed.

1 ~~SEC. 45.~~

2 *SEC. 44.* Section 22152 is added to the Financial Code, to read:

3 22152. (a) A finance lender, broker, or program administrator  
4 licensee shall maintain only one place of business under a duplicate  
5 or original license issued pursuant to Section 22101 or 22102. The  
6 commissioner may issue more than one license to the same licensee  
7 upon compliance with all the provisions of this division governing  
8 an original issuance of a license.

9 (b) This section shall become operative on January 1, 2019.

10 ~~SEC. 46.~~

11 *SEC. 45.* Section 22153 of the Financial Code is amended to  
12 read:

13 22153. (a) If a finance lender or broker licensee seeks to  
14 change its place of business to a street address other than that  
15 designated in its license, the licensee shall provide notice to the  
16 commissioner at least 10 days before the change. The commissioner  
17 shall notify the licensee within 10 days if the commissioner  
18 disapproves the change, and if the commissioner does not notify  
19 the licensee of disapproval within 10 days, the change in address  
20 shall be deemed approved. The commissioner may require an  
21 applicant to submit its application to change its place of business  
22 through the Nationwide Mortgage Licensing System and Registry.

23 (b) If notice is not given at least 10 days before the change of  
24 a street address of a place of business, as required by subdivision  
25 (a), or notice is not given at least 10 days prior to engaging in  
26 business at a new location, as required by Section 22102, the  
27 commissioner may assess a civil or administrative penalty on the  
28 licensee not to exceed five hundred dollars (\$500).

29 (c) This section shall remain in effect only until January 1, 2019,  
30 and as of that date is repealed.

31 ~~SEC. 47.~~

32 *SEC. 46.* Section 22153 is added to the Financial Code, to read:

33 22153. (a) If a finance lender, broker, or program administrator  
34 licensee seeks to change its place of business to a street address  
35 other than that designated in its license, the licensee shall provide  
36 notice to the commissioner at least 10 days before the change. The  
37 commissioner shall notify the licensee within 10 days if the  
38 commissioner disapproves the change, and if the commissioner  
39 does not notify the licensee of disapproval within 10 days, the  
40 change in address shall be deemed approved. The commissioner

1 may require an applicant to submit its application to change its  
2 place of business through the Nationwide Mortgage Licensing  
3 System and Registry.

4 (b) If notice is not given at least 10 days before the change of  
5 a street address of a place of business, as required by subdivision  
6 (a), or notice is not given at least 10 days before engaging in  
7 business at a new location, as required by Section 22102, the  
8 commissioner may assess a civil or administrative penalty on the  
9 licensee not to exceed five hundred dollars (\$500).

10 (c) This section shall become operative on January 1, 2019.

11 ~~SEC. 48:~~

12 *SEC. 47.* Section 22154 of the Financial Code is amended to  
13 read:

14 22154. (a) A licensee shall not conduct the business of making  
15 loans under this division within any office, room, or place of  
16 business in which any other business is solicited or engaged in, or  
17 in association or conjunction therewith, except as is authorized in  
18 writing by the commissioner upon the commissioner's finding that  
19 the character of the other business is such that the granting of the  
20 authority would not facilitate evasions of this division or of the  
21 rules and regulations made pursuant to this division. An  
22 authorization, once granted, remains in effect until revoked by the  
23 commissioner. The commissioner may authorize the other business  
24 through the Nationwide Mortgage Licensing System and Registry.

25 (b) The products or services of an affiliated corporation of the  
26 licensee that is a supervised financial institution, or a parent or  
27 subsidiary of a supervised financial institution that is an affiliate  
28 of the licensee, may be provided, offered, or sold at the licensed  
29 location of the licensee without authorization by the commissioner  
30 pursuant to subdivision (a) if both of the following are met:

31 (1) The activity is not prohibited by, or in violation of, the laws  
32 applicable to the affiliate or supervised financial institution.

33 (2) The products and services are not offered and sold in a  
34 manner that restricts the ability of the borrower or customer to  
35 individually select or reject a product or service that is offered.

36 (c) The following definitions govern the construction of this  
37 section:

38 (1) "Affiliated" or "affiliate" means the following: A corporation  
39 is an affiliate of, or a corporation is affiliated with, another  
40 specified corporation if it directly, or indirectly through one or

1 more intermediaries, controls, is controlled by, or is under common  
2 control with, the other specified corporation.

3 (2) "Supervised financial institution" means any commercial  
4 bank, industrial bank, credit card bank, trust company, savings  
5 and loan association, savings bank, credit union, California finance  
6 lender, residential mortgage lender or servicer, or insurer, provided  
7 that the institution is subject to supervision by an official or agency  
8 of this state or of the United States.

9 (d) This section shall remain in effect only until January 1, 2019,  
10 and as of that date is repealed.

11 ~~SEC. 49.~~

12 *SEC. 48.* Section 22154 is added to the Financial Code, to read:

13 22154. (a) A licensee shall not conduct the business of making  
14 loans or administering a PACE program under this division within  
15 any office, room, or place of business in which any other business  
16 is solicited or engaged in, or in association or conjunction  
17 therewith, except as is authorized in writing by the commissioner  
18 upon the commissioner's finding that the character of the other  
19 business is such that the granting of the authority would not  
20 facilitate evasions of this division or of the rules and regulations  
21 made pursuant to this division. An authorization, once granted,  
22 remains in effect until revoked by the commissioner. The  
23 commissioner may authorize the other business through the  
24 Nationwide Mortgage Licensing System and Registry.

25 (b) The products or services of an affiliated corporation of the  
26 licensee that is a supervised financial institution, or a parent or  
27 subsidiary of a supervised financial institution that is an affiliate  
28 of the licensee, may be provided, offered, or sold at the licensed  
29 location of the licensee without authorization by the commissioner  
30 pursuant to subdivision (a) if both of the following are met:

31 (1) The activity is not prohibited by, or in violation of, the laws  
32 applicable to the affiliate or supervised financial institution.

33 (2) The products and services are not offered and sold in a  
34 manner that restricts the ability of the borrower or customer to  
35 individually select or reject a product or service that is offered.

36 (c) The following definitions govern the construction of this  
37 section:

38 (1) "Affiliated" or "affiliate" means the following: A corporation  
39 is an affiliate of, or a corporation is affiliated with, another  
40 specified corporation if it directly, or indirectly through one or

1 more intermediaries, controls, is controlled by, or is under common  
2 control with, the other specified corporation.

3 (2) "Supervised financial institution" means any commercial  
4 bank, industrial bank, credit card bank, trust company, savings  
5 and loan association, savings bank, credit union, California finance  
6 lender, residential mortgage lender or servicer, or insurer, provided  
7 that the institution is subject to supervision by an official or agency  
8 of this state or of the United States.

9 (d) This section shall become operative on January 1, 2019.

10 ~~SEC. 50.~~

11 *SEC. 49.* Section 22155 of the Financial Code is amended to  
12 read:

13 22155. (a) A finance lender, broker, or mortgage loan  
14 originator licensee shall not transact the business licensed or make  
15 any loan provided for by this division under any other name or at  
16 any other place of business than that named in the license except  
17 pursuant to a currently effective written order of the commissioner  
18 authorizing the other name or other place of business. The  
19 commissioner's order, while effective, shall be deemed to amend  
20 the original license issued pursuant to Section 22105 or 22109.1.  
21 Notwithstanding any provision of this section, a licensee may make  
22 any loan and engage in any other business provided for by this  
23 division, other than the business described in subdivision (b) of  
24 Section 22154, at a place other than the licensed location under  
25 either of the following conditions:

26 (1) The borrower requests, either orally or in writing, that a loan  
27 be initiated or made at a location other than the licensee's licensed  
28 location. The use by the licensee of a preprinted solicitation form  
29 returned to the licensee by the borrower shall not constitute a  
30 request by the borrower that a loan be initiated or made at a  
31 location other than the licensee's licensed location.

32 (2) The licensee makes a solicitation or advertises for, or makes  
33 an offer of, a loan displayed on "home pages" or similar methods  
34 by the licensee on the Internet, the World Wide Web, or similar  
35 proprietary or common carrier electronic systems, and the  
36 prospective borrower may transmit information over these  
37 electronic systems to the licensee in connection with the licensee's  
38 offer to make a loan.

39 (b) This section shall remain in effect only until January 1, 2019,  
40 and as of that date is repealed.

1 ~~SEC. 51.~~

2 *SEC. 50.* Section 22155 is added to the Financial Code, to read:

3 22155. (a) A finance lender, broker, mortgage loan originator,  
4 or program administrator licensee shall not transact the business  
5 licensed or make any loan or ~~assessment contract~~ *administer any*  
6 *PACE program* provided for by this division under any other name  
7 or at any other place of business than that named in the license  
8 except pursuant to a currently effective written order of the  
9 commissioner authorizing the other name or other place of  
10 business. The commissioner's order, while effective, shall be  
11 deemed to amend the original license issued pursuant to Section  
12 22105 or 22109.1. Notwithstanding any provision of this section,  
13 a finance lender, *program administrator*, broker, or mortgage loan  
14 originator licensee may make any loan and engage in any other  
15 business provided for by this division, other than the business  
16 described in subdivision (b) of Section 22154, at a place other than  
17 the licensed location under either of the following conditions:

18 (1) The borrower requests, either orally or in writing, that a loan  
19 be initiated or made at a location other than the licensee's licensed  
20 location. The use by the licensee of a preprinted solicitation form  
21 returned to the licensee by the borrower shall not constitute a  
22 request by the borrower that a loan be initiated or made at a  
23 location other than the licensee's licensed location.

24 (2) The licensee makes a solicitation or advertises for, or makes  
25 an offer of, a loan *or assessment contract* displayed on "home  
26 pages" or similar methods by the licensee on the Internet, the World  
27 Wide Web, or similar proprietary or common carrier electronic  
28 systems, and the prospective borrower *or property owner* may  
29 transmit information over these electronic systems to the licensee  
30 in connection with the licensee's offer to make a ~~loan~~ *loan or*  
31 *assessment contract*.

32 (b) This section shall become operative on January 1, 2019.

33 ~~SEC. 52.~~

34 *SEC. 51.* Section 22156 of the Financial Code is amended to  
35 read:

36 22156. (a) Finance lender, broker, and mortgage loan originator  
37 licensees shall keep and use in their business, books, accounts,  
38 and records which will enable the commissioner to determine if  
39 the licensee is complying with the provisions of this division and  
40 with the rules and regulations made by the commissioner. On any



1 loan secured by real property in which loan proceeds were  
2 disbursed to an independent escrowholder, the licensee shall retain  
3 records and documents as set forth by rules of the commissioner  
4 adopted pursuant to Section 22150. Upon request of the  
5 commissioner, licensees shall file an authorization for disclosure  
6 to the commissioner of financial records of the licensed business  
7 pursuant to Section 7473 of the Government Code.

8 (b) This section shall remain in effect only until January 1, 2019,  
9 and as of that date is repealed.

10 ~~SEC. 53.~~

11 *SEC. 52.* Section 22156 is added to the Financial Code, to read:

12 22156. (a) Finance lender, broker, program administrator, and  
13 mortgage loan originator licensees shall keep and use in their  
14 business, books, accounts, and records which will enable the  
15 commissioner to determine if the licensee is complying with the  
16 provisions of this division and with the rules and regulations made  
17 by the commissioner. On any loan secured by real property in  
18 which loan proceeds were disbursed to an independent  
19 escrowholder, the licensee shall retain records and documents as  
20 set forth by rules of the commissioner adopted pursuant to Section  
21 22150. Upon request of the commissioner, licensees shall file an  
22 authorization for disclosure to the commissioner of financial  
23 records of the licensed business pursuant to Section 7473 of the  
24 Government Code.

25 (b) This section shall become operative on January 1, 2019.

26 ~~SEC. 54.~~

27 *SEC. 53.* Section 22157 of the Financial Code is amended to  
28 read:

29 22157. (a) Finance lender, broker, and mortgage loan originator  
30 licensees shall preserve their books, accounts, and records,  
31 including cards used in the card system, if any, for at least three  
32 years after making the final entry on any loan recorded therein.

33 (b) This section shall remain in effect only until January 1, 2019,  
34 and as of that date is repealed.

35 ~~SEC. 55.~~

36 *SEC. 54.* Section 22157 is added to the Financial Code, to read:

37 22157. (a) Finance lender, broker, and mortgage loan originator  
38 licensees shall preserve their books, accounts, and records, if any,  
39 for at least three years after making the final entry on any loan  
40 recorded therein.

1 (b) Except as otherwise specified by applicable law, program  
2 administrator licensees shall preserve their books, accounts, and  
3 records for at least three years after the extinguishment of a PACE  
4 assessment is recorded therein.

5 (c) This section shall become operative on January 1, 2019.

6 ~~SEC. 56.~~

7 *SEC. 55.* Section 22159 of the Financial Code is amended to  
8 read:

9 22159. (a) Each finance lender and broker licensee shall file  
10 an annual report with the commissioner, on or before the 15th day  
11 of March, giving the relevant information that the commissioner  
12 reasonably requires concerning the business and operations  
13 conducted by the licensee within the state during the preceding  
14 calendar year for each licensed place of business. The individual  
15 annual reports filed pursuant to this section shall be made available  
16 to the public for inspection except, upon request in the annual  
17 report to the commissioner, the balance sheet contained in the  
18 annual report of a sole proprietor or any other nonpublicly traded  
19 person. "Nonpublicly traded person" for purposes of this section  
20 means persons with securities owned by 35 or fewer individuals.  
21 The report shall be made under oath and in the form prescribed by  
22 the commissioner.

23 (b) A licensee shall make other special reports that may be  
24 required by the commissioner.

25 (c) The commissioner may require a licensee that employs one  
26 or more mortgage loan originators to submit to the Nationwide  
27 Mortgage Licensing System and Registry reports of condition,  
28 which shall be in the form and shall contain the information as the  
29 Nationwide Mortgage Licensing System and Registry may require.

30 (d) The commissioner may by rule or order require a mortgage  
31 loan originator to submit reports of condition to the Nationwide  
32 Mortgage Licensing System and Registry, in lieu of the reports of  
33 condition required of his or her employer pursuant to subdivision  
34 (c).

35 (e) This section shall remain in effect only until January 1, 2019,  
36 and as of that date is repealed.

37 ~~SEC. 57.~~

38 *SEC. 56.* Section 22159 is added to the Financial Code, to read:

39 22159. (a) Each finance lender, broker, and program  
40 administrator licensee shall file an annual report with the

1 commissioner, on or before March 15th, giving the relevant  
2 information that the commissioner reasonably requires concerning  
3 the business and operations conducted by the licensee or authorized  
4 by the program administrator licensee within the state during the  
5 preceding calendar year for each licensed place of business. The  
6 individual annual reports filed pursuant to this section shall be  
7 made available to the public for inspection except, upon request  
8 in the annual report to the commissioner, the balance sheet  
9 contained in the annual report of a sole proprietor or any other  
10 nonpublicly traded person. "Nonpublicly traded person" for  
11 purposes of this section means persons with securities owned by  
12 35 or fewer individuals. The report shall be made under oath and  
13 in the form prescribed by the commissioner.

14 (b) A licensee shall make other special reports that may be  
15 required by the commissioner.

16 (c) The commissioner may require a licensee that employs one  
17 or more mortgage loan originators to submit to the Nationwide  
18 Mortgage Licensing System and Registry reports of condition,  
19 which shall be in the form and shall contain the information as the  
20 Nationwide Mortgage Licensing System and Registry may require.

21 (d) The commissioner may by rule or order require a mortgage  
22 loan originator to submit reports of condition to the Nationwide  
23 Mortgage Licensing System and Registry, in lieu of the reports of  
24 condition required of his or her employer pursuant to subdivision  
25 (c).

26 (e) This section shall become operative on January 1, 2019.

27 ~~SEC. 58.~~

28 *SEC. 57.* Section 22161 of the Financial Code is amended to  
29 read:

30 22161. (a) A person subject to this division shall not do any  
31 of the following:

32 (1) Make a materially false or misleading statement or  
33 representation to a borrower about the terms or conditions of that  
34 borrower's loan, when making or brokering the loan.

35 (2) Advertise, print, display, publish, distribute, or broadcast,  
36 or cause or permit to be advertised, printed, displayed, published,  
37 distributed, or broadcast in any manner, any statement or  
38 representation with regard to the business subject to the provisions  
39 of this division, including the rates, terms, or conditions for making  
40 or negotiating loans, that is false, misleading, or deceptive, or that

1 omits material information that is necessary to make the statements  
2 not false, misleading, or deceptive, or in the case of a licensee,  
3 that refers to the supervision of the business by the state or any  
4 department or official of the state.

5 (3) Commit an act in violation of Section 1695.13 of the Civil  
6 Code.

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

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

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

13 (b) This section shall remain in effect only until January 1, 2019,  
14 and as of that date is repealed.

15 ~~SEC. 59.~~

16 *SEC. 58.* Section 22161 is added to the Financial Code, to read:

17 22161. (a) A person subject to this division shall not do any  
18 of the following:

19 (1) Make a materially false or misleading statement or  
20 representation to a borrower about the terms or conditions of that  
21 borrower's loan, when making or brokering the loan.

22 (2) Make a materially false or misleading statement or  
23 representation to a property owner about the terms or conditions  
24 of an assessment contract.

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

36 (4) Commit an act in violation of Section 1695.13 of the Civil  
37 Code.

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

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

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

5 (b) This section shall become operative on January 1, 2019.

6 ~~SEC. 60.~~

7 *SEC. 59.* Section 22162 of the Financial Code is amended to  
8 read:

9 22162. (a) A licensee shall not place an advertisement  
10 disseminated primarily in this state for a loan unless the licensee  
11 discloses in the printed text of the advertisement, or in the oral text  
12 in the case of a radio or television advertisement, the license under  
13 which the loan would be made or arranged.

14 (b) This section shall remain in effect only until January 1, 2019,  
15 and as of that date is repealed.

16 ~~SEC. 61.~~

17 *SEC. 60.* Section 22162 is added to the Financial Code, to read:

18 22162. (a) A finance lender, broker, or mortgage loan  
19 originator licensee shall not place an advertisement disseminated  
20 primarily in this state for a loan unless the licensee discloses in  
21 the printed text of the advertisement, or in the oral text in the case  
22 of a radio or television advertisement, the license under which the  
23 loan would be made or arranged.

24 (b) A program administrator licensee shall not place an  
25 advertisement disseminated primarily in this state for an assessment  
26 contract unless the licensee discloses in the printed text of the  
27 advertisement, or in the oral text in the case of a radio or television  
28 advertisement, the license under which the assessment contract  
29 would be administered.

30 (c) This section shall become operative on January 1, 2019.

31 ~~SEC. 62.~~

32 *SEC. 61.* Section 22163 of the Financial Code is amended to  
33 read:

34 22163. (a) The commissioner may require that rates of charge,  
35 if stated by a licensee, be stated fully and clearly in the manner  
36 that the commissioner deems necessary to prevent  
37 misunderstanding by prospective borrowers.

38 (b) This section shall remain in effect only until January 1, 2019,  
39 and as of that date is repealed.

1 ~~SEC. 63.~~

2 *SEC. 62.* Section 22163 is added to the Financial Code, to read:

3 22163. (a) The commissioner may require that rates of charge,  
4 if stated by a licensee, be stated fully and clearly in the manner  
5 that the commissioner deems necessary to prevent  
6 misunderstanding by prospective borrowers or property owners.

7 (b) This section shall become operative on January 1, 2019.

8 ~~SEC. 64.~~

9 *SEC. 63.* Section 22164 of the Financial Code is amended to  
10 read:

11 22164. (a) If any person engaged in the business regulated by  
12 this division refers in any advertising to rates of interest, charges,  
13 or cost of loans, the commissioner shall require that the rates,  
14 charges, or costs are stated fully and clearly in the manner that he  
15 or she deems necessary to give adequate information to prospective  
16 borrowers. If the rates or costs advertised do not apply to loans of  
17 all classes made or negotiated by the person, this fact shall be  
18 clearly indicated in the advertisement.

19 (b) This section shall remain in effect only until January 1, 2019,  
20 and as of that date is repealed.

21 ~~SEC. 65.~~

22 *SEC. 64.* Section 22164 is added to the Financial Code, to read:

23 22164. (a) If any person engaged in the business regulated by  
24 this division refers in any advertising to rates of interest, charges,  
25 or cost of loans or assessment contracts, the commissioner shall  
26 require that the rates, charges, or costs are stated fully and clearly  
27 in the manner that he or she deems necessary to give adequate  
28 information to prospective borrowers or property owners. If the  
29 rates or costs advertised do not apply to loans or assessment  
30 contracts of all classes made or negotiated by the person, this fact  
31 shall be clearly indicated in the advertisement.

32 (b) This section shall become operative on January 1, 2019.

33 ~~SEC. 66.~~

34 *SEC. 65.* Section 22168 of the Financial Code is amended to  
35 read:

36 22168. (a) The commissioner may, after appropriate notice  
37 and opportunity for hearing, suspend for a period not to exceed 12  
38 months or bar a person from any position of employment with a  
39 licensee if the commissioner finds that the person has willfully  
40 used or claimed without authority a designation or certification of

1 special education, practice, or skill that the person has not attained,  
2 or willfully held out to the public a confusingly similar designation  
3 or certification for the purpose of misleading the public regarding  
4 his or her qualifications or experience.

5 (b) Within 15 days from the date of a notice of intention to issue  
6 an order pursuant to subdivision (a), the person may request a  
7 hearing under the Administrative Procedure Act (Chapter 5  
8 (commencing with Section 11500) of Part 1 of Division 3 of Title  
9 2 of the Government Code). Upon receiving a request, the matter  
10 shall be set for hearing to commence within 30 days after receipt  
11 unless the person subject to this division consents to a later date.  
12 If no hearing is requested within 15 days after the mailing or  
13 service of the notice and none is ordered by the commissioner, the  
14 failure to request a hearing shall constitute a waiver of the right to  
15 a hearing.

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

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

29 (e) This section shall remain in effect only until January 1, 2019,  
30 and as of that date is repealed.

31 ~~SEC. 67.~~

32 *SEC. 66.* Section 22168 is added to the Financial Code, to read:

33 22168. (a) The commissioner may, after appropriate notice  
34 and opportunity for hearing, suspend for a period not to exceed 12  
35 months or bar a person from any position of employment with a  
36 licensee if the commissioner finds that the person has willfully  
37 used or claimed without authority a designation or certification of  
38 special education, practice, or skill that the person has not attained,  
39 or willfully held out to the public a confusingly similar designation

1 or certification for the purpose of misleading the public regarding  
2 his or her qualifications or experience.

3 (b) Within 15 days from the date of a notice of intention to issue  
4 an order pursuant to subdivision (a), the person may request a  
5 hearing under the Administrative Procedure Act (Chapter 5  
6 (commencing with Section 11500) of Part 1 of Division 3 of Title  
7 2 of the Government Code). Upon receiving a request, the matter  
8 shall be set for hearing to commence within 30 days after receipt  
9 unless the person subject to this division consents to a later date.  
10 If no hearing is requested within 15 days after the mailing or  
11 service of the notice and none is ordered by the commissioner, the  
12 failure to request a hearing shall constitute a waiver of the right to  
13 a hearing.

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

18 (d) Persons suspended or barred under this section are prohibited  
19 from participating in any business activity of a licensed finance  
20 lender, broker, program administrator, or mortgage loan originator,  
21 and from engaging in any business activity on the premises where  
22 a licensed finance lender, broker, program administrator, or  
23 mortgage loan originator is conducting its business. This  
24 subdivision does not prohibit suspended or barred persons from  
25 having their personal transactions processed by a licensed finance  
26 lender, broker, mortgage loan originator, or program administrator.

27 (e) This section shall become operative on January 1, 2019.

28 ~~SEC. 68.~~

29 *SEC. 67.* Section 22169 of the Financial Code is amended to  
30 read:

31 22169. (a) The commissioner may, after appropriate notice  
32 and opportunity for hearing, by order, censure or suspend for a  
33 period not exceeding 12 months, or bar a person, including a  
34 mortgage loan originator, from any position of employment with,  
35 or management or control of, any finance lender, broker, or any  
36 other person, if the commissioner finds either of the following:

37 (1) That the censure, suspension, or bar is in the public interest  
38 and that the person has committed or caused a violation of this  
39 division or rule or order of the commissioner, which violation was  
40 either known or should have been known by the person committing



1 or causing it or has caused material damage to the finance lender,  
2 broker, or mortgage loan originator, or to the public.

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

11 (b) Within 15 days from the date of a notice of intention to issue  
12 an order pursuant to subdivision (a), the person may request a  
13 hearing under the Administrative Procedure Act (Chapter 4.5  
14 (commencing with Section 11400) of Part 1 of Division 3 of Title  
15 2 of the Government Code). Upon receipt of a request, the matter  
16 shall be set for hearing to commence within 30 days after such  
17 receipt unless the person subject to this division consents to a later  
18 date. If no hearing is requested within 15 days after the mailing or  
19 service of such notice and none is ordered by the commissioner,  
20 the failure to request a hearing shall constitute a waiver of the right  
21 to a hearing.

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

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

31 (e) This section shall remain in effect only until January 1, 2019,  
32 and as of that date is repealed.

33 ~~SEC. 69.~~

34 *SEC. 68.* Section 22169 is added to the Financial Code, to read:

35 22169. (a) The commissioner may, after appropriate notice  
36 and opportunity for hearing, by order, censure or suspend for a  
37 period not exceeding 12 months, or bar a person, including a  
38 mortgage loan originator, from any position of employment with,  
39 or management or control of, any finance lender, broker, program

1 administrator, or any other person, if the commissioner finds either  
2 of the following:

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

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

18 (b) Within 15 days from the date of a notice of intention to issue  
19 an order pursuant to subdivision (a) or (b), the person may request  
20 a hearing under the Administrative Procedure Act (Chapter 4.5  
21 (commencing with Section 11400) of Part 1 of Division 3 of Title  
22 2 of the Government Code). Upon receipt of a request, the matter  
23 shall be set for hearing to commence within 30 days after such  
24 receipt unless the person subject to this division consents to a later  
25 date. If no hearing is requested within 15 days after the mailing or  
26 service of such notice and none is ordered by the commissioner,  
27 the failure to request a hearing shall constitute a waiver of the right  
28 to a hearing.

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

33 (d) Persons suspended or barred under this section are prohibited  
34 from participating in any business activity of a finance lender,  
35 broker, program administrator, or mortgage loan originator, and  
36 from engaging in any business activity on the premises where a  
37 finance lender, broker, program administrator, or mortgage loan  
38 originator is conducting business.

39 (e) This section shall become operative on January 1, 2019.

1 ~~SEC. 70.~~

2 *SEC. 69.* Section 22252 is added to the Financial Code, to read:  
3 22252. This chapter does not apply to a program administrator  
4 or a PACE solicitor.

5 ~~SEC. 71.~~

6 *SEC. 70.* Section 22552 is added to the Financial Code, to read:  
7 22552. This chapter does not apply to a program administrator  
8 or a PACE solicitor.

9 ~~SEC. 72.~~

10 *SEC. 71.* Chapter 3.5 (commencing with Section 22680) is  
11 added to Division 9 of the Financial Code, to read:

12

13 CHAPTER 3.5. PROGRAM ADMINISTRATORS

14

15 22680. (a) A program administrator shall establish and  
16 maintain a process for enrolling PACE solicitors, which shall  
17 include both of the following:

18 (1) A written agreement between the program administrator and  
19 the PACE solicitor, which shall set forth the obligations of the  
20 PACE solicitor and its PACE solicitor agents.

21 (2) A review of readily and publicly available information  
22 regarding each PACE solicitor.

23 (b) A program administrator shall establish and maintain a  
24 process for enrolling PACE solicitor agents, which shall include  
25 a background check of each PACE solicitor agent. A program  
26 administrator may rely on a background check conducted by the  
27 Contractors' State License Board to comply with this requirement.

28 (c) A program administrator shall not enroll a PACE solicitor  
29 or a PACE solicitor agent that does not satisfy at least one of the  
30 following criteria:

31 (1) Maintain in good standing a license from the Contractors'  
32 State License Board.

33 (2) Maintain a registration in good standing with the  
34 Contractors' State License Board as a home improvement  
35 salesperson.

36 (3) Be exempt from, or not subject to, licensure or registration  
37 under the Contractors' State License Law (Chapter 9 (commencing  
38 with Section 7000) of Division 3 of the Business and Professions  
39 Code).

1 (d) A program administrator shall not enroll a PACE solicitor  
2 if, as a result of the review conducted as part of the program  
3 administrator's enrollment process, the program administrator  
4 finds any of the following:

5 (1) A clear pattern of consumer complaints about the PACE  
6 solicitor regarding dishonesty, misrepresentations, or omissions.

7 (2) A high likelihood that the PACE solicitor will solicit  
8 assessment contracts in a manner that does not comply with  
9 applicable law.

10 (3) A clear pattern on the part of the PACE solicitor of failing  
11 to timely receive and respond to property owner complaints  
12 regarding the PACE solicitor.

13 (e) A program administrator shall establish and maintain a  
14 process to promote and evaluate the compliance of PACE solicitors  
15 and PACE solicitor agents with the requirements of applicable  
16 law, which shall include all of the following, at a minimum:

17 (1) A risk-based, commercially reasonable procedure to monitor  
18 and test the compliance of PACE solicitors and PACE solicitor  
19 agents with the requirements of ~~paragraph (2)~~ of subdivision (a)  
20 of Section ~~22684~~. 22689.

21 (2) A procedure to regularly monitor the license or registration  
22 status of PACE solicitors and PACE solicitor agents.

23 (3) A periodic review of the solicitation activities of PACE  
24 solicitors enrolled with the program administrator, to be conducted  
25 at least once every two years.

26 (f) A program administrator shall establish and implement a  
27 process for canceling the enrollment of PACE solicitors and PACE  
28 solicitor agents who fail to maintain the minimum qualifications  
29 required by this section, or who violate any provision of this  
30 division.

31 22681. A program administrator shall establish and maintain  
32 a training program for PACE solicitor agents, which is acceptable  
33 to the commissioner.

34 (a) A program administrator shall require each PACE solicitor  
35 agent to complete an introductory training that addresses the topics  
36 listed in subsection (b) as part of the program administrator's  
37 enrollment process for PACE solicitor agents. The introductory  
38 training shall require that the PACE solicitor agent pass a test that  
39 measures the PACE solicitor agent's knowledge and

1 comprehension of the training material. The introductory training  
2 shall not be subject to any minimum duration requirements.

3 (b) In addition to the introductory training, a program  
4 administrator shall require that each PACE solicitor agent complete  
5 six hours of education provided by the program administrator  
6 within three months of completing the program administrator's  
7 enrollment process. The training shall include the following topics:

8 (1) PACE programs and assessment contracts.

9 (2) PACE disclosures.

10 (3) Ethics.

11 (4) Fraud prevention.

12 (5) Consumer protection.

13 (6) Nondiscrimination.

14 (7) Senior financial abuse.

15 22682. (a) A program administrator shall, in the manner  
16 prescribed by the commissioner, notify the commissioner of each  
17 PACE solicitor and PACE solicitor agent enrolled by the program  
18 administrator.

19 (b) A program administrator shall, in the manner prescribed by  
20 the commissioner, timely notify the commissioner of each  
21 enrollment cancellation and withdrawal of a PACE solicitor or a  
22 PACE solicitor agent pursuant to subdivision (f) of Section 22680.

23 22683. A program administrator shall develop and implement  
24 policies and procedures for responding to questions and addressing  
25 complaints as soon as reasonably practicable.

26 22684. A program administrator shall not submit, present, or  
27 otherwise approve for recordation by a public agency an assessment  
28 contract unless the following criteria are satisfied:

29 (a) All property taxes for the property that will be subject to the  
30 assessment contract are current. The program administrator shall  
31 ask ~~the~~ a property owner whether there has been no more than one  
32 late payment of property taxes on the property for the previous  
33 three years or since the current owner acquired the property,  
34 whichever period is shorter.

35 (b) The property that will be subject to the assessment contract  
36 has no recorded and outstanding involuntary liens in excess of one  
37 thousand dollars (\$1,000).

38 (c) The property that will be subject to the assessment contract  
39 has no notices of default currently recorded which have not been  
40 rescinded.

1 (d) The property owner has not been a party to any bankruptcy  
2 proceedings within the last seven years, except that the property  
3 owner may have been party to a bankruptcy proceeding that was  
4 discharged or dismissed between two and seven years before the  
5 application date and the property owner has had no payments more  
6 than 30 days past due on any mortgage debt or nonmortgage debt,  
7 excluding medical debt, during the 12 months immediately  
8 preceding the application date.

9 (e) The property owner is current on all mortgage debt on the  
10 subject property and has no more than one late payment ~~exceeding~~  
11 ~~30 days past due~~ during the 12 months immediately preceding the  
12 ~~application date.~~ *date and if the late payment did not exceed 30*  
13 *days past due.*

14 (f) The property that will be subject to the assessment contract  
15 is within the geographical boundaries of the applicable PACE  
16 program.

17 (g) The measures to be installed pursuant to the assessment  
18 contract are eligible under the terms of the applicable PACE  
19 program.

20 (h) The financing is for less than 15 percent of the value of the  
21 property, up to the first seven hundred thousand dollars (\$700,000)  
22 inclusive of the existing assessments, and is for less than 10 percent  
23 of the remaining value of the property above seven hundred  
24 thousand dollars (\$700,000).

25 (i) The total PACE assessments and the mortgage-related debt  
26 on the property subject to the PACE assessment will not exceed  
27 97 percent of the market value of the property as established by  
28 the valuation required by Section 22685.

29 (j) The term of the assessment contract shall not exceed the  
30 estimated useful life of the measure to which the greatest portion  
31 of funds disbursed under the assessment contract is attributable.  
32 The program administrator shall determine useful life for purposes  
33 of this subdivision based upon credible third-party standards or  
34 certification criteria that have been established by appropriate  
35 government agencies or nationally recognized standards and testing  
36 organizations.

37 (k) The program administrator shall verify the existence of  
38 recorded PACE assessments and shall ask if the property owner  
39 has authorized additional PACE assessments on the same subject  
40 property that have not yet been recorded. The failure of a property

1 owner to comply with this subdivision shall not invalidate an  
 2 assessment contract or any obligations thereunder, notwithstanding  
 3 where the combined amount of the PACE assessments exceed the  
 4 criteria set forth in subdivision (h) or (i). The existence of a prior  
 5 PACE assessment or a prior assessment contract shall not constitute  
 6 evidence that the assessment contract under consideration is  
 7 affordable or meets any other program requirements. ~~The~~

8 (l) ~~The~~ program administrator shall ~~use, where available,~~ use  
 9 commercially reasonable *and available* methods to verify the  
 10 above.

11 ~~(l)~~

12 (m) Notwithstanding Section ~~22694~~, 22696, this section shall  
 13 become operative on January 1, 2018.

14 22685. (a) A program administrator shall derive market value  
 15 using one of the following:

16 (1) An automated valuation model, using the following criteria:

17 (A) The automated valuation model must be provided by a  
 18 third-party vendor.

19 (B) The automated valuation model must have estimation models  
 20 with confidence scores and regular statistical calibration by the  
 21 third-party vendor.

22 (C) The PACE program must utilize at least three automated  
 23 valuation models for each property. The estimated value for each  
 24 model shall be the average between the high and low values, if a  
 25 range is provided.

26 (D) The PACE program shall utilize the estimated value with  
 27 the highest confidence score for a property. If an automated  
 28 valuation model meeting the criteria of subparagraphs (A),(B),  
 29 and (C) does not obtain a confidence score for a subject property,  
 30 the PACE Program shall utilize the average of all estimated values.

31 (2) An appraisal conducted within six months of the application  
 32 date by a state-licensed real estate appraiser licensed pursuant to  
 33 Part 3 (commencing with Section 11300) of Division 4 of the  
 34 Business and Professions Code.

35 (3) For paragraph (2), program administrators shall conform to  
 36 the requirements of California Code of Regulations, Title 10,  
 37 Chapter 6.5 (commencing with Section 3500), including but not  
 38 limited to, Section 3577 governing Minimum Standards of Practice,  
 39 or with the Appraiser Independence Requirements that were  
 40 developed by the Federal Housing Finance Agency.

1 (b) The market value determination by the program administrator  
2 shall be disclosed to the property owner prior to signing the  
3 assessment contract.

4 (c) Notwithstanding Section ~~22694~~, 22696, this section shall  
5 become operative on January 1, 2018.

6 22686. A program administrator shall not approve for funding,  
7 and recordation by a public agency, an assessment contract unless  
8 the program administrator makes a reasonable good faith  
9 determination that the property owner has a reasonable ability to  
10 pay the annual payment obligations for the PACE assessment.

11 Notwithstanding Section ~~22694~~, 22696, this section shall become  
12 operative on April 1, 2018.

13 22687. (a) A program administrator shall determine, prior to  
14 funding, and recordation by a public agency of the assessment  
15 contract that the property owner has a reasonable ability to pay  
16 the annual payment obligations for the PACE assessment based  
17 on the property owner income, assets, and current debt obligations.  
18 The determination process shall be based on the following factors:

19 (1) The property owner shall submit on their application their  
20 monthly income and their monthly housing expenses.

21 (2) Housing expenses shall include all mortgage principal and  
22 interest payments, insurance, property taxes, mortgage guaranty  
23 insurance, and other preexisting fees and assessments on the  
24 property. Household income shall include the income of the  
25 mortgagor on the subject property and may include the income of  
26 any persons age 18 or older who are on title to the property. For  
27 any person whose income is considered, their debt obligations  
28 must also be considered pursuant to the provisions of this section.  
29 There is no requirement to consider more income than is necessary,  
30 nor to verify assets if verified income is sufficient to determine  
31 the ability to pay the annual payment obligations.

32 (3) Debt obligations in accordance with subdivision (c).

33 (4) In evaluating the income, assets and current debt obligations  
34 of the property owner, the equity of the property that will secure  
35 the assessment shall not be considered.

36 (5) Pursuant to Section 5913 of the Streets and Highways Code,  
37 the program administrator shall ask the homeowner open-ended  
38 questions during the confirm terms call, to confirm the ~~income~~;  
39 *income* provided on the application and to identify the sources of  
40 their income.



1 (b) (1) The program administrator shall determine and consider  
2 the *current or reasonably expected* income or assets of the property  
3 owner that the program administrator relies on in order to determine  
4 a property owner's ability to pay the PACE assessment annual  
5 payment obligations using reasonably reliable third-party records  
6 of the property owner's income or assets. The program  
7 administrator may use automated verification provided the source  
8 of that verification is specific to the income of the property owner  
9 and not based on predictive or estimation methodologies, and has  
10 been determined sufficient for such verification purposes by a  
11 federal ~~or state~~ mortgage lending authority or regulator. Examples  
12 of records the program administrator may use to verify the property  
13 owner's income or assets include:

14 (A) A Pay stub showing the most recent 30- day pay period or  
15 financial institution records showing regular deposits consistent  
16 with reported income for the most recent 60 days.

17 (B) Copies of most recent tax returns the property owner filed  
18 with the Internal Revenue Service or the Franchise Tax Board.

19 (C) *Copies of the most recent* Internal Revenue Service Form  
20 W-2 (Wage and Tax Statement), or other similar Internal Revenue  
21 Service forms that are used for reporting wages or tax withholding.

22 (D) Payroll statements, including the Department of Defense  
23 Leave and Earnings Statement (LES).

24 (E) Financial institution records, such as bank statements or  
25 investment account statements reflecting the value of particular  
26 assets.

27 (F) Records from the property owner's employer or a third party  
28 that obtained income information from the employer.

29 (G) Records from a federal, state, or local government agency  
30 stating the property owner's income from benefits or entitlements.  
31 Income from benefits paid by a government entity shall not include  
32 any benefits for which the recipient must satisfy a means test or  
33 any cashequivalent non-monetary benefits, such as food stamps.

34 (2) Income may not be derived from temporary sources of  
35 income, illiquid assets, or proceeds derived from the equity from  
36 the subject property.

37 (c) A program administrator shall consider the monthly debt  
38 obligations of the property owner to determine a property owner's  
39 ability to pay the annual payment PACE assessment ~~obligation~~  
40 *obligations* using reasonably reliable third-party records, including

1 one or more consumer credit reports from agencies that meet the  
2 requirements of Section 1681a(p) of Title 15 of the United States  
3 Code. Program administrators shall use at least a two-file Merged  
4 Credit Report (MCR) or a Residential Mortgage Credit Report  
5 (RMCR). For purposes of this subdivision, monthly debt  
6 obligations include, but are not limited to, the following:

7 (1) All secured and unsecured debt.

8 (2) Alimony.

9 (3) Child support.

10 (4) Monthly housing ~~payments~~ *expenses*. If property tax and  
11 insurance obligations are not included in a property owner's  
12 escrow, a program administrator shall use reasonably reliable  
13 methods to determine these obligations.

14 (d) In calculating the ability of the property owner to pay the  
15 annual payment obligations, the program administrator shall  
16 determine that the property owner's income is sufficient to meet:

17 (1) The PACE payment, including all interest and fees.

18 (2) Any mortgage payments, as defined by the higher of the  
19 borrowers self-reported housing payment or housing expenses  
20 determined in accordance with paragraph (1) and (2) of subdivision  
21 (a).

22 (3) All existing debts and obligations as identified in subdivision  
23 (c).

24 (4) Sufficient residual income to meet basic household living  
25 expenses, defined as expected expenses which may be variable  
26 based on circumstances and consumption patterns of the household.  
27 A program administrator may make reasonable estimation of basic  
28 living expenses based on the number of persons in the household.  
29 Examples of basic living expenses include, but are not limited to,  
30 categories such as food and other necessary household  
31 consumables; transportation costs to work or school (fuel, auto  
32 insurance and maintenance, public transit, etc.); and utilities  
33 expenses for telecommunication, water, sewage, electricity, and  
34 gas.

35 (e) In the case of emergency or immediate necessity, the  
36 requirements of paragraph (1) of subdivision (b) may be waived,  
37 in accordance with the requirements of Section 5940 of the Streets  
38 and Highway Code, for the funding and recordation of a PACE  
39 assessment to finance a heating, ventilation, and air conditioning

1 (HVAC) system, boiler, or other system whose primary function  
2 is temperature regulation in a home if all the following are met:

3 (1) The program administrator first attempted to use an  
4 automated means of verification as described in paragraph (1) of  
5 subdivision (b).

6 (2) If the program administrator was unable to verify the  
7 property owner's income pursuant to paragraph (1) of subdivision  
8 (b), pursuant to Section 5913 of the Streets and Highways Code,  
9 the program administrator shall ask the property owner open-ended  
10 questions during the oral confirmation to ~~confirm the income~~  
11 ~~provided on the application and to identify the sources of their~~  
12 ~~income.~~ *identify their income and the sources of their income.* The  
13 program administrator shall comply with the requirements of  
14 subdivision (a), paragraph (2) of subdivision (b), and subdivisions  
15 (c) and (d).

16 (3) The funding is limited to the emergency or immediate  
17 necessity improvement and any required improvements directly  
18 necessary to the installation and safe operation of the improvement.

19 (4) Any efficiency improvement funded is eligible for PACE  
20 financing.

21 (5) The property owner executes a waiver of their ~~to~~ right to  
22 cancel pursuant to subdivision (d) of Section 5940 of the Streets  
23 and Highways Code, and confirms, pursuant to Section 5913 of  
24 the Streets and Highways Code, the emergency or immediate  
25 necessity of the improvement.

26 (6) The amount of the assessment contract does not exceed  
27 fifteen thousand dollars (\$15,000) or ~~3 percent of the value of the~~  
28 ~~property established by the valuation required by Section 22685,~~  
29 *a monthly equivalent payment on the PACE assessment of one*  
30 *hundred twenty-five dollars (\$125), as adjusted by any annual*  
31 *increase in the California Consumer Price Index as determined*  
32 *pursuant to Section 2212 of the Revenue and Taxation Code,*  
33 *whichever is greater.*

34 (f) The program administrator shall report annually all PACE  
35 assessments that were funded and recorded pursuant to subdivision  
36 (e) in a form acceptable to the commissioner.

37 ~~(g) The commissioner, no earlier than January 1, 2022, may, in~~  
38 ~~accordance with the Administrative Procedure Act (Chapter 3.5~~  
39 ~~(commencing with Section 11340) of Part 1 of Division 3 of Title~~  
40 ~~2 of the Government Code), initiate a rulemaking action to adopt,~~

1 by rule, a safe harbor for a program administrator's determination  
 2 of the ability of a property owner to pay the property owner's  
 3 annual PACE obligation. This rule shall utilize the criteria for  
 4 determining ability to pay in this section and Section 22686, and  
 5 establish a safe harbor value of sufficient residual income to meet  
 6 basic household living expenses described in paragraph (4) of  
 7 subdivision (d). This rule shall not revoke or replace the provisions  
 8 for determination of the ability to pay the annual PACE obligation  
 9 in this section or in Section 22686.

10 (g) *If there is a difference between the determination of the*  
 11 *property owner's ability to pay the annual PACE obligations and*  
 12 *the actual amount financed for the property owner, and the*  
 13 *property owner is obligated on the underlying home improvement*  
 14 *contract, the program administrator shall be responsible for that*  
 15 *difference. This subdivision does not apply in a case of intentional*  
 16 *misrepresentation by the property owner.*

17 (h) Notwithstanding Section ~~22694~~, 22696, this section shall  
 18 become operative on April 1, 2018.

19 22688. (a) A program administrator shall comply with  
 20 requirements regarding the duty to safeguard nonpublic personal  
 21 information imposed by the California Financial Information  
 22 Privacy Act (Division 1.4 (commencing with Section 4050)).

23 (b) *Notwithstanding Section 22696, this section shall become*  
 24 *operative on April 1, 2018.*

25 22689. (a) A program administrator shall not permit a PACE  
 26 solicitor to do any of the following:

27 (1) Solicit a property owner to enter into an assessment contract  
 28 with a program administrator, unless the PACE solicitor and the  
 29 program administrator comply with the requirements of this chapter  
 30 and any rules adopted by the commissioner.

31 (2) Engage in any act in violation of Section 5898.16 or 5898.17  
 32 of the Streets and Highways Code or Chapter 29.1 (commencing  
 33 with Section 5900) of Part 3 of Division 7 of the Streets and  
 34 Highways Code, including offering an assessment contract with  
 35 terms, conditions, or disclosures that are not in compliance with  
 36 applicable laws or that omits terms, conditions, or disclosures  
 37 required by applicable law, excepting the reporting requirements  
 38 of Section 5954 of the Streets and Highways Code.

39 (b) A program administrator shall be subject to the enforcement  
 40 authority of the commissioner for any violations of this division,

1 to the extent such violations have been committed by the program  
2 administrator or by a PACE solicitor authorized by that program  
3 administrator, in connection with activity related to that program  
4 administrator.

5 (c) A violation of any provision of Section 5898.16 or 5898.17  
6 of the Streets and Highways Code or of any provision of Chapter  
7 29.1 (commencing with Section 5900) of Part 3 of Division 7 of  
8 the Streets and Highways Code by a program administrator,  
9 excepting the reporting requirements of Section 5954, or by a  
10 PACE solicitor authorized by that program administrator in  
11 connection with activity related to that program administrator,  
12 shall represent a violation of this division.

13 22690. (a) A program administrator is subject to an inspection,  
14 examination, or investigation in accordance with Section 22701.

15 (b) If, in the course of an inspection, examination, or  
16 investigation of a program administrator, the commissioner has  
17 cause to believe that the program administrator, the PACE solicitor,  
18 or the PACE solicitor agent may have committed a violation of  
19 this division or any rule or order thereunder, or the commissioner  
20 seeks to obtain or provide information necessary to the  
21 commissioner in the administration of the division, with respect  
22 to a matter related to a PACE solicitor or PACE solicitor agent,  
23 and either this information is not available directly from the  
24 program administrator or the commissioner seeks to validate the  
25 information obtained from the program administrator, the  
26 commissioner may do the following:

27 (1) Inspect, examine, or investigate any and all documents,  
28 records, files, and communications of the PACE solicitor or PACE  
29 solicitor agent that are relevant to the violation or the matter. For  
30 purposes of the inspection, examination, or investigation, the  
31 commissioner and his or her representatives shall have access to  
32 the records of the PACE solicitor or PACE solicitor agent related  
33 to assessment contracts associated with the violation or matter.

34 (2) Require the attendance of witnesses and examine under oath  
35 all persons whose testimony he or she requires relative to the  
36 violation or matter.

37 (c) If, upon inspection, examination, or investigation, the  
38 commissioner has cause to believe that a PACE solicitor or PACE  
39 solicitor agent is violating any provision of this division or any  
40 rule or order thereunder, the commissioner or his or her designee

1 shall exhaust the procedure set forth in paragraph (1) before  
2 bringing any action authorized under paragraph (2).

3 (1) (A) The commissioner shall issue a report to the program  
4 administrator, the PACE solicitor, and, if applicable, the PACE  
5 solicitor agent, identifying each violation of this division or any  
6 rule or order thereunder.

7 (B) The program administrator, PACE solicitor, and, if  
8 applicable, PACE solicitor, PACE solicitor agent, or any  
9 combination thereof, shall have the opportunity to provide a written  
10 answer to the report submitted pursuant to subparagraph (A) within  
11 a reasonable period.

12 (C) If upon expiration of that period, the commissioner believes  
13 further action is necessary or appropriate, the commissioner may  
14 do any of the following, in any combination:

15 (i) Demand a corrective action by the program administrator,  
16 PACE solicitor, PACE solicitor agent, or any combination thereof.

17 (ii) Demand the program administrator, PACE solicitor, PACE  
18 solicitor agent, or any combination thereof, stop violating the  
19 division, rule, or order.

20 (iii) Demand the PACE solicitor or PACE solicitor agent, or  
21 both, discontinue engaging in the business of soliciting property  
22 owners to enter into assessment contracts related to any or all  
23 program administrators, or demand the program administrator  
24 deauthorize the PACE solicitor or PACE solicitor agent, or both,  
25 for a defined period not exceeding 12 months, or indefinitely.

26 (D) If the program administrator, PACE solicitor, and PACE  
27 solicitor agent, as applicable, agree to the commissioner's demand  
28 issued under subparagraph (C), or otherwise reach a mutually  
29 agreeable resolution with the commissioner, the examination and  
30 correspondence related thereto shall remain confidential under  
31 paragraph (2) of subdivision (d) of Section 6254 of the Government  
32 Code. The commissioner may make publicly available the identity  
33 of any PACE solicitor or PACE solicitor agent, or both, who has  
34 agreed to discontinue engaging in the business of soliciting  
35 property owners to enter into assessment contracts.

36 (E) If the program administrator, PACE solicitor, or PACE  
37 solicitor agent, or any combination thereof, do not agree to the  
38 commissioner's demand issued under subparagraph (C), or  
39 otherwise reach a mutually agreeable resolution with the

1 commissioner within a reasonable period, the commissioner may  
2 proceed under paragraph (2) or subdivision (d).

3 (2) Upon exhaustion of the procedure in paragraph (1), the  
4 commissioner may bring an order against a PACE solicitor, PACE  
5 solicitor agent, or both, as provided in this paragraph.

6 (A) The commissioner may order a PACE solicitor or PACE  
7 solicitor agent, or both, to desist and refrain from engaging in  
8 business as a PACE solicitor or PACE solicitor agent, or further  
9 violating this division, or the rules thereunder, in accordance with  
10 clause (i) and (ii) of this subparagraph. This paragraph does not  
11 authorize the commissioner to restrict the ability of a PACE  
12 solicitor or PACE solicitor agent to engage in any business that  
13 does not involve soliciting a property owner to enter into an  
14 assessment contract.

15 (i) If, within 30 days ~~for~~ of the receipt of the order, the PACE  
16 solicitor or PACE solicitor agent, or both, fails to request a hearing,  
17 the order shall become final.

18 (ii) If, within 30 days of the receipt of the order, the PACE  
19 solicitor or PACE solicitor agent, or both, requests a hearing, the  
20 hearing shall be conducted in accordance with Chapter 5  
21 (commencing with Section 11500) of Part 1 of Division 3 of Title  
22 2 of the Government Code.

23 (B) The commissioner may, after appropriate notice and  
24 opportunity for a hearing, by order, censure or suspend for a period  
25 not exceeding 12 months, or bar any natural person from directly  
26 or indirectly soliciting a property owner to enter into an assessment  
27 contract, in accordance with clause (i) to (iv), inclusive, of this  
28 subparagraph. This paragraph does not authorize the commissioner  
29 to restrict the ability of a natural person to engage in any business  
30 that does not involve soliciting a property owner to enter into an  
31 assessment contract, or being employed by a PACE solicitor in a  
32 capacity that does not involve soliciting a property owner to enter  
33 into an assessment contract.

34 (i) Within 15 days from the date of a notice of intention to issue  
35 an order pursuant to this subparagraph, the person may request a  
36 hearing under the Administrative Procedure Act (Chapter 4.5  
37 (commencing with Section 11400) of Division 3 of Title 2 of the  
38 Government Code).

39 (ii) Upon receipt of a request submitted pursuant to clause (i),  
40 the matter shall be set for hearing to commence within 30 days

1 after the commissioner receives the request pursuant to clause (i),  
2 unless the person subject to the notice consents to a later date.

3 (iii) If no hearing is requested within 15 days after the mailing  
4 or service of the notice of intention as described in clause (i), and  
5 the commissioner does not order a hearing, the right to a hearing  
6 shall be deemed to be waived.

7 (iv) Upon receipt of a notice of intention to issue an order  
8 pursuant to this subparagraph, the person who is the subject of the  
9 proposed order is immediately prohibited from directly or indirectly  
10 soliciting a property owner to enter into an assessment contract.

11 (d) Upon exhaustion of the procedure in paragraph (1) of  
12 subdivision (c), if after investigation, the commissioner has  
13 reasonable grounds to believe that a person is conducting business  
14 as a PACE solicitor or PACE solicitor agent, or both, in an unsafe  
15 or injurious manner that will result in irreparable harm, the  
16 commissioner shall, by order, direct the person to discontinue the  
17 unsafe or injurious practice, in accordance with the following:

18 (1) The order shall be effective immediately.

19 (2) If, within 30 days ~~for~~ of the receipt of the order, the PACE  
20 solicitor fails to request a hearing, the order shall become final.

21 (3) If, within 30 days of the receipt of the order, the PACE  
22 solicitor requests a hearing, the hearing shall be conducted in  
23 accordance with Chapter 5 (commencing with Section 11500) of  
24 Part 1 of Division 3 of Title 2 of the Government Code.

25 (e) An order brought under paragraph (2) of subdivision (c) or  
26 subdivision (d) shall be public.

27 (f) A PACE solicitor or PACE solicitor agent subject to this  
28 section shall not be subject to Chapter 4 (commencing with Section  
29 22700).

30 (g) The commissioner shall not be bound to the provisions of  
31 this section in connection with his or her enforcement of this  
32 division with respect to a program administrator.

33 22691. The commissioner may by such rules as he or she deems  
34 necessary or appropriate in the public interest or for the protection  
35 of property owners, either unconditionally or upon specified terms  
36 and conditions or for specified periods, exempt any class of persons  
37 specified in such rules from the provisions of Section 22680,  
38 Section 22681, and Section 22682.



1 22692. (a) *The commissioner shall require a program*  
2 *administrator to submit the following information in the annual*  
3 *report filed under Section 22159:*

4 (1) *Information beneficial to an evaluation of the overall impact*  
5 *on property owners caused by the 97 percent cap on total PACE*  
6 *and mortgage-related debt.*

7 (2) *Information beneficial to an evaluation of the overall impact*  
8 *on property owners caused by the use of an automated valuation*  
9 *model in determining the market value of property subject to a*  
10 *PACE assessment.*

11 (3) *Information beneficial to an evaluation of the overall impact*  
12 *on property owners caused by the emergency HVAC provisions.*

13 (4) *Information relevant to determining the overall impact on*  
14 *property owners of the absence of a minimum residual income*  
15 *threshold.*

16 (b) *The information received under this section shall appear in*  
17 *a separate section within the composite of the annual reports*  
18 *required to be prepared by the commissioner pursuant to Section*  
19 *22160.*

20 (c) *This section does not limit the authority of the commissioner*  
21 *to require additional information from a program administrator*  
22 *under Section 22159.*

23 22693. (a) *The commissioner may, by rule, require a program*  
24 *administrator to use a real-time registry or database system for*  
25 *tracking PACE assessments in order to carry out his or her*  
26 *regulatory duties and to support enforcement. That registry or*  
27 *database system shall enable the program administrator to trace*  
28 *PACE assessments and shall include, but not be limited to, features*  
29 *for providing or obtaining information about a property's status*  
30 *with regard to PACE assessments placed on the property, whether*  
31 *recorded or not. All costs associated with the real-time registry*  
32 *or database system shall be apportioned among licensed program*  
33 *administrators based on the volume and amount of PACE*  
34 *assessments by each program administrator, or such other method*  
35 *that fairly apportions the costs, as required by rule. The*  
36 *commissioner may contract with an independent third party for*  
37 *the development and ongoing maintenance and support of the*  
38 *real-time registry or database system, and may require the program*  
39 *administrators to pay the cost of development and ongoing*  
40 *maintenance and support directly to the independent third party.*

1 *In no event, the costs apportioned to a program administrator*  
 2 *shall not exceed a reasonable regulatory cost.*

3 *(b) On January 1, 2020, the commissioner shall determine*  
 4 *whether to proceed with a rulemaking action. This subdivision*  
 5 *shall not restrict the ability of the commissioner to proceed with*  
 6 *a rule under this section at any time.*

7 ~~22692.~~

8 22694. This chapter does not apply to a finance lender,  
 9 mortgage loan originator, or broker licensee.

10 ~~22693.~~

11 22695. (a) A violation of this chapter by any person is not  
 12 subject to the criminal penalties established pursuant to Sections  
 13 22753 and 22780.

14 (b) Notwithstanding Section ~~22694~~, 22696, this section shall  
 15 become operative on ~~January 1, 2018~~. *the effective date of this act.*

16 ~~22694.~~

17 22696. Except as provided in Sections 22684, 22685, 22686,  
 18 22687, ~~22693~~, 22688, and 22695, this chapter shall become  
 19 operative on January 1, 2019.

20 22697. *This chapter does not preclude or reduce any rights*  
 21 *and remedies established under any other laws.*

22 ~~SEC. 73.~~

23 *SEC. 72.* Section 22700 of the Financial Code is amended to  
 24 read:

25 22700. (a) Finance lender and broker licenses issued under  
 26 this division shall remain in effect until they are surrendered,  
 27 revoked, or suspended.

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

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

1 (d) This section shall remain in effect only until January 1, 2019,  
2 and as of that date is repealed.

3 ~~SEC. 74.~~

4 *SEC. 73.* Section 22700 is added to the Financial Code, to read:

5 22700. (a) Finance lender, broker, and program administrator  
6 licenses issued under this division shall remain in effect until they  
7 are surrendered, revoked, or suspended.

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

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

21 (d) This section shall become operative on January 1, 2019.

22 ~~SEC. 75.~~

23 *SEC. 74.* Section 22701 of the Financial Code is amended to  
24 read:

25 22701. (a) For the purpose of discovering violations of this  
26 division or securing information required by him or her in the  
27 administration and enforcement of this division, the commissioner  
28 may at any time investigate the loans and business, and examine  
29 the books, accounts, records, and files used in the business, of  
30 every person engaged in the business of a finance lender or broker,  
31 whether the person acts or claims to act as principal or agent, or  
32 under or without the authority of this division. For the purpose of  
33 examination, the commissioner and his or her representatives shall  
34 have free access to the offices and places of business, books,  
35 accounts, papers, records, files, safes, and vaults of all these  
36 persons.

37 (b) This section shall remain in effect only until January 1, 2019,  
38 and as of that date is repealed.

39 ~~SEC. 76.~~

40 *SEC. 75.* Section 22701 is added to the Financial Code, to read:

1 22701. (a) For the purpose of discovering violations of this  
2 division or securing information required by him or her in the  
3 administration and enforcement of this division, the commissioner  
4 may at any time investigate the loans, assessment contracts, and  
5 business, and examine the books, accounts, records, and files used  
6 in the business, of every person engaged in the business of a  
7 finance lender, broker, or program administrator, whether the  
8 person acts or claims to act as principal or agent, or under or  
9 without the authority of this division. For the purpose of  
10 examination, the commissioner and his or her representatives shall  
11 have free access to the offices and places of business, books,  
12 accounts, papers, records, files, safes, and vaults of all these  
13 persons.

14 (b) This section shall become operative on January 1, 2019.

15 ~~SEC. 77.~~

16 *SEC. 76.* Section 22706 of the Financial Code is amended to  
17 read:

18 22706. (a) The commissioner may require the attendance of  
19 witnesses and examine under oath all persons whose testimony he  
20 or she requires relative to loans or business regulated by this  
21 division or to the subject matter of any examination, investigation,  
22 or hearing.

23 (b) This section shall remain in effect only until January 1, 2019,  
24 and as of that date is repealed.

25 ~~SEC. 78.~~

26 *SEC. 77.* Section 22706 is added to the Financial Code, to read:

27 22706. (a) The commissioner may require the attendance of  
28 witnesses and examine under oath all persons whose testimony he  
29 or she requires relative to loans, assessment contracts, or business  
30 regulated by this division or to the subject matter of any  
31 examination, investigation, or hearing.

32 (b) This section shall become operative on January 1, 2019.

33 ~~SEC. 79.~~

34 *SEC. 78.* Section 22712 of the Financial Code is amended to  
35 read:

36 22712. (a) Whenever, in the opinion of the commissioner, any  
37 person is engaged in business as a broker or finance lender, or a  
38 mortgage loan originator, as defined in this division, without a  
39 license from the commissioner, or any licensee violates any  
40 provision of this division, any provision of an order, or any

1 regulation adopted pursuant to this division, the commissioner  
2 may order that person or licensee to desist and to refrain from  
3 engaging in the business or further continuing that violation. If,  
4 within 30 days after the order is served, a written request for a  
5 hearing is filed and no hearing is held within 30 days thereafter,  
6 the order is rescinded. For purposes of this section, "licensee"  
7 includes a mortgage loan originator.

8 (b) Notwithstanding subdivision (a), if, after an investigation,  
9 the commissioner has reasonable grounds to believe that a person  
10 is conducting business in an unsafe or injurious manner, the  
11 commissioner shall, by written order addressed to that person,  
12 direct the discontinuance of the unsafe or injurious practices. The  
13 order shall be effective immediately, but shall not become final  
14 except in accordance with the provisions of Section 22717.

15 (c) This section shall remain in effect only until January 1, 2019,  
16 and as of that date is repealed.

17 ~~SEC. 80.~~

18 *SEC. 79.* Section 22712 is added to the Financial Code, to read:

19 22712. (a) Whenever, in the opinion of the commissioner, any  
20 person is engaged in business as a finance lender, broker, program  
21 administrator, or a mortgage loan originator, as defined in this  
22 division, without a license from the commissioner, or any licensee  
23 violates any provision of this division, any provision of an order,  
24 or any regulation adopted pursuant to this division, the  
25 commissioner may order that person or licensee to desist and to  
26 refrain from engaging in the business or further continuing that  
27 violation. If, within 30 days after the order is served, a written  
28 request for a hearing is filed and no hearing is held within 30 days  
29 thereafter, the order is rescinded. For purposes of this section,  
30 "licensee" includes a mortgage loan originator.

31 (b) Notwithstanding subdivision (a), if, after an investigation,  
32 the commissioner has reasonable grounds to believe that a person  
33 is conducting business in an unsafe or injurious manner, the  
34 commissioner shall, by written order addressed to that person,  
35 direct the discontinuance of the unsafe or injurious practices. The  
36 order shall be effective immediately, but shall not become final  
37 except in accordance with the provisions of Section 22717.

38 (c) This section shall become operative on January 1, 2019.

1 ~~SEC. 81.~~

2 *SEC. 80.* Section 22714 of the Financial Code is amended to  
3 read:

4 22714. (a) The commissioner shall suspend or revoke any  
5 license, upon notice and reasonable opportunity to be heard, if the  
6 commissioner finds any of the following:

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

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

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

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

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

29 (c) This section shall remain in effect only until January 1, 2019,  
30 and as of that date is repealed.

31 ~~SEC. 82.~~

32 *SEC. 81.* Section 22714 is added to the Financial Code, to read:

33 22714. (a) The commissioner shall suspend or revoke any  
34 license, upon notice and reasonable opportunity to be heard, if the  
35 commissioner finds any of the following:

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

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

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

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

13 (5) There has been repeated failure by the program administrator,  
14 when administering assessment contracts, to take into consideration  
15 in determining the size and duration of the assessment contracts,  
16 the property owner's ability to meet the annual PACE ~~obligation~~  
17 *obligations* in the time and manner provided in the contract.

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

25 (c) This section shall become operative on January 1, 2019.

26 ~~SEC. 83.~~

27 *SEC. 82.* Section 22716 of the Financial Code is amended to  
28 read:

29 22716. (a) The revocation, suspension, expiration, or surrender  
30 of any license does not impair or affect the obligation of any  
31 preexisting lawful contract between the licensee and any borrower.

32 (b) This section shall remain in effect only until January 1, 2019,  
33 and as of that date is repealed.

34 ~~SEC. 84.~~

35 *SEC. 83.* Section 22716 is added to the Financial Code, to read:

36 22716. (a) The revocation, suspension, expiration, or surrender  
37 of any license does not impair or affect the obligation of any  
38 preexisting lawful contract between the licensee and any borrower  
39 or property owner, nor the validity and enforceability of any bonds  
40 issued and secured by such contracts. This division does not affect

1 the validity and enforceability of any PACE assessment contracts  
2 entered into or bonds issues and secured by such contracts.

3 (b) This section shall become operative on January 1, 2019.

4 ~~SEC. 85.~~

5 *SEC. 84.* Section 22753 of the Financial Code is amended to  
6 read:

7 ~~22753. (a) Exception provided in Section 22694, Except as~~  
8 *provided in Section 22696, any person* who willfully violates any  
9 provision of this division or who willfully violates any rule or  
10 order adopted pursuant to this division, shall, upon conviction, be  
11 punished by a fine of not more than ten thousand dollars (\$10,000),  
12 by imprisonment in a county jail for not more than one year or  
13 pursuant to subdivision (h) of Section 1170 of the Penal Code, or  
14 by both that fine and imprisonment. However, no person may be  
15 imprisoned for the violation of any rule or order unless he or she  
16 had knowledge of the rule or order. Conviction under this section  
17 shall not preclude the commissioner from exercising the authority  
18 in Section 22713.

19 ~~SEC. 86.~~

20 *SEC. 85.* Section 22758 is added to the Financial Code, to read:

21 22758. This article does not apply to a program administrator  
22 or a PACE solicitor.

23 ~~SEC. 87.~~

24 *SEC. 86.* Section 22780 of the Financial Code is amended to  
25 read:

26 22780. Except as provided in Section ~~22694, 22696,~~ any person  
27 who willfully violates any provision of this division, or who  
28 willfully violates any rule or order adopted pursuant to this  
29 division, shall, upon conviction, be punished by a fine of not more  
30 than ten thousand dollars (\$10,000), by imprisonment in a county  
31 jail for not more than one year or pursuant to subdivision (h) of  
32 Section 1170 of the Penal Code, or by both that fine and  
33 imprisonment. However, no person may be imprisoned for the  
34 violation of any rule or order unless he or she had knowledge of  
35 the rule or order. Conviction under this section shall not preclude  
36 the commissioner from exercising the authority provided in Section  
37 22713.

38 This article does not apply to a program administrator or PACE  
39 solicitor.



1 ~~SEC. 88.~~

2 *SEC. 87.* This act does not impose any additional obligations  
3 on, nor does it expand or any way affect the authority of the  
4 Commissioner of Business Oversight over, a finance lender,  
5 mortgage loan originator, or broker licensee under the California  
6 Financing Law.

7 ~~SEC. 89. The~~

8 *SEC. 88.* *Notwithstanding any other law to the contrary, the*  
9 Commissioner of Business Oversight may, on or after ~~January 1,~~  
10 ~~2018, the effective date of this act,~~ take any necessary actions using  
11 the authority granted by this act in order to ensure that the licensing  
12 of program administrators and enrollment of PACE solicitors may  
13 commence by January 1, 2019, including, but not limited to, the  
14 adoption of regulations and preparation of necessary forms and  
15 procedures.

16 ~~SEC. 90.~~

17 *SEC. 89.* The Legislature finds and declares that creating a  
18 comprehensive scheme to regulate program administrators is a  
19 matter of statewide concern and is not a municipal affair as that  
20 term is used in Section 5 of Article XI of the California  
21 Constitution. Therefore, this act shall apply to program  
22 administrators managing PACE programs on behalf of any public  
23 agency, including a charter city.

24 ~~SEC. 91.~~

25 *SEC. 90.* The Legislature finds and declares that Section ~~72~~  
26 ~~71~~ of this act, which adds Section 22690 of the Financial Code,  
27 imposes a limitation on the public's right of access to the meetings  
28 of public bodies or the writings of public officials and agencies  
29 within the meaning of Section 3 of Article I of the California  
30 Constitution. Pursuant to that constitutional provision, the  
31 Legislature makes the following findings to demonstrate the interest  
32 protected by this limitation and the need for protecting that interest:

33 In order to protect the privacy of a program administrator, PACE  
34 solicitor, or PACE solicitor agent who has complied with the  
35 Commissioner of Business Oversight's demands, or otherwise  
36 reached a mutually agreeable resolution of any issues, during an  
37 investigation it is necessary to hold any examinations and  
38 correspondence related to that investigation confidential.

1     ~~SEC. 92.~~

2     *SEC. 91.* No reimbursement is required by this act pursuant to  
3 Section 6 of Article XIII B of the California Constitution because  
4 the only costs that may be incurred by a local agency or school  
5 district will be incurred because this act creates a new crime or  
6 infraction, eliminates a crime or infraction, or changes the penalty  
7 for a crime or infraction, within the meaning of Section 17556 of  
8 the Government Code, or changes the definition of a crime within  
9 the meaning of Section 6 of Article XIII B of the California  
10 Constitution.

11     *SEC. 92.* *This act is an urgency statute necessary for the*  
12 *immediate preservation of the public peace, health, or safety within*  
13 *the meaning of Article IV of the California Constitution and shall*  
14 *go into immediate effect. The facts constituting the necessity are:*

15     *Residential PACE assessments are among the fastest-growing*  
16 *types of property-secured financing in California, with cumulative*  
17 *assessments growing from \$350 million in 2014 to over \$2.6 billion*  
18 *in 2017. Companies administering PACE programs on behalf of*  
19 *California municipal governments have no state or national*  
20 *regulator and there are no requirements for these program*  
21 *administrators to determine a property owners ability to pay the*  
22 *PACE assessments. Further, recent reports indicate that default*  
23 *rates are rising, signaling the need for important consumer*  
24 *protections and government oversight. Therefore, in order that*  
25 *changes to the California Financing Law and the Property*  
26 *Assessed Clean Energy program with respect to program*  
27 *administrators take effect as soon as possible and to provide the*  
28 *Commissioner of Business Oversight with the statutory authority*  
29 *to begin the rulemaking process in order to carry out these changes*  
30 *and ensure that consumers are protected as soon as possible, it is*  
31 *necessary that this act take effect immediately.*

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**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** AB 1284 (Dababneh)  
**Status/Location:** Amended 09/01/17 – Senate Rules  
**Sponsor:** Author  
**Subject:** Financing Law: Property Assessed Clean Energy Program: Program Administrators  
**Code Section:** Financial 22000, Sections 22001, 22007, 22010, 22101, 22101.5, 22102, 22103, 22104, 22105, 22105.3, 22106, 22107, 22109, 22151, 22152, 22153, 22154, 22155, 22156, 22157, 22159, 22161, 22162, 22163, 22164, 22168, 22169, 22700, 22701, 22706, 22712, 22714, 22716, 22753, and 22780 of, to add Sections 22003.5, 22015, 22016, 22017, 22018, 22019, 22020, 22068), and 22100.5 to, and to add Chapter 3.5 (commencing with Section 22680)

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**Summary:**

Existing Law:

1. The California Finance Lenders Law, generally provides for the licensure and regulation of finance lenders and brokers by the Commissioner of Business Oversight.
2. The Property Assessed Clean Energy (PACE program) authorizes a public agency, by making specified findings, to authorize public agency officials and property owners to enter into voluntary contractual 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 authorizes a private entity to administer a PACE program on behalf of, and with the written consent of, a public agency.

This Bill:

1. Provides that beginning January 1, 2019, a program administrator who administers a PACE program on or behalf of a public agency be licensed under the California Finance Lenders Law, which is renamed to the California Financing Law.
2. Defines related terms, including:
  - (a) "PACE solicitor" means a person authorized by a program administrator to solicit a property owner to enter into an assessment contract.
  - (b) "Program administrator" means a person administering a PACE program on behalf of, and with the written consent of, a public agency. It does not include a public agency.
3. Specifies that a program administrator shall not permit a PACE solicitor to do any of the following:

- (a) Solicit a property owner to enter into an assessment contract with a program administrator unless the PACE solicitor and the program administrator comply with the requirements of this chapter and any rules adopted by the commissioner.
  - (b) Engage in any act in violation of a law related to a PACE program.
  - (c) Offer an assessment contract with terms, conditions, or disclosures that do not comply with the law.
  - (d) Offer an assessment contract that omits terms, conditions, or disclosures required by law.
4. Provides that a program administrator shall require a PACE solicitor to satisfy one of the following criteria:
- (a) Maintain in good standing a license from the Contractors State License Board.
  - (b) Maintain a registration in good standing with the Contractors' State License Board as a home improvement salesperson.
  - (c) Be exempt from, or not subject to, licensure or registration under the contractors' state license law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code).
5. Provides that a program administrator shall not enroll a PACE solicitor if the program administrator obtains information demonstrating any of the following:
- (a) A clear pattern of consumer complaints about the PACE solicitor regarding dishonesty, misrepresentations, or omissions.
  - (b) A high likelihood that the PACE solicitor will solicit assessment contracts in a manner that does not comply with the requirements for a PACE program in the law.
  - (c) A clear pattern of failing to timely receive and respond to property owner complaints about the PACE solicitor.
6. Further provides that a program administrator shall require each PACE solicitor that solicits property owners for assessment contracts to complete six hours of education provided by the program administrator within three months of completing the program administrator's enrollment process.

**Fiscal Impact for CSLB:**

None.

**Staff Recommendation and Comments:**

**SUPPORT.** This bill is intended to enhance consumer protection for individuals that participate in a PACE program. CSLB has seen a significant increase in solar complaints in the last few years, and believes this may help address some of the problems identified in these complaints.

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**Date:** September 11, 2017

AMENDED IN SENATE JULY 6, 2017  
AMENDED IN SENATE JUNE 19, 2017  
AMENDED IN ASSEMBLY MAY 17, 2017  
AMENDED IN ASSEMBLY MAY 2, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1357**

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**Introduced by Assembly Member Chu**

February 17, 2017

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An act to amend Section 7197 of the Business and Professions Code, and to amend Section 1102.4 of the Civil Code, relating to home inspectors.

LEGISLATIVE COUNSEL'S DIGEST

AB 1357, as amended, Chu. Home inspectors: roofing contractors: roof inspections.

Existing law regulates a person who performs certain home inspections for a fee. Existing law provides that it is an unfair business practice for a home inspector, a company that employs the inspector, or a company that is controlled by a company that also has a financial interest in a company employing a home inspector, to do various acts, including performing or offering to perform, for an additional fee, any repairs to a structure on which the inspector, or the inspector's company, has prepared a home inspection report in the past 12 months.

This bill would exempt from these provisions a licensed roofing contractor that performs repairs pursuant to his or her inspection of a roof for the specific purpose of providing a roof certification, as defined, if specified conditions are met.

Existing law requires the disclosure of specified information upon the transfer of residential real property or the resale of a manufactured home or mobilehome that is classified as personal property and intended for residential use. Existing law exempts a listing or selling agent from liability for any error, inaccuracy, or omission of any information if the error, inaccuracy, or omission was not within the personal knowledge of the transferor or listing or selling agent, was based on information provided by public agencies or by other persons, including a report or opinion prepared by a licensed engineer, land surveyor, geologist, structural pest control operator, contractor, or other expert, dealing with matters within the scope of the professional's license and providing information that is required to be disclosed, and ordinary care was exercised in obtaining and transmitting the information.

This bill would include a report or opinion, prepared by a C-39 roofing contractor who performs a home inspection under specified circumstances, among those reports upon which a listing or selling agent may base his or her personal knowledge in order to be exempt from liability for any error, inaccuracy, or omission in the information that is required to be disclosed upon the transfer of residential real property.

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 7197 of the Business and Professions  
2 Code is amended to read:  
3 7197. (a) It is an unfair business practice for a home inspector,  
4 a company that employs the inspector, or a company that is  
5 controlled by a company that also has a financial interest in a  
6 company employing a home inspector, to do any of the following:  
7 (1) To perform or offer to perform, for an additional fee, any  
8 repairs to a structure on which the inspector, or the inspector's  
9 company, has prepared a home inspection report in the past 12  
10 months.  
11 (2) Inspect for a fee any property in which the inspector, or the  
12 inspector's company, has any financial interest or any interest in  
13 the transfer of the property.  
14 (3) To offer or deliver any compensation, inducement, or reward  
15 to the owner of the inspected property, the broker, or agent, for

1 the referral of any business to the inspector or the inspection  
2 company.

3 (4) Accept an engagement to make an inspection or to prepare  
4 a report in which the employment itself or the fee payable for the  
5 inspection is contingent upon the conclusions in the report,  
6 preestablished findings, or the close of escrow.

7 (b) A home protection company that is affiliated with or that  
8 retains the home inspector does not violate this section if it  
9 performs repairs pursuant to claims made under the home  
10 protection contract.

11 (c) This section shall not affect the ability of a structural pest  
12 control operator to perform repairs pursuant to Section 8505 as a  
13 result of a structural pest control inspection.

14 (d) Paragraph (1) of subdivision (a) shall not affect the ability  
15 of a roofing contractor who holds a C-39 license, as defined in  
16 Section 832.39 of Title 16 of the California Code of Regulations,  
17 to perform repairs pursuant to the contractor's inspection of a roof  
18 for the specific purpose of providing a roof certification if all of  
19 the following conditions are met:

20 (1) Different employees perform the home inspection and the  
21 roof inspection.

22 (2) The roof inspection is ordered prior to, or at the same time  
23 as, the home inspection, or the roof inspection is completed before  
24 the commencement of the home inspection.

25 (3) The consumer is provided a consumer disclosure before he  
26 or she authorizes the home inspection that includes all of the  
27 following:

28 (A) The same company that performs the roof inspection and  
29 roof repairs will perform the home inspection on the same property.

30 (B) Any repairs that are authorized by the consumer are for the  
31 repairs identified in the roofing contractor's roof inspection report  
32 and no repairs identified in the home inspection are authorized or  
33 ~~allowed~~. *allowed as specified in the roof inspection.*

34 (C) The consumer has the right to seek a second opinion.

35 (4) For purposes of this subdivision, "roof certification" means  
36 a written statement by a licensed C-39 Roofing Contractor who  
37 has performed a roof inspection, made any necessary repairs, and  
38 warrants that the roof is free of leaks at the time that the  
39 certification is issued and should perform as designed for the  
40 specified term of the certification.

1 SEC. 2. Section 1102.4 of the Civil Code is amended to read:

2 1102.4. (a) Neither the transferor nor any listing or selling  
3 agent shall be liable for any error, inaccuracy, or omission of any  
4 information delivered pursuant to this article if the error,  
5 inaccuracy, or omission was not within the personal knowledge  
6 of the transferor or that listing or selling agent, was based on  
7 information timely provided by public agencies or by other persons  
8 providing information as specified in subdivision (c) that is  
9 required to be disclosed pursuant to this article, and ordinary care  
10 was exercised in obtaining and transmitting it.

11 (b) The delivery of any information required to be disclosed by  
12 this article to a prospective transferee by a public agency or other  
13 person providing information required to be disclosed pursuant to  
14 this article shall be deemed to comply with the requirements of  
15 this article and shall relieve the transferor or any listing or selling  
16 agent of any further duty under this article with respect to that item  
17 of information.

18 (c) The delivery of a report or opinion prepared by a licensed  
19 engineer, land surveyor, geologist, structural pest control operator,  
20 contractor, ~~a home inspector conducting a home inspection C-39~~  
21 *roofing contractor conducting a roof inspection* pursuant to  
22 subdivision (d) of Section 7197 of the Business and Professions  
23 Code, or other expert, dealing with matters within the scope of the  
24 professional's license or expertise, shall be sufficient compliance  
25 for application of the exemption provided by subdivision (a) if the  
26 information is provided to the prospective transferee pursuant to  
27 a request therefor, whether written or oral. In responding to such  
28 a request, an expert may indicate, in writing, an understanding that  
29 the information provided will be used in fulfilling the requirements  
30 of Section 1102.6 and, if so, shall indicate the required disclosures,  
31 or parts thereof, to which the information being furnished is  
32 applicable. Where such a statement is furnished, the expert shall  
33 not be responsible for any items of information, or parts thereof,  
34 other than those expressly set forth in the statement.

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**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** AB 1357 (Chu)  
**Status/Location:** Amended 7/16/17 – Governor’s Desk  
**Sponsor:** HomeGuard Incorporated  
**Subject:** Roofing Contractors: Roof Inspections  
**Code Section:** Business & Professions Code section 7197

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**Summary:**

Existing Law:

1. Regulates a person who performs certain home inspections for a fee.
2. Provides that it is an unfair business practice for a home inspector, a company that employs the inspector, or a company that is controlled by a company with a financial interest in a company employing a home inspector, to engage in various acts, including performing or offering to perform, for an additional fee, any repairs to a structure for which the inspector, or the inspector’s company, has prepared a home inspection report in the past 12 months.

This Bill:

1. Provides that the existing prohibition does not affect the ability of a roofing contractor who holds a C-39 license to perform repairs pursuant to his or her inspection of a roof for the specific purpose of providing a roof certification, if all of the following conditions are met:
  - (a) Different employees perform the home inspection and the roof inspection.
  - (b) The roof inspection is ordered prior to, or at the same time as, the home inspection, or the roof inspection is completed before the commencement of the home inspection,
  - (c) The consumer is provided a disclosure before he or she authorizes the home inspection that includes all of the following:
    - 1) The same company that performs the roof inspection and roof repairs will perform the home inspection on the same property.
    - 2) Any repairs authorized by the consumer are for those identified in the roofing contractor’s roof inspection report and that no repairs identified in the home inspection are authorized or allowed.
    - 3) The consumer has the right to seek a second opinion.
2. Defines “roof certification” to mean a written statement by any licensed C-39 Roofing contractor who has performed a roof inspection, made any necessary repairs, and determines that the roof is free of visible defects at the time he or she issues the certification and should perform as designed for the specified term of the certification.
3. Includes a report or opinion, prepared by a C-39 Roofing contractor who performs a home inspection under specified circumstances, among those reports

upon which a listing or selling agent may base his or her personal knowledge in order to be exempt from liability for any error, inaccuracy, or omission in the information that is required to be disclosed upon the transfer of residential real property

**Background:**

According to the author:

"[This bill] seeks to add clarifying language to the law, similar to what has been in law for over a decade for pest inspectors, providing licensed roof inspectors the ability to make roof repair to homes they have inspected, even if the same company has also performed a home inspection on the same property. [This bill] provides consumers with the option to hire the same licensed roofing contractor who has identified the needed roof repairs. Currently, if a consumer has had a home inspection and a roof inspection performed by the same company, they would need to search for another roofing contractor to make repairs identified in the roof inspection. [This bill] enhances consumer choice while maintaining the same consumer protections provided by the [CSLB] for licensed roofing contractors."

**Fiscal Impact for CSLB:**

None.

**Board Position and Comments:**

**WATCH.** This bill does not directly impact CSLB, as CSLB does not enforce or administer the provisions of law related to home inspections. When CSLB receives complaints related to inspections, it is not able to take action. This bill could result in an increase in the number of complaints that CSLB can investigate, if more licensees are performing work or repairs as the result of an inspection.

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**Date:** September 14, 2017

AMENDED IN ASSEMBLY AUGUST 28, 2017

AMENDED IN ASSEMBLY JULY 13, 2017

AMENDED IN ASSEMBLY JULY 3, 2017

AMENDED IN ASSEMBLY JUNE 22, 2017

AMENDED IN SENATE MAY 18, 2017

AMENDED IN SENATE APRIL 26, 2017

AMENDED IN SENATE APRIL 17, 2017

AMENDED IN SENATE MARCH 20, 2017

**SENATE BILL**

**No. 242**

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**Introduced by Senator Skinner**

*(Coauthor: Assembly Member Dababneh)*

February 6, 2017

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An act to add Chapter 29.1 (commencing with Section 5900) to Part 3 of Division 7 of the Streets and Highways Code, relating to the Property Assessed Clean Energy program.

LEGISLATIVE COUNSEL'S DIGEST

SB 242, as amended, Skinner. Property Assessed Clean Energy program: program administrator.

Existing law, known commonly as a *Property Assessed Clean Energy (PACE) financing program*, authorizes a public agency, by making specified findings, to authorize public agency officials and property owners to enter into voluntary contractual 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 similarly authorizes a community facilities district to be formed pursuant to an alternative procedure under which the district initially consists solely of territory proposed for annexation to the community facilities district in the future and territory is annexed and subjected to special taxes only upon unanimous approval of the owners, to finance and refinance the acquisition, installation, and improvement of energy efficiency, water conservation, and renewable energy improvements. Existing law authorizes a public agency, or an entity that administers a ~~Property Assessed Clean Energy (PACE)~~ PACE financing program on behalf of and with the written consent of a public agency, to issue PACE bonds that are secured by voluntary contractual assessments, voluntary special taxes, or special taxes on property to assist property owners in financing the installation of distributed generation renewable energy sources, electric vehicle charging infrastructure, or energy or water efficiency improvements.*

~~This~~

*The bill would require a program administrator, before a property owner executes an assessment contract, as defined, to make an oral confirmation that at least one owner of the property has a copy of specified documents and forms related to the contract, and to provide an oral confirmation of the key terms of an assessment contract with the property owner on the call or an authorized representative of the owner on the call that contains specified information. The bill would require a program administrator to record the oral confirmation, and to retain that recording for a specified period of time. The bill would require a program administrator to ask if the property owner would prefer the oral confirmation be provided in a language other than English, and would require the program administrator to deliver the oral confirmation in the property owner's language or via an interpreter chosen by the property owner in order for the contract to proceed, and would require the program administrator to provide the property owner with the translation of specified documents. This bill would prohibit a program administrator from waiving or deferring the first payment on an assessment contract, and would require that a property owner's first assessment payment be due no later than the fiscal year following the fiscal year in which the installation of the efficiency improvement is completed.*

The bill would prohibit a contractor or other 3rd party from advertising the availability of an assessment contract that is administered by a program administrator, or from soliciting property owners on behalf of

the program administrator, unless specified requirements are met. The bill would prohibit a program administrator from providing direct or indirect cash payments or anything of a material value to a contractor or 3rd party that is in excess of the actual price charged to the property owner for the sale or installation of efficiency improvements financed by an assessment contract, except for reimbursement of ~~expenses~~, *bona fide and reasonable training expenses related to PACE financing*, as provided. The bill would also prohibit a program administrator from providing direct or indirect cash payments or anything of a material value to a property owner that is explicitly conditioned upon the property owner entering into the assessment contract. The bill would prohibit a program administrator, contractor, or other 3rd party from making any representation as to the tax deductibility of an assessment contract, unless that representation is consistent with applicable state and federal law. The bill would prohibit a program administrator from providing information that discloses specified information relating to the property owner or the property. *The bill would prohibit a contractor from providing a different price for a project financed by a PACE assessment than the contractor would provide if paid in cash by the property owner.*

*Existing law prohibits a public agency from permitting a property owner to participate in a PACE program unless the property owner satisfies certain conditions and the property owner is given the right to cancel the contractual assessment at any time before midnight on the 3rd business day after certain events occur, without penalty or obligation, consistent with certain requirements. Existing law requires a home improvement contract to be in writing and to contain certain information, notices, and disclosures, including a statement that a consumer has a right to cancel or rescind the contract within 3 days, and authorizes the consumer to waive that right to cancel in the case of an emergency or immediately necessary repairs.*

*The bill would make it unlawful to commence work under a home improvement contract if the property owner entered into the home improvement contract based on the reasonable belief that the work would be covered by the PACE program, and the property owner rescinds the PACE financing within the 3-day time period described above. The bill would require a contractor who violates that provision to restore the property to its original condition, and to return any money, property, and other consideration back to the property owner. The bill would authorize a property owner to waive his or her right to cancel*

for a contract that the property owner initiated for emergency repair or immediately necessary repair, as provided.

The bill would require a program administrator, for each PACE program that it administers, to submit reports to the public agency by a specified time that contains specified information regarding that program.

This bill would include findings that the changes proposed by this bill address a matter of statewide concern, and therefore shall apply to all cities and counties, including charter cities.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

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

1 SECTION 1. Chapter 29.1 (commencing with Section 5900)  
2 is added to Part 3 of Division 7 of the Streets and Highways Code,  
3 to read:

4  
5 CHAPTER 29.1. CLEAN ENERGY ASSESSMENT CONTRACTS

6  
7 5900. The provisions of this article shall apply exclusively to  
8 residential real property with four or fewer units.

9 5901. The provisions of this chapter shall not apply to any  
10 public agency that does not use a program administrator to  
11 administer a PACE program.

12 5902. For purposes of this chapter:

13 (a) "Assessment contract" means an agreement entered into  
14 between all property owners of record on real property and a public  
15 agency in which, for voluntary contractual assessments imposed  
16 on the real property, the public agency provides a PACE  
17 assessment for the installation of one or more efficiency  
18 improvements on the real property in accordance with a PACE  
19 ~~program~~ program, specified in paragraph (2) of subdivision (a)  
20 of Section 5898.20 or Section 5899 or 5899.3, or a special tax  
21 described in Section 53328.1 of the Government Code.

22 (b) "Authorized representative" means an attorney-in-fact, as  
23 defined in Section 4014 of the Probate Code, or conservator of  
24 the estate, as defined in Section 2400 of the Probate Code, of the  
25 property owner.

26 (b)

1 (c) "Efficiency improvement" means one or more permanent  
2 improvements fixed to real property.

3 ~~(e)~~

4 (d) "PACE assessment" means a voluntary contractual  
5 assessment, voluntary special tax, or special tax, as described in  
6 subdivisions (a), (b), and (c) of Section 26054 of the Public  
7 Resources Code.

8 ~~(d)~~

9 (e) "PACE program" means a program in which financing is  
10 provided for the installation of efficiency improvements on real  
11 property and funded through the use of property assessments, as  
12 well as other program components defined in this section,  
13 established pursuant to any of the following:

14 (1) Chapter 29 (commencing with Section 5898.10) of Part 3  
15 of this code.

16 (2) The Mello-Roos Community Facilities Act of 1982 (Chapter  
17 2.5 (commencing with Section 53311) of Part 1 of Division 2 of  
18 Title 5 of the Government Code).

19 (3) A charter city's constitutional authority under Section 5 of  
20 Article XI of the California Constitution.

21 ~~(e)~~

22 (f) "Program administrator" means an entity administering a  
23 PACE program on behalf of, and with the written consent of, a  
24 public agency.

25 ~~(f)~~

26 (g) "Property owner" means all property owners of record on  
27 the property subject to the PACE assessment.

28 ~~(g)~~

29 (h) "Public agency" means a city, including a charter city,  
30 county, city and county, municipal utility district, community  
31 services district, community facilities district, joint powers  
32 authority, sanitary district, sanitation district, or water district, as  
33 defined in Section 20200 of the Water Code, that has established  
34 or participates in a PACE program, and utilizes a program  
35 administrator.

36 5913. (a) (1) *Before a property owner executes an assessment*  
37 *contract the program administrator shall do the following:*

38 (A) *Make an oral confirmation that at least one owner of the*  
39 *property has a copy of the contract assessment documents required*  
40 *by paragraph (2) of subdivision (a) of Section 5898.20 or Section*

1 5899 or 5899.3, or Section 53328.1 of the Government Code, as  
2 applicable, with all the key terms completed, the financing estimate  
3 and disclosure form specified in Section 5898.17, and the right to  
4 cancel form specified in Section 5898.16, with hard copies  
5 available upon request.

6 (B) Make an oral confirmation of the key terms of the assessment  
7 contract, in plain language, with the property owner on the call  
8 or to a verified authorized representative of the owner on the call  
9 and shall obtain acknowledgment from the property owner on the  
10 call to whom the oral confirmation is given.

11 (2) The oral confirmation required pursuant to paragraph (1)  
12 shall include, but is not limited to, all the following information:

13 (A) The property owner on the call has the right to have other  
14 persons present for the call, and an inquiry as to whether the  
15 property owner would like to exercise the right to include anyone  
16 else on the call. This shall occur at the onset of the call, after the  
17 determination of the preferred language of communication.

18 (B) The property owner on the call is informed that they should  
19 review the assessment contract and financing estimate and  
20 disclosure form with all other owners of the property.

21 (C) The efficiency improvement being installed is being financed  
22 by a PACE assessment.

23 (D) The total estimated annual costs the property owner will  
24 have to pay under the assessment contract, including applicable  
25 fees.

26 (E) The total estimated average monthly amount of funds the  
27 property owner would have to save in order to pay the annual  
28 costs under the PACE assessment, including applicable fees.

29 (F) That the county annual secured property tax bill, which will  
30 include the installment of the PACE lien, will be mailed by the  
31 county tax collector no later than November 1 each year, and that  
32 if the lien is recorded after the fiscal year closes but before the  
33 bill is mailed, the first installment may not appear on the county  
34 tax bill until the following year.

35 (G) The term of the assessment contract.

36 (H) That payments on the assessment contract will be made  
37 through an additional annual assessment on the property and paid  
38 either directly to the county tax collector's office as part of the  
39 total annual secured property tax bill, or through the property  
40 owner's mortgage impound account, and that if the property owner



1 *pays his or her taxes through an impound account he or she should*  
2 *notify their mortgage lender to discuss adjusting his or her monthly*  
3 *mortgage payment by the estimated monthly cost of the PACE*  
4 *assessment.*

5 *(I) That the property will be subject to a lien during the term of*  
6 *the assessment contract and that the obligations under the*  
7 *assessment contract may be required to be paid in full before the*  
8 *property owner sells or refinances the property.*

9 *(J) That the property owner has disclosed whether the property*  
10 *has received or is seeking additional PACE assessments and has*  
11 *disclosed all other PACE assessments or special taxes that are or*  
12 *about to be placed on the property, if known to and understood by*  
13 *the property owner.*

14 *(K) That any potential utility savings are not guaranteed, and*  
15 *will not reduce the assessment payments or total assessment*  
16 *amount.*

17 *(L) That the program administrator and contractor do not*  
18 *provide tax advice, and that the property owner should seek*  
19 *professional tax advice if he or she has questions regarding tax*  
20 *credits, tax deductibility, or of other tax impacts on the PACE*  
21 *assessment or assessment contract.*

22 *(M) That if that property tax payment is delinquent within the*  
23 *fiscal year, the county tax collector will assess a 10-percent penalty*  
24 *and may assess related costs, as required by state law. A delinquent*  
25 *payment also subjects the property to foreclosure. If the delinquent*  
26 *payment continues past June 30 of a given year and defaults, the*  
27 *county tax collector will assess penalties at the rate of 1 ½ percent*  
28 *per month (18 percent per year), and the property will continue*  
29 *to be subject to foreclosure and may become subject to the county*  
30 *tax collector's right to sell the property at auction.*

31 *(N) That the property owner has a three-business day right to*  
32 *cancel the assessment contract pursuant to subdivision (b) of*  
33 *Section 5898.16, and that canceling the assessment contract may*  
34 *also cancel the home improvement contract under Section 5940.*

35 *(b) The program administrator shall comply with the following*  
36 *when giving the oral confirmation described in subdivision (a):*

37 *(1) The program administrator shall record the oral*  
38 *confirmation in an audio format in accordance with applicable*  
39 *laws.*

1 (2) *The program administrator may not comply with the*  
2 *requirement in subdivision (a) through the use of a prerecorded*  
3 *message, or other similar device or method.*

4 (3) *Recording of an oral confirmation shall be retained by the*  
5 *program administrator for a period of at least five years from the*  
6 *time of the recording.*

7 (c) *The provisions of this section shall be in addition to the*  
8 *documents required to be provided to the property owner under*  
9 *Sections 5898.16 and 5898.17.*

10 (d) *At the commencement of the oral confirmation, the program*  
11 *administrator shall ask if the property owner on the call would*  
12 *prefer to communicate during the oral confirmation primarily in*  
13 *a language other than English that is specified in Section 1632 of*  
14 *the Civil Code. If the preferred language is supported by the*  
15 *program administrator, the oral confirmation shall be given in*  
16 *that primary language, except where the property owner on the*  
17 *call chooses to communicate through his or her own interpreter.*  
18 *If the preferred language is not supported and an interpreter is*  
19 *not chosen by the property owner on the call, the PACE assessment*  
20 *transaction shall not proceed. For purposes of this subdivision,*  
21 *“his or her own interpreter” means a person, who is not a minor,*  
22 *is able to speak fluently and read with full understanding both the*  
23 *English language and any of the languages specified in Section*  
24 *1632 of the Civil Code, and who is not employed by, and whose*  
25 *services are not made available through, the program*  
26 *administrator, the public agency, or the contractor.*

27 (e) (1) *Beginning on January 1, 2019, if the oral confirmation*  
28 *was conducted primarily in a language other than English that is*  
29 *specified in Section 1632 of the Civil Code, the program*  
30 *administrator shall deliver in writing the disclosures and contract*  
31 *or agreement required by law, including, but not limited to, the*  
32 *following:*

33 (A) *Assessment contract documents specified in paragraph (2)*  
34 *of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3,*  
35 *or a special tax described in Section 53328.1 of the Government*  
36 *Code.*

37 (B) *The financing estimate and disclosure form specified in*  
38 *Section 5898.17.*

39 (C) *The right to cancel form specified in Section 5898.16.*

1 (2) *Before the execution of any contract or agreement described*  
 2 *in paragraph (1), the program administrator shall deliver a*  
 3 *translation of the disclosures, contract, or agreement in the*  
 4 *language in which the oral confirmation was conducted, that*  
 5 *includes a translation of every term and condition in that contract*  
 6 *or agreement.*

7 ~~5903.~~

8 5914. A program administrator may not waive or defer the first  
 9 payment on an assessment contract. A property owner's first  
 10 assessment payment shall be due no later than the fiscal year  
 11 following the fiscal year in which the installation of the efficiency  
 12 improvement is completed.

13 ~~5904.~~

14 5922. A program administrator shall not permit contractors or  
 15 other third parties to advertise the availability of assessment  
 16 contracts that are administered by the program administrator, or  
 17 to solicit property owners on behalf of the program administrator,  
 18 unless both of the following requirements are met:

19 (a) The contractor or third party maintains in good standing an  
 20 appropriate license from the Contractors' State Licensing Board,  
 21 as well as any other permits, licenses, or registrations required for  
 22 engaging in its business in the jurisdiction where it operates, and  
 23 maintains the required bond and insurance coverage pursuant  
 24 thereto.

25 (b) The program administrator obtains the contractor's or third  
 26 party's written agreement that the contractor or third party will act  
 27 in accordance with applicable advertising and marketing laws and  
 28 regulations, and all other applicable laws.

29 ~~5905.~~

30 5923. (a) ~~Except as provided for in subdivision (b), a~~ A  
 31 program administrator shall not provide any direct or indirect cash  
 32 payment or other thing of material value to a contractor or third  
 33 party in excess of the actual price charged by that contractor or  
 34 third party to the property owner for the sale and installation of  
 35 one or more efficiency improvements financed by an assessment  
 36 contract.

37 (b) A program administrator ~~is permitted to~~ *shall not* reimburse  
 38 ~~documented a contractor or third party for expenses to a contractor~~  
 39 ~~or third party for approved co-branded for~~ advertising and marketing  
 40 campaigns and ~~collateral, training, and training events.~~ *collateral.*

1 *A program administrator may reimburse a contractor's bona fide*  
2 *and reasonable training expenses related to PACE financing,*  
3 *provided that:*

4 *(1) The training expenses are actually incurred by the*  
5 *contractor.*

6 *(2) The reimbursement does not exceed one hundred dollars*  
7 *(\$100) per each salesperson or agent of the contractor who*  
8 *participated in the training.*

9 *(3) The reimbursement is paid directly to the contractor, and*  
10 *is not paid to its salespersons or agents.*

11 (c) A program administrator shall not provide any direct cash  
12 payment or other thing of value to a property owner explicitly  
13 conditioned upon that property owner entering into an assessment  
14 contract. Notwithstanding the above, programs or promotions that  
15 offer reduced fees or interest rates to property owners are neither  
16 a direct cash payment or "other thing of value," provided that the  
17 reduced fee or interest rate is reflected in the assessment contract  
18 and in no circumstance provided to the property owner as cash  
19 consideration.

20 ~~5906.~~

21 5924. A program administrator, contractor, or a third party  
22 shall not make any representation as to the tax deductibility of an  
23 assessment contract unless that representation is consistent with  
24 representations, statements, or opinions of the Internal Revenue  
25 Service or applicable state tax agency with regard to the tax  
26 treatment of PACE assessments.

27 ~~5907.~~

28 5925. A program administrator shall not provide to a contractor  
29 or third party engaged in soliciting assessment contracts on its  
30 behalf any information that discloses the amount of funds for which  
31 a property owner is eligible under a PACE assessment or the  
32 amount of equity in a property.

33 5926. *A contractor shall not provide a different price for a*  
34 *project financed by a PACE assessment than the contractor would*  
35 *provide if paid in cash by the property owner.*

36 5940. (a) *It shall be unlawful to commence work under a home*  
37 *improvement contract, and the home improvement contract shall*  
38 *be unenforceable, if both of the following occur:*

1 (1) The property owner entered into the home improvement  
2 contract based on the reasonable belief that the work would be  
3 covered by the PACE program.

4 (2) The property owner applies for, accepts, and cancels the  
5 PACE financing within the right to cancel period set forth in  
6 subdivision (b) of Section 5898.16.

7 (b) If work has commenced in violation of subdivision (a), then:

8 (1) The contractor is entitled to no compensation for that work.

9 (2) The contractor shall restore the property to its original  
10 condition at no cost to the property owner.

11 (3) The contractor shall immediately and without condition  
12 return all money, property, and other consideration given by the  
13 property owner. If the property owner gave any property as  
14 consideration and the contractor does not or cannot return it for  
15 whatever reason, the contractor shall immediately return the fair  
16 market value of the property or its value as designated in the  
17 contract, whichever is greater.

18 (c) (1) If the contractor has delivered any property to the  
19 property owner pursuant to a contract that is unenforceable under  
20 subdivision (a), the property owner shall make the property  
21 available to the contractor for return within 90 days of execution  
22 of the contract provided that:

23 (A) The provisions of subdivision (b) have been met.

24 (B) The property can be practically returned to the contractor  
25 and removed, at the contractor's expense, without leaving any  
26 damage to the property owner's property.

27 (2) Failure of the contractor to comply with this subdivision  
28 shall allow the property owner to retain without obligation in law  
29 or equity any property provided pursuant to the unenforceable  
30 contract.

31 (d) The property owner may waive the requirements in  
32 subdivision (a) if all the following are met:

33 (1) The contract is executed in connection with the making of  
34 emergency or immediately necessary repairs to protect persons  
35 or real or personal property.

36 (2) The property owner initiated the contract for the emergency  
37 repair or immediately necessary repair.

38 (3) The property owner provides a separate statement that is  
39 handwritten in ink by a property owner and dated and signed by  
40 each property owner, describing the situation that requires

1 *immediate remedy, and expressly acknowledges that the contractor*  
2 *has informed them of his or her right to cancel and that he or she*  
3 *waive the right to cancel the sale.*

4 *(e) If the property owner waives his or her right to cancel on*  
5 *the home improvement contract to allow the home improvement*  
6 *contractor to proceed with installation, and then cancels his or*  
7 *her PACE financing, it shall not invalidate the home improvement*  
8 *contract.*

9 *5954. (a) For each PACE program that it administers, a*  
10 *program administrator shall submit a report to the public agency*  
11 *no later than February 1 for the activity that occurred between*  
12 *July 1st through December 31st of the previous year, and another*  
13 *report no later than August 1 for the activity that occurred between*  
14 *January 1st through June 30th of that year. Those reports shall*  
15 *contain the following information, along with all methodologies*  
16 *and supporting assumptions or sources relied upon in preparing*  
17 *the report:*

18 *(1) The number of PACE assessments funded, by city, county,*  
19 *and ZIP Code.*

20 *(2) The aggregate dollar amount of PACE assessments funded,*  
21 *by city, county, and ZIP Code.*

22 *(3) The average dollar amount of PACE assessments funded,*  
23 *by city, county, and ZIP Code.*

24 *(4) The categories of installed efficiency improvements whether*  
25 *energy or water efficiency, renewable energy, or seismic*  
26 *improvements, and the percentage of PACE assessments*  
27 *represented by each category type, on a number and dollar basis,*  
28 *by city, county, and ZIP Code.*

29 *(5) The definition of default used by the program administrator.*

30 *(6) For each delinquent assessment:*

31 *(A) The total delinquent amount.*

32 *(B) The number and dates of missed payments.*

33 *(C) ZIP Code, city, and county in which the underlying property*  
34 *is located.*

35 *(7) For each defaulted assessment:*

36 *(A) The total defaulted amount.*

37 *(B) The number and dates of missed payments.*

38 *(C) ZIP Code, city, and county in which the underlying property*  
39 *is located.*

1 (D) *The percentage the defaults represent of the total*  
2 *assessments within each ZIP Code.*

3 (E) *The total number of parcels defaulted and the number of*  
4 *years in default for each property.*

5 (8) *The estimated total amount of energy saved, and the*  
6 *estimated total dollar amount of those savings by property owners*  
7 *by the efficiency improvements installed in the calendar year, by*  
8 *city, county, and ZIP Code. In addition, the report shall state the*  
9 *total number of energy savings improvements, and number of*  
10 *improvements installed that are qualified for the Energy Star*  
11 *program of the United States Environmental Protection Agency,*  
12 *including the overall average efficiency rating of installed units*  
13 *for each product type.*

14 (9) *The estimated total amount of renewable energy produced*  
15 *by the efficiency improvements installed in the calendar year, by*  
16 *city, county, and ZIP Code. In addition, the report shall state the*  
17 *total number of renewable energy installations, including the*  
18 *average and median system size.*

19 (10) *The estimated total amount of water saved, and the*  
20 *estimated total dollar amount of such savings by property owners,*  
21 *by city, county, and ZIP Code. In addition, the report shall state*  
22 *the total number of water savings improvements, the number of*  
23 *efficiency improvements that are qualified for the WaterSense*  
24 *program of the United States Environmental Protection Agency,*  
25 *including the overall average efficiency rating of installed units*  
26 *for each product type.*

27 (11) *The estimated amount of greenhouse gas emissions*  
28 *reductions.*

29 (12) *The estimated number of jobs created.*

30 (13) *The average and median amount of annual and total PACE*  
31 *assessments based on ZIP Code, by city, county, and ZIP Code.*

32 (14) *The number and percentage of homeowners over 60 years*  
33 *old by city, county, and ZIP Code.*

34 (b) *All reports submitted pursuant to this section shall include*  
35 *only aggregate data, and shall not include any nonpublic personal*  
36 *information.*

37 (c) *A public agency that receives a report pursuant to this*  
38 *section shall make the data publicly available on its Internet Web*  
39 *site.*

1    *(d) This section does not limit another governmental or*  
2    *regulatory entity from establishing reporting requirements.*  
3    SEC. 2. This act addresses a matter of statewide concern and  
4    therefore shall apply equally to all cities and counties, including  
5    charter cities.

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AMENDED IN ASSEMBLY SEPTEMBER 8, 2017

AMENDED IN ASSEMBLY SEPTEMBER 5, 2017

AMENDED IN ASSEMBLY JULY 13, 2017

AMENDED IN ASSEMBLY JULY 10, 2017

AMENDED IN ASSEMBLY JULY 5, 2017

AMENDED IN SENATE MAY 26, 2017

AMENDED IN SENATE MAY 3, 2017

AMENDED IN SENATE APRIL 3, 2017

**SENATE BILL**

**No. 244**

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**Introduced by Senator Lara**

February 6, 2017

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An act to amend Section 30 of the Business and Professions Code, to amend Sections 48204.1, 49073.1, 66021.6, 66021.7, 68130.5, 69508.5, 70036, and 99155 of the Education Code, to amend Section 128371 of the Health and Safety Code, to amend Sections 12800.7 and 12801.9 of, and to add Section 13005.1 to, the Vehicle Code, and to amend Sections 204 and 1905 of, and to add Section 17852 to, the Welfare and Institutions Code, relating to privacy.

LEGISLATIVE COUNSEL'S DIGEST

SB 244, as amended, Lara. Privacy: agencies: personal information.

(1) Existing law regulates various professions and vocations by various boards within the Department of Consumer Affairs. Existing law requires those boards, the State Bar of California, and the Department of Real Estate to require a licensee, at the time of issuance

of a license, to provide specified information, including the licensee's federal employer identification number, if the licensee is a partnership, or his or her social security number or individual taxpayer identification number. Existing law provides that the applicant's federal employer identification number, social security number, or individual taxpayer identification number information is not a public record and is not open to the public for inspection.

This bill would revise this provision to provide that information is not open for public inspection, is confidential, and shall not be disclosed, except as specified. The bill would require information submitted by an applicant to be collected, recorded, and used only for the purpose of determining eligibility for a license and administering the licensing program.

(2) Existing law provides for the collection of personally identifiable information by educational entities, including, but not limited to, local educational agencies, the California Community Colleges, the University of California, and the California State University, for the purposes of providing specified educational services and benefits.

This bill would establish that personal information collected or obtained pursuant to these provisions is confidential, and provide that this information would only be collected, used, and retained to administer the public services or programs for which that information was collected or obtained. The bill would prohibit disclosure of that personal information to any other person, except as provided.

By imposing new duties on local officials with respect to collecting, maintaining, and disclosing personal information, this bill would impose a state-mandated local program.

(3) Existing law establishes several education programs to promote and fund the education of health professionals. Existing law prohibits these programs from denying an application based on the citizenship status or immigration status of the applicant.

This bill would provide that information about or submitted by applicants for these programs is exempt from disclosure under the California Public Records Act and is confidential, and would require that the information be used only as required to assess eligibility for, or to administer, these programs, as specified.

(4) Existing law requires that each application for an original or a renewal of a driver's license contain specified information. Under existing law, any document provided by the applicant to the department for purposes of proving his or her identity, true, full name, California

residency, or that the applicant's presence in the United States is authorized under federal law, is not a public record and the department is prohibited from disclosing this information except when requested by a law enforcement agency as part of an investigation.

This bill would instead prohibit the department from disclosing this information except in response to a subpoena for individual records in a state criminal proceeding or a court order.

(5) Existing law requires the Department of Motor Vehicles to issue an original driver's license to a person who is unable to submit satisfactory proof that the applicant's presence in the United States is authorized under federal law if he or she meets all other qualifications for licensure and provides satisfactory proof to the department of his or her identity and California residency. Under existing law, it is a violation of specified antidiscrimination provisions for a state or local governmental authority, agent, or person acting on behalf of a state or local governmental authority, or a program or activity that is funded directly or receives financial assistance from the state, to discriminate against an individual because he or she holds or presents a license issued pursuant to these provisions.

This bill would specify that discrimination for these purposes includes notifying another law enforcement agency of the individual's identity or that the individual carries a license issued under these provisions if a notification is not required by law or would not have been provided if the individual held a license that required satisfactory proof that his or her presence in the United States is authorized under federal law.

Existing law specifies that information collected under this provision is not a public record and prohibits disclosure, except as required by law.

This bill would instead prohibit disclosure except in response to a subpoena for individual records in a state criminal proceeding or a court order.

Existing law prohibits use of a driver's license issued under these provisions to consider an individual's citizenship or immigration status as a basis for an investigation, arrest, citation, or detention.

This bill would instead prohibit use of a driver's license issued under these provisions as evidence of an individual's citizenship or immigration status for any purpose.

(6) Existing law authorizes the Department of Motor Vehicles to issue an identification card to any person attesting to the true full name, correct age, and other identifying data as certified by the applicant for

the identification card. Existing law requires that the identification card resemble in appearance, so far as is practicable, a driver's license issued pursuant to the Vehicle Code and adequately describe the applicant, bear his or her picture, and be produced in color or engraved by a process or processes that prohibit, as near as possible, the ability to alter or reproduce the identification card, or prohibit the ability to superimpose a picture or photograph on the identification card without ready detection.

This bill would provide that information or documents obtained by a city, county, or other local agency for the purpose of issuing a local identification card may be used only for the purposes of administering the identification card program or policy. The bill would provide that this information is exempt from disclosure under the California Public Records Act and prohibit disclosure of that information, except as provided. The bill would declare that this provision addresses a matter of statewide concern and would apply to charter cities and charter counties.

(7) Existing law requires a family law court and a court hearing a probate guardianship matter, upon request from the juvenile court in any county, to provide to the court all available information the court deems necessary to make a determination regarding the best interest of the child, as specified. Existing law also requires the information to be released to a child protective services worker or a juvenile probation officer acting within the scope of his or her duties in that proceeding. Existing law provides that any information released pursuant to these provisions that is confidential pursuant to any other law shall remain confidential.

This bill would require that all confidential information be used only for the purpose of serving the best interest of the child in juvenile court.

(8) Existing law requires youth service bureaus funded by specified provisions to maintain accurate and complete case records, reports, statistics, and other information necessary for the conduct of its programs.

This bill would require these youth service bureaus to collect, use, and retain individual client information and records only for the purpose of administering youth services. The bill would provide that client information and records are exempt from disclosure under the California Public Records Act, are confidential, and may not be disclosed except as required to administer youth services or as required by law or court order.

By imposing new duties on local officials with respect to collecting, maintaining, and disclosing personal information, this bill would impose a state-mandated local program.

(9) Federal law, the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), provides that certain persons are not eligible for defined state and local public benefits unless a state law is enacted subsequent to the effective date of the act, August 22, 1996, that affirmatively provides for that eligibility. Existing law authorizes a city, county, city and county, or hospital district to provide aid, including health care, to persons who, but for the above-referred provision of the federal PRWORA, would meet the eligibility requirements for any program of that entity.

This bill would authorize a city, county, city and county, or hospital district to collect information for these purposes only as strictly required to assess eligibility for, or to administer, the public services or programs requested or used by the person seeking services, and exempt that information from disclosure under the California Public Records Act.

(10) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

(11) The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

~~(12) 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.~~

*(12) This bill would incorporate additional changes to Section 30 of the Business and Professions Code proposed by SB 173 to be operative only if this bill and SB 173 are enacted and this bill is enacted last.*

*(13) This bill would incorporate additional changes to Section 68130.5 of the Education Code proposed by SB 68 to be operative only if this bill and SB 68 are enacted and this bill is enacted last.*

*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: no. Fiscal committee: yes.  
State-mandated local program: yes.

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

1 SECTION 1. Section 30 of the Business and Professions Code  
2 is amended to read:

3 30. (a) (1) Notwithstanding any other law, any board, as  
4 defined in Section 22, and the State Bar and the Bureau of Real  
5 Estate shall, at the time of issuance of the license, require that the  
6 applicant provide its federal employer identification number, if  
7 the applicant is a partnership, or the applicant's social security  
8 number for all other applicants.

9 (2) No later than January 1, 2016, in accordance with Section  
10 135.5, a board, as defined in Section 22, and the State Bar and the  
11 Bureau of Real Estate shall require either the individual taxpayer  
12 identification number or social security number if the applicant is  
13 an individual for purposes of this subdivision.

14 (b) A licensee failing to provide the federal employer  
15 identification number, or the individual taxpayer identification  
16 number or social security number shall be reported by the licensing  
17 board to the Franchise Tax Board. If the licensee fails to provide  
18 that information after notification pursuant to paragraph (1) of  
19 subdivision (b) of Section 19528 of the Revenue and Taxation  
20 Code, the licensee shall be subject to the penalty provided in  
21 paragraph (2) of subdivision (b) of Section 19528 of the Revenue  
22 and Taxation Code.

23 (c) In addition to the penalty specified in subdivision (b), a  
24 licensing board shall not process an application for an initial license  
25 unless the applicant provides its federal employer identification  
26 number, or individual taxpayer identification number or social  
27 security number where requested on the application.

28 (d) A licensing board shall, upon request of the Franchise Tax  
29 Board or the Employment Development Department, furnish to

1 the board or the department, as applicable, the following  
2 information with respect to every licensee:

3 (1) Name.

4 (2) Address or addresses of record.

5 (3) Federal employer identification number if the licensee is a  
6 partnership, or the licensee's individual taxpayer identification  
7 number or social security number for all other licensees.

8 (4) Type of license.

9 (5) Effective date of license or a renewal.

10 (6) Expiration date of license.

11 (7) Whether license is active or inactive, if known.

12 (8) Whether license is new or a renewal.

13 (e) For the purposes of this section:

14 (1) "Licensee" means a person or entity, other than a  
15 corporation, authorized by a license, certificate, registration, or  
16 other means to engage in a business or profession regulated by  
17 this code or referred to in Section 1000 or 3600.

18 (2) "License" includes a certificate, registration, or any other  
19 authorization needed to engage in a business or profession  
20 regulated by this code or referred to in Section 1000 or 3600.

21 (3) "Licensing board" means any board, as defined in Section  
22 22, the State Bar, and the Bureau of Real Estate.

23 (f) The reports required under this section shall be filed on  
24 magnetic media or in other machine-readable form, according to  
25 standards furnished by the Franchise Tax Board or the Employment  
26 Development Department, as applicable.

27 (g) Licensing boards shall provide to the Franchise Tax Board  
28 or the Employment Development Department the information  
29 required by this section at a time that the board or the department,  
30 as applicable, may require.

31 (h) Notwithstanding Chapter 3.5 (commencing with Section  
32 6250) of Division 7 of Title 1 of the Government Code, a federal  
33 employer identification number, individual taxpayer identification  
34 number, or social security number furnished pursuant to this section  
35 shall not be open to the public for inspection, is confidential, and  
36 shall not be disclosed except as required to administer the licensing  
37 program, the requirements of this section, or as otherwise required  
38 by California law or a state or federal court order. This subdivision  
39 does not prohibit the disclosure of aggregate data that does not  
40 reveal personally identifying information.

1 (i) A deputy, agent, clerk, officer, or employee of a licensing  
2 board described in subdivision (a), or any former officer or  
3 employee or other individual who, in the course of his or her  
4 employment or duty, has or has had access to the information  
5 required to be furnished under this section, shall not disclose or  
6 make known in any manner that information, except as provided  
7 pursuant to this section to the Franchise Tax Board, the  
8 Employment Development Department, or the Office of the  
9 Chancellor of the California Community Colleges, or as provided  
10 in subdivision (k).

11 (j) It is the intent of the Legislature in enacting this section to  
12 utilize the federal employer identification number, individual  
13 taxpayer identification number, or social security number for the  
14 purpose of establishing the identification of persons affected by  
15 state tax laws, for purposes of compliance with Section 17520 of  
16 the Family Code, and for purposes of measuring employment  
17 outcomes of students who participate in career technical education  
18 programs offered by the California Community Colleges and, to  
19 that end, the information furnished pursuant to this section shall  
20 be used exclusively for those purposes.

21 (k) If the board utilizes a national examination to issue a license,  
22 and if a reciprocity agreement or comity exists between the State  
23 of California and the state requesting release of the individual  
24 taxpayer identification number or social security number, any  
25 deputy, agent, clerk, officer, or employee of any licensing board  
26 described in subdivision (a) may release an individual taxpayer  
27 identification number or social security number to an examination  
28 or licensing entity, only for the purpose of verification of licensure  
29 or examination status.

30 (l) For the purposes of enforcement of Section 17520 of the  
31 Family Code, and notwithstanding any other law, a board, as  
32 defined in Section 22, and the State Bar and the Bureau of Real  
33 Estate shall at the time of issuance of the license require that each  
34 licensee provide the individual taxpayer identification number or  
35 social security number of each individual listed on the license and  
36 any person who qualifies for the license. For the purposes of this  
37 subdivision, "licensee" means an entity that is issued a license by  
38 any board, as defined in Section 22, the State Bar, the Bureau of  
39 Real Estate, and the Department of Motor Vehicles.



1 (m) The department shall, upon request by the Office of the  
2 Chancellor of the California Community Colleges, furnish to the  
3 chancellor's office, as applicable, the following information with  
4 respect to every licensee:

5 (1) Name.

6 (2) Federal employer identification number if the licensee is a  
7 partnership, or the licensee's individual taxpayer identification  
8 number or social security number for all other licensees.

9 (3) Date of birth.

10 (4) Type of license.

11 (5) Effective date of license or a renewal.

12 (6) Expiration date of license.

13 (n) The department shall make available information pursuant  
14 to subdivision (m) only to allow the chancellor's office to measure  
15 employment outcomes of students who participate in career  
16 technical education programs offered by the California Community  
17 Colleges and recommend how these programs may be improved.  
18 Licensure information made available by the department pursuant  
19 to this section shall not be used for any other purpose.

20 (o) The department may make available information pursuant  
21 to subdivision (m) only to the extent that making the information  
22 available complies with state and federal privacy laws.

23 (p) The department may, by agreement, condition or limit the  
24 availability of licensure information pursuant to subdivision (m)  
25 in order to ensure the security of the information and to protect  
26 the privacy rights of the individuals to whom the information  
27 pertains.

28 (q) All of the following apply to the licensure information made  
29 available pursuant to subdivision (m):

30 (1) It shall be limited to only the information necessary to  
31 accomplish the purpose authorized in subdivision (n).

32 (2) It shall not be used in a manner that permits third parties to  
33 personally identify the individual or individuals to whom the  
34 information pertains.

35 (3) Except as provided in subdivision (n), it shall not be shared  
36 with or transmitted to any other party or entity without the consent  
37 of the individual or individuals to whom the information pertains.

38 (4) It shall be protected by reasonable security procedures and  
39 practices appropriate to the nature of the information to protect

1 that information from unauthorized access, destruction, use,  
2 modification, or disclosure.

3 (5) It shall be immediately and securely destroyed when no  
4 longer needed for the purpose authorized in subdivision (n).

5 (r) The department or the chancellor's office may share licensure  
6 information with a third party who contracts to perform the function  
7 described in subdivision (n), if the third party is required by  
8 contract to follow the requirements of this section.

9 *SEC. 1.5. Section 30 of the Business and Professions Code is*  
10 *amended to read:*

11 30. (a) (1) Notwithstanding any other law, any board, as  
12 defined in Section 22, and the State Bar and the Bureau of Real  
13 Estate shall, at the time of issuance of the license, require that the  
14 applicant provide its federal employer identification number, if  
15 the applicant is a partnership, or the applicant's social security  
16 number for all other applicants.

17 (2) No later than January 1, 2016, in accordance with Section  
18 135.5, a board, as defined in Section 22, and the State Bar and the  
19 Bureau of Real Estate shall require either the individual taxpayer  
20 identification number or social security number if the applicant is  
21 an individual for purposes of this subdivision.

22 (b) A licensee failing to provide the federal employer  
23 identification number, or the individual taxpayer identification  
24 number or social security number shall be reported by the licensing  
25 board to the Franchise Tax Board. If the licensee fails to provide  
26 that information after notification pursuant to paragraph (1) of  
27 subdivision (b) of Section 19528 of the Revenue and Taxation  
28 Code, the licensee shall be subject to the penalty provided in  
29 paragraph (2) of subdivision (b) of Section 19528 of the Revenue  
30 and Taxation Code.

31 (c) In addition to the penalty specified in subdivision (b), a  
32 licensing board shall not process an application for an initial license  
33 unless the applicant provides its federal employer identification  
34 number, or individual taxpayer identification number or social  
35 security number where requested on the application.

36 (d) A licensing board shall, upon request of the Franchise Tax  
37 Board or the Employment Development Department, furnish to  
38 the board or the department, as applicable, the following  
39 information with respect to every licensee:

40 (1) Name.

- 1 (2) Address or addresses of record.
- 2 (3) Federal employer identification number if the licensee is a  
3 partnership, or the licensee's individual taxpayer identification  
4 number or social security number for all other licensees.
- 5 (4) Type of license.
- 6 (5) Effective date of license or a renewal.
- 7 (6) Expiration date of license.
- 8 (7) Whether license is active or inactive, if known.
- 9 (8) Whether license is new or a renewal.
- 10 (e) For the purposes of this section:
- 11 (1) "Licensee" means a person or entity, other than a  
12 corporation, authorized by a license, certificate, registration, or  
13 other means to engage in a business or profession regulated by  
14 this code or referred to in Section 1000 or 3600.
- 15 (2) "License" includes a certificate, registration, or any other  
16 authorization needed to engage in a business or profession  
17 regulated by this code or referred to in Section 1000 or 3600.
- 18 (3) "Licensing board" means any board, as defined in Section  
19 22, the State Bar, and the Bureau of Real Estate.
- 20 (f) The reports required under this section shall be filed on  
21 magnetic media or in other machine-readable form, according to  
22 standards furnished by the Franchise Tax Board or the Employment  
23 Development Department, as applicable.
- 24 (g) Licensing boards shall provide to the Franchise Tax Board  
25 or the Employment Development Department the information  
26 required by this section at a time that the board or the department,  
27 as applicable, may require.
- 28 (h) Notwithstanding Chapter 3.5 (commencing with Section  
29 6250) of Division 7 of Title 1 of the Government Code, a federal  
30 employer identification number, individual taxpayer identification  
31 number, or social security number furnished pursuant to this section  
32 shall not be ~~deemed open to be a public record the public for~~  
33 ~~inspection, is confidential, and shall not be open to the public for~~  
34 ~~inspection. disclosed except as required to administer the licensing~~  
35 ~~program, the requirements of this section, or as otherwise required~~  
36 ~~by California law or a state or federal court order. This subdivision~~  
37 ~~does not prohibit the disclosure of aggregate data that does not~~  
38 ~~reveal personally identifying information.~~
- 39 (i) A deputy, agent, clerk, officer, or employee of a licensing  
40 board described in subdivision (a), or any former officer or

1 employee or other individual who, in the course of his or her  
2 employment or duty, has or has had access to the information  
3 required to be furnished under this section, shall not disclose or  
4 make known in any manner that information, except as provided  
5 pursuant to this section to the Franchise Tax Board, the  
6 Employment Development Department, or the Office of the  
7 Chancellor of the California Community Colleges, or as provided  
8 in subdivision (k).

9 (j) It is the intent of the Legislature in enacting this section to  
10 utilize the federal employer identification number, individual  
11 taxpayer identification number, or social security number for the  
12 purpose of establishing the identification of persons affected by  
13 state tax laws, for purposes of compliance with Section 17520 of  
14 the Family Code, and for purposes of measuring employment  
15 outcomes of students who participate in career technical education  
16 programs offered by the California Community Colleges and, to  
17 that end, the information furnished pursuant to this section shall  
18 be used exclusively for those purposes.

19 (k) If the board utilizes a national examination to issue a license,  
20 and if a reciprocity agreement or comity exists between the State  
21 of California and the state requesting release of the individual  
22 taxpayer identification number or social security number, any  
23 deputy, agent, clerk, officer, or employee of any licensing board  
24 described in subdivision (a) may release an individual taxpayer  
25 identification number or social security number to an examination  
26 or licensing entity, only for the purpose of verification of licensure  
27 or examination status.

28 (l) For the purposes of enforcement of Section 17520 of the  
29 Family Code, and notwithstanding any other law, a board, as  
30 defined in Section 22, and the State Bar and the Bureau of Real  
31 Estate shall at the time of issuance of the license require that each  
32 licensee provide the individual taxpayer identification number or  
33 social security number of each individual listed on the license and  
34 any person who qualifies for the license. For the purposes of this  
35 subdivision, "licensee" means an entity that is issued a license by  
36 any board, as defined in Section 22, the State Bar, the Bureau of  
37 Real Estate, and the Department of Motor Vehicles.

38 (m) The department shall, upon request by the Office of the  
39 Chancellor of the California Community Colleges, furnish to the

1 chancellor's office, as applicable, the following information with  
2 respect to every licensee:

3 (1) Name.

4 (2) Federal employer identification number if the licensee is a  
5 partnership, or the licensee's individual taxpayer identification  
6 number or social security number for all other licensees.

7 (3) Date of birth.

8 (4) Type of license.

9 (5) Effective date of license or a renewal.

10 (6) Expiration date of license.

11 (n) The department shall make available information pursuant  
12 to subdivision (m) only to allow the chancellor's office to measure  
13 employment outcomes of students who participate in career  
14 technical education programs offered by the California Community  
15 Colleges and recommend how these programs may be improved.  
16 Licensure information made available by the department pursuant  
17 to this section shall not be used for any other purpose.

18 (o) The department may make available information pursuant  
19 to subdivision (m) only to the extent that making the information  
20 available complies with state and federal privacy laws.

21 (p) The department may, by agreement, condition or limit the  
22 availability of licensure information pursuant to subdivision (m)  
23 in order to ensure the security of the information and to protect  
24 the privacy rights of the individuals to whom the information  
25 pertains.

26 (q) All of the following apply to the licensure information made  
27 available pursuant to subdivision (m):

28 (1) It shall be limited to only the information necessary to  
29 accomplish the purpose authorized in subdivision (n).

30 (2) It shall not be used in a manner that permits third parties to  
31 personally identify the individual or individuals to whom the  
32 information pertains.

33 (3) Except as provided in subdivision (n), it shall not be shared  
34 with or transmitted to any other party or entity without the consent  
35 of the individual or individuals to whom the information pertains.

36 (4) It shall be protected by reasonable security procedures and  
37 practices appropriate to the nature of the information to protect  
38 that information from unauthorized access, destruction, use,  
39 modification, or disclosure.

1 (5) It shall be immediately and securely destroyed when no  
2 longer needed for the purpose authorized in subdivision (n).

3 (r) The department or the chancellor's office may share licensure  
4 information with a third party who contracts to perform the function  
5 described in subdivision (n), if the third party is required by  
6 contract to follow the requirements of this section.

7 (s) *This section shall remain in effect only until July 1, 2018,*  
8 *and as of that date is repealed.*

9 SEC. 2. Section 48204.1 of the Education Code is amended to  
10 read:

11 48204.1. (a) A school district shall accept from the parent or  
12 legal guardian of a pupil reasonable evidence that the pupil meets  
13 the residency requirements for school attendance in the school  
14 district as set forth in Sections 48200 and 48204. Reasonable  
15 evidence of residency for a pupil living with his or her parent or  
16 legal guardian shall be established by documentation showing the  
17 name and address of the parent or legal guardian within the school  
18 district, including, but not limited to, any of the following  
19 documentation:

- 20 (1) Property tax payment receipts.
- 21 (2) Rental property contract, lease, or payment receipts.
- 22 (3) Utility service contract, statement, or payment receipts.
- 23 (4) Pay stubs.
- 24 (5) Voter registration.
- 25 (6) Correspondence from a government agency.
- 26 (7) Declaration of residency executed by the parent or legal  
27 guardian of a pupil.

28 (b) Nothing in this section shall be construed to require a parent  
29 or legal guardian of a pupil to show all of the items of  
30 documentation listed in paragraphs (1) to (7), inclusive, of  
31 subdivision (a).

32 (c) If an employee of a school district reasonably believes that  
33 the parent or legal guardian of a pupil has provided false or  
34 unreliable evidence of residency, the school district may make  
35 reasonable efforts to determine that the pupil actually meets the  
36 residency requirements set forth in Sections 48200 and 48204.

37 (d) Nothing in this section shall be construed as limiting access  
38 to pupil enrollment in a school district as otherwise provided by  
39 federal and state statutes and regulations. This includes immediate  
40 enrollment and attendance guaranteed to a homeless child or youth,

1 as defined in Section 11434a(2) of the federal McKinney-Vento  
2 Homeless Assistance Act (42 U.S.C. Sec. 11434a(2) et seq.),  
3 without any proof of residency or other documentation.

4 (e) Consistent with Section 11432(g) of the federal  
5 McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11301  
6 et seq.), proof of residency of a parent within a school district shall  
7 not be required for an unaccompanied youth, as defined in Section  
8 11434a(6) of Title 42 of the United States Code. A school district  
9 shall accept a declaration of residency executed by the  
10 unaccompanied youth in lieu of a declaration of residency executed  
11 by his or her parent or legal guardian.

12 (f) Notwithstanding Chapter 3.5 (commencing with Section  
13 6250) of Division 7 of Title 1 of the Government Code, evidence  
14 provided by a parent or legal guardian of a pupil for the purpose  
15 of establishing residency pursuant to this section is confidential,  
16 shall be used only for the purpose of establishing that the pupil  
17 meets the residency requirements for school attendance in the  
18 school district as set forth in Sections 48200 and 48204, shall not  
19 be open to the public for inspection, and shall not be disclosed  
20 without the written consent of the parent or legal guardian of the  
21 pupil, except as otherwise required by California law or a state or  
22 federal court order. This subdivision does not prohibit the  
23 disclosure of aggregate data if it is disclosed in a manner that would  
24 prevent it from being used to determine the identities of the persons  
25 upon whom the data is based.

26 SEC. 3. Section 49073.1 of the Education Code is amended to  
27 read:

28 49073.1. (a) A local educational agency may, pursuant to a  
29 policy adopted by its governing board or, in the case of a charter  
30 school, its governing body, enter into a contract with a third party  
31 for either or both of the following purposes:

32 (1) To provide services, including cloud-based services, for the  
33 digital storage, management, and retrieval of pupil records.

34 (2) To provide digital educational software that authorizes a  
35 third-party provider of digital educational software to access, store,  
36 and use pupil records in accordance with the contractual provisions  
37 listed in subdivision (b).

38 (b) A local educational agency that enters into a contract with  
39 a third party for purposes of subdivision (a) shall ensure the  
40 contract contains all of the following:

1 (1) A statement that pupil records continue to be the property  
2 of and under the control of the local educational agency.

3 (2) Notwithstanding paragraph (1), a description of the means  
4 by which pupils may retain possession and control of their own  
5 pupil-generated content, if applicable, including options by which  
6 a pupil may transfer pupil-generated content to a personal account.

7 (3) A prohibition against the third party using any information  
8 in the pupil record for any purpose other than those required or  
9 specifically permitted by the contract.

10 (4) A description of the procedures by which a parent, legal  
11 guardian, or eligible pupil may review personally identifiable  
12 information in the pupil's records and correct erroneous  
13 information.

14 (5) A description of the actions the third party will take,  
15 including the designation and training of responsible individuals,  
16 to ensure the security and confidentiality of pupil records.  
17 Compliance with this requirement shall not, in itself, absolve the  
18 third party of liability in the event of an unauthorized disclosure  
19 of pupil records.

20 (6) A description of the procedures for notifying the affected  
21 parent, legal guardian, or eligible pupil in the event of an  
22 unauthorized disclosure of the pupil's records.

23 (7) (A) A certification that a pupil's records shall not be retained  
24 or available to the third party upon completion of the terms of the  
25 contract and a description of how that certification will be enforced.

26 (B) The requirements provided in subparagraph (A) shall not  
27 apply to pupil-generated content if the pupil chooses to establish  
28 or maintain an account with the third party for the purpose of  
29 storing that content pursuant to paragraph (2).

30 (8) A description of how the local educational agency and the  
31 third party will jointly ensure compliance with the federal Family  
32 Educational Rights and Privacy Act (20 U.S.C. Sec. 1232g).

33 (9) A prohibition against the third party using personally  
34 identifiable information in pupil records to engage in targeted  
35 advertising.

36 (c) In addition to any other penalties, a contract that fails to  
37 comply with the requirements of this section shall be rendered  
38 void if, upon notice and a reasonable opportunity to cure, the  
39 noncompliant party fails to come into compliance and cure any  
40 defect. Written notice of noncompliance may be provided by any



1 party to the contract. All parties subject to a contract voided under  
2 this subdivision shall return all pupil records in their possession  
3 to the local educational agency.

4 (d) For purposes of this section, the following terms have the  
5 following meanings:

6 (1) “Deidentified information” means information that cannot  
7 be used to identify an individual pupil.

8 (2) “Eligible pupil” means a pupil who has reached 18 years of  
9 age.

10 (3) “Local educational agency” includes school districts, county  
11 offices of education, and charter schools.

12 (4) “Pupil-generated content” means materials created by a  
13 pupil, including, but not limited to, essays, research reports,  
14 portfolios, creative writing, music or other audio files, photographs,  
15 and account information that enables ongoing ownership of pupil  
16 content. “Pupil-generated content” does not include pupil responses  
17 to a standardized assessment where pupil possession and control  
18 would jeopardize the validity and reliability of that assessment.

19 (5) (A) “Pupil records” means both of the following:

20 (i) Any information directly related to a pupil that is maintained  
21 by the local educational agency.

22 (ii) Any information acquired directly from the pupil through  
23 the use of instructional software or applications assigned to the  
24 pupil by a teacher or other local educational agency employee.

25 (B) “Pupil records” does not mean any of the following:

26 (i) Deidentified information, including aggregated deidentified  
27 information, used by the third party to improve educational  
28 products, for adaptive learning purposes, and for customizing pupil  
29 learning.

30 (ii) Deidentified information, including aggregated deidentified  
31 information, used to demonstrate the effectiveness of the operator’s  
32 products in the marketing of those products.

33 (iii) Deidentified information, including aggregated deidentified  
34 information, used for the development and improvement of  
35 educational sites, services, or applications.

36 (6) “Third party” refers to a provider of digital educational  
37 software or services, including cloud-based services, for the digital  
38 storage, management, and retrieval of pupil records.

39 (e) If the provisions of this section are in conflict with the terms  
40 of a contract in effect before January 1, 2015, the provisions of

1 this section shall not apply to the local educational agency or the  
2 third party subject to that agreement until the expiration,  
3 amendment, or renewal of the agreement.

4 (f) Nothing in this section shall be construed to impose liability  
5 on a third party for content provided by any other third party.

6 (g) (1) Notwithstanding Chapter 3.5 (commencing with Section  
7 6250) of Division 7 of Title 1 of the Government Code, pupil  
8 records pursuant to this section are confidential, shall be used only  
9 to administer services provided under the applicable contract  
10 entered into pursuant to this section, shall not be open to the public  
11 for inspection, and shall not be disclosed without the written  
12 consent of the parent or legal guardian of the pupil, except as to  
13 administer services provided under the contract, or as otherwise  
14 required by California law or a state or federal court order.

15 (2) This subdivision does not prohibit the disclosure of aggregate  
16 data if it is disclosed in a manner that would prevent it from being  
17 used to determine the identities of the persons upon whom the data  
18 is based.

19 (3) This subdivision is binding upon local education agencies  
20 and third parties who enter into contracts under this section.

21 SEC. 4. Section 66021.6 of the Education Code is amended to  
22 read:

23 66021.6. (a) Notwithstanding any other law, and except as  
24 provided for in subdivision (b), the Trustees of the California State  
25 University and the Board of Governors of the California  
26 Community Colleges shall, and the Regents of the University of  
27 California are requested to, establish procedures and forms that  
28 enable persons who are exempt from paying nonresident tuition  
29 under Section 68130.5, or who meet equivalent requirements  
30 adopted by the regents, to apply for, and participate in, all student  
31 aid programs administered by these segments to the full extent  
32 permitted by federal law. The Legislature finds and declares that  
33 this section is a state law within the meaning of Section 1621(d)  
34 of Title 8 of the United States Code.

35 (b) The number of financial aid awards received by California  
36 resident students from financial aid programs administered by the  
37 segments shall not be diminished as a result of the application of  
38 subdivision (a). The University of California is requested to comply  
39 with this subdivision.

1 (c) Notwithstanding Chapter 3.5 (commencing with Section  
2 6250) of Division 7 of Title 1 of the Government Code, information  
3 provided by applicants for, or by recipients of, student aid programs  
4 to apply for, and participate in, all student aid programs  
5 administered by the segments pursuant to this section is  
6 confidential, shall be used only to administer these programs, and  
7 shall not be open to the public for inspection or disclosed without  
8 the written consent of the applicant or recipient of the aid, except  
9 as necessary to administer these programs, or as otherwise required  
10 by California law or a state or federal court order. This subdivision  
11 does not prohibit the disclosure of aggregate data if it is disclosed  
12 in a manner that would prevent it from being used to determine  
13 the identities of the persons upon whom the data is based.

14 SEC. 5. Section 66021.7 of the Education Code is amended to  
15 read:

16 66021.7. (a) Notwithstanding any other law, on and after  
17 January 1, 2012, a student attending the California State University,  
18 the California Community Colleges, or the University of California  
19 who is exempt from paying nonresident tuition under Section  
20 68130.5 shall be eligible to receive a scholarship that is derived  
21 from nonstate funds received, for the purpose of scholarships, by  
22 the segment at which he or she is a student. The Legislature finds  
23 and declares that this section is a state law within the meaning of  
24 subsection (d) of Section 1621 of Title 8 of the United States Code.

25 (b) Notwithstanding Chapter 3.5 (commencing with Section  
26 6250) of Division 7 of Title 1 of the Government Code, information  
27 provided by an applicant for, or by a recipient of, a scholarship  
28 pursuant to this section is confidential, shall be used only to  
29 administer the scholarship, shall not be open to the public for  
30 inspection, and shall not be disclosed without the written consent  
31 of the applicant or recipient, except as necessary to administer the  
32 scholarship, or as otherwise required by California law or a state  
33 or federal court order. This subdivision does not prohibit the  
34 disclosure of aggregate data if it is disclosed in a manner that would  
35 prevent it from being used to determine the identities of the persons  
36 upon whom the data is based.

37 SEC. 6. Section 68130.5 of the Education Code, as amended  
38 by Section 1 of Chapter 675 of the Statutes of 2014, is amended  
39 to read:

40 68130.5. Notwithstanding any other law:

1 (a) A student, other than a nonimmigrant alien within the  
2 meaning of paragraph (15) of subsection (a) of Section 1101 of  
3 Title 8 of the United States Code, who meets all of the following  
4 requirements shall be exempt from paying nonresident tuition at  
5 the California State University and the California Community  
6 Colleges:

7 (1) Satisfaction of either of the following:

8 (A) High school attendance in California for three or more years.

9 (B) Attainment of credits earned in California from a California  
10 high school equivalent to three or more years of full-time high  
11 school coursework and a total of three or more years of attendance  
12 in California elementary schools, California secondary schools,  
13 or a combination of those schools.

14 (2) Graduation from a California high school or attainment of  
15 the equivalent thereof.

16 (3) Registration as an entering student at, or current enrollment  
17 at, an accredited institution of higher education in California not  
18 earlier than the fall semester or quarter of the 2001–02 academic  
19 year.

20 (4) In the case of a person without lawful immigration status,  
21 the filing of an affidavit with the institution of higher education  
22 stating that the student has filed an application to legalize his or  
23 her immigration status, or will file an application as soon as he or  
24 she is eligible to do so.

25 (b) A student exempt from nonresident tuition under this section  
26 may be reported by a community college district as a full-time  
27 equivalent student for apportionment purposes.

28 (c) The Board of Governors of the California Community  
29 Colleges and the Trustees of the California State University shall  
30 prescribe rules and regulations for the implementation of this  
31 section.

32 (d) Notwithstanding Chapter 3.5 (commencing with Section  
33 6250) of Division 7 of Title 1 of the Government Code, information  
34 obtained in the implementation of this section is confidential, shall  
35 be used only to administer tuition payments pursuant to this section,  
36 shall not be open to the public for inspection, and shall not be  
37 disclosed without the written consent of the student, except as  
38 necessary to administer this section, or as otherwise required by  
39 California law or a state or federal court order. This subdivision  
40 does not prohibit the disclosure of aggregate data if it is disclosed

1 in a manner that would prevent it from being used to determine  
2 the identities of the persons upon whom the data is based.

3 *SEC. 6.5. Section 68130.5 of the Education Code, as amended*  
4 *by Section 1 of Chapter 675 of the Statutes of 2014, is amended*  
5 *to read:*

6 68130.5. Notwithstanding any other law:

7 (a) A student, other than a nonimmigrant alien within the  
8 meaning of paragraph (15) of subsection (a) of Section 1101 of  
9 Title 8 of the United States Code, ~~who meets all of the following~~  
10 ~~requirements~~ shall be exempt from paying nonresident tuition at  
11 the California State University and the California Community  
12 ~~Colleges~~. *Colleges if the student meets all of the following*  
13 *requirements:*

14 (1) Satisfaction of ~~either of the following~~; *the requirements of*  
15 *either subparagraph (A) or subparagraph (B):*

16 (A) *A total attendance of, or attainment of credits earned while*  
17 *in California equivalent to, three or more years of full-time*  
18 *attendance or attainment of credits at any of the following:*

19 ~~(A)~~

20 (i) ~~High school attendance in California for three or more years.~~  
21 *California high schools.*

22 (ii) *California high schools established by the State Board of*  
23 *Education.*

24 (iii) *California adult schools established by any of the following*  
25 *entities:*

26 (I) *A county office of education.*

27 (II) *A unified school district or high school district.*

28 (III) *The Department of Corrections and Rehabilitation.*

29 (iv) *Campuses of the California Community Colleges.*

30 (v) *A combination of those schools set forth in clauses (i) to*  
31 *(iv), inclusive.*

32 (B) ~~Attainment of credits earned in California from a California~~  
33 ~~high school equivalent to three~~ *Three or more years of full-time*  
34 ~~high school coursework~~ *coursework*, and a total of three or more  
35 years of attendance in California elementary schools, California  
36 secondary schools, or a combination of ~~those~~ *California elementary*  
37 *and secondary schools.*

38 (C) (i) *Full-time attendance at a campus of the California*  
39 *Community Colleges counted towards the requirements of this*  
40 *paragraph shall comprise either a minimum of 12 units of credit*

1 *per semester or quarter equivalent per year or a minimum of 420*  
 2 *class hours per year or semester or quarter equivalent per year*  
 3 *in noncredit courses authorized pursuant to Section 84757.*  
 4 *Attendance in credit courses at a campus of the California*  
 5 *Community Colleges counted towards the requirements of this*  
 6 *paragraph shall not exceed a total attendance of two years of*  
 7 *full-time attendance.*

8 *(ii) Full-time attendance at a California adult school counted*  
 9 *towards the requirements of this paragraph shall be a minimum*  
 10 *of 420 class hours of attendance for each school year in classes*  
 11 *or courses authorized pursuant to Section 41976 or Sections 2053*  
 12 *to 2054.2, inclusive, of the Penal Code.*

13 *(2) Satisfaction of any of the following:*

14 ~~(2)~~

15 *(A) Graduation from a California high school or attainment of*  
 16 *the equivalent thereof.*

17 *(B) Attainment of an associate degree from a campus of the*  
 18 *California Community Colleges.*

19 *(C) Fulfillment of the minimum transfer requirements*  
 20 *established for the University of California or the California State*  
 21 *University for students transferring from a campus of the*  
 22 *California Community Colleges.*

23 *(3) Registration as an entering student at, or current enrollment*  
 24 *at, an accredited institution of higher education in California not*  
 25 *earlier than the fall semester or quarter of the 2001–02 academic*  
 26 *year.*

27 *(4) In the case of a person without lawful immigration status,*  
 28 *the filing of an affidavit with the institution of higher education*  
 29 *stating that the student has filed an application to legalize his or*  
 30 *her immigration status, or will file an application as soon as he or*  
 31 *she is eligible to do so.*

32 *(b) A student who is exempt from nonresident tuition under this*  
 33 *section may be reported by a community college district as a*  
 34 *full-time equivalent student for apportionment purposes.*

35 *(c) The Board of Governors of the California Community*  
 36 *Colleges and the Trustees of the California State University shall*  
 37 *prescribe rules and regulations for the implementation of this*  
 38 *section.*

39 ~~*(d) Student*~~ *Notwithstanding Chapter 3.5 (commencing with*  
 40 *Section 6250) of Division 7 of Title 1 of the Government Code,*

1 information obtained in the implementation of this section is  
2 ~~confidential~~. *confidential, shall be used only to administer tuition*  
3 *payments pursuant to this section, shall not be open to the public*  
4 *for inspection, and shall not be disclosed without the written*  
5 *consent of the student, except as necessary to administer this*  
6 *section, or as otherwise required by California law or a state or*  
7 *federal court order. This subdivision does not prohibit the*  
8 *disclosure of aggregate data if it is disclosed in a manner that*  
9 *would prevent it from being used to determine the identities of the*  
10 *persons upon whom the data is based.*

11 SEC. 7. Section 69508.5 of the Education Code is amended to  
12 read:

13 69508.5. (a) Notwithstanding any other law, and except as  
14 provided for in subdivision (c), a student who meets the  
15 requirements of subdivision (a) of Section 68130.5, or who meets  
16 equivalent requirements adopted by the Regents of the University  
17 of California, is eligible to apply for, and participate in, any student  
18 financial aid program administered by the State of California to  
19 the full extent permitted by federal law. The Legislature finds and  
20 declares that this section is a state law within the meaning of  
21 Section 1621(d) of Title 8 of the United States Code.

22 (b) Notwithstanding any other law, the Student Aid Commission  
23 shall establish procedures and forms that enable students who are  
24 exempt from paying nonresident tuition under Section 68130.5,  
25 or who meet equivalent requirements adopted by the regents, to  
26 apply for, and participate in, all student financial aid programs  
27 administered by the State of California to the full extent permitted  
28 by federal law.

29 (c) A student who is exempt from paying nonresident tuition  
30 under Section 68130.5 shall not be eligible for Competitive Cal  
31 Grant A and B Awards unless funding remains available after all  
32 California students not exempt pursuant to Section 68130.5 have  
33 received Competitive Cal Grant A and B Awards for which they  
34 are eligible.

35 (d) Notwithstanding Chapter 3.5 (commencing with Section  
36 6250) of Division 7 of Title 1 of the Government Code, information  
37 provided by an applicant for, or by a recipient of, a student financial  
38 aid program administered by the state is confidential, shall be used  
39 only to administer the program, shall not be open to the public for  
40 inspection, and shall not be disclosed without the written consent

1 of the applicant or recipient of the aid, except as necessary to  
2 administer the program, or as otherwise required by California law  
3 or a state or federal court order. This subdivision does not prohibit  
4 the disclosure of aggregate data if it is disclosed in a manner that  
5 would prevent it from being used to determine the identities of the  
6 persons upon whom the data is based.

7 SEC. 8. Section 70036 of the Education Code is amended to  
8 read:

9 70036. Each participating institution is responsible for all the  
10 following:

11 (a) The participating institution shall determine a student's  
12 eligibility for a DREAM loan.

13 (b) The participating institution shall award DREAM loan funds  
14 to students.

15 (c) The participating institution shall provide entrance and exit  
16 loan counseling to borrowers that is generally comparable to that  
17 required by federal student loan programs.

18 (d) The participating institution shall service DREAM loans,  
19 collect DREAM loan repayments, and perform all of the due  
20 diligence required by the federal Fair Credit Reporting Act (15  
21 U.S.C. Sec. 1681 et seq.).

22 (e) The participating institution shall establish mechanisms for  
23 recording the annual amount of the DREAM loan borrowed by  
24 each recipient, and the aggregate amount of DREAM loans  
25 borrowed by each recipient, in order to comply with the annual  
26 and aggregate borrowing limits set forth in Section 70034.

27 (f) Notwithstanding Chapter 3.5 (commencing with Section  
28 6250) of Division 7 of Title 1 of the Government Code, student  
29 information obtained through the application, receipt, or use of  
30 DREAM loans pursuant to this article is confidential, shall be used  
31 only to administer DREAM loans, shall not be open to the public  
32 for inspection, and shall not be disclosed without the written  
33 consent of the student, except as necessary to administer DREAM  
34 loans, or as otherwise required by California law or a state or  
35 federal court order. This subdivision does not prohibit the  
36 disclosure of aggregate data if it is disclosed in a manner that would  
37 prevent it from being used to determine the identities of the persons  
38 upon whom the data is based.

39 SEC. 9. Section 99155 of the Education Code is amended to  
40 read:



1 99155. (a) A test sponsor shall provide alternative methods to  
2 verify the identity of those test subjects who are unable to provide  
3 the required identification for purposes of admitting a test subject  
4 to take a standardized test administered by the sponsor.

5 (b) A test sponsor shall clearly post on the test sponsor's Internet  
6 Web site contact information for test subjects who are unable to  
7 provide the required identification and who need further assistance.

8 (c) Test sponsors may require test subjects to obtain approval  
9 from the test sponsor in advance of the test registration deadline  
10 in order to be admitted to the test with an alternative form of  
11 identification.

12 (d) Notwithstanding Chapter 3.5 (commencing with Section  
13 6250) of Division 7 of Title 1 of the Government Code, information  
14 obtained from test subjects to verify identity is confidential, shall  
15 be used only to administer the tests, shall not be open to the public  
16 for inspection, and shall not be disclosed without the written  
17 consent of the test subject, except as necessary to administer the  
18 tests, or as otherwise required by California law or a state or federal  
19 court order. This subdivision does not prohibit the disclosure of  
20 aggregate data if it is disclosed in a manner that would prevent it  
21 from being used to determine the identities of the persons upon  
22 whom the data is based.

23 SEC. 10. Section 128371 of the Health and Safety Code is  
24 amended to read:

25 128371. (a) The Legislature finds and declares that it is in the  
26 best interest of the State of California to provide persons who are  
27 not lawfully present in the United States with the state benefits  
28 provided by those programs listed in subdivision (d), and therefore,  
29 enacts this section pursuant to Section 1621(d) of Title 8 of the  
30 United States Code.

31 (b) A program listed in subdivision (d) shall not deny an  
32 application based on the citizenship status or immigration status  
33 of the applicant.

34 (c) For any program listed in subdivision (d), when mandatory  
35 disclosure of a social security number is required, an applicant  
36 shall provide his or her social security number, if one has been  
37 issued, or an individual tax identification number that has been or  
38 will be submitted. Information about or provided by an applicant  
39 for a program listed in subdivision (d) is exempt from disclosure  
40 under the California Public Records Act (Chapter 3.5 (commencing

1 with Section 6250) of Division 7 of Title 1 of the Government  
2 Code) and is confidential, and shall be used only as required to  
3 assess eligibility for, or to administer, the programs, and may not  
4 be disclosed for any other purpose without the written consent of  
5 the applicant, except as required by California law or pursuant to  
6 court order. This subdivision does not prohibit the disclosure of  
7 aggregate data if it is disclosed in a manner that would prevent it  
8 from being used to determine the identities of the persons upon  
9 whom the data is based.

10 (d) This section shall apply to all of the following:

11 (1) Programs supported through the Health Professions  
12 Education Fund pursuant to Section 128355.

13 (2) The Registered Nurse Education Fund created pursuant to  
14 Section 128400.

15 (3) The Mental Health Practitioner Education Fund created  
16 pursuant to Section 128458.

17 (4) The Vocational Nurse Education Fund created pursuant to  
18 Section 128500.

19 (5) The Medically Underserved Account for Physicians created  
20 pursuant to Section 128555.

21 (6) Loan forgiveness and scholarship programs created pursuant  
22 to Section 5820 of the Welfare and Institutions Code.

23 (7) The Song-Brown Health Care Workforce Training Act  
24 created pursuant to Article 1 (commencing with Section 128200)  
25 of Chapter 4.

26 (8) To the extent permitted under federal law, the program  
27 administered by the office pursuant to the federal National Health  
28 Service Corps State Loan Repayment Program (42 U.S.C. Sec.  
29 254q-1), commonly known as the California State Loan Repayment  
30 Program.

31 (9) The programs administered by the office pursuant to the  
32 Health Professions Career Opportunity Program (Section 127885),  
33 commonly known as the Mini Grants Program, and California's  
34 Student/Resident Experiences and Rotations in Community Health,  
35 commonly known as the Cal-SEARCH program.

36 SEC. 11. Section 12800.7 of the Vehicle Code, as amended  
37 by Section 23 of Chapter 20 of the Statutes of 2017, is amended  
38 to read:

39 12800.7. (a) Upon application for an original, renewal, or  
40 duplicate of a driver's license the department may require the

1 applicant to produce any identification that it determines is  
2 necessary in order to ensure that the name of the applicant stated  
3 in the application is his or her true, full name and that his or her  
4 residence address as set forth in the application is his or her true  
5 residence address.

6 (b) Notwithstanding any other law, any document provided by  
7 the applicant to the department for purposes of proving the  
8 applicant's identity, true, full name, California residency, or that  
9 the applicant's presence in the United States is authorized under  
10 federal law, is not a public record and may not be disclosed by the  
11 department except in response to a subpoena for individual records  
12 in a state criminal proceeding or a court order.

13 SEC. 12. Section 12801.9 of the Vehicle Code is amended to  
14 read:

15 12801.9. (a) Notwithstanding Section 12801.5, the department  
16 shall issue an original driver's license to a person who is unable  
17 to submit satisfactory proof that the applicant's presence in the  
18 United States is authorized under federal law if he or she meets  
19 all other qualifications for licensure and provides satisfactory proof  
20 to the department of his or her identity and California residency.

21 (b) The department shall adopt emergency regulations to carry  
22 out the purposes of this section, including, but not limited to,  
23 procedures for (1) identifying documents acceptable for the  
24 purposes of proving identity and California residency, (2)  
25 procedures for verifying the authenticity of the documents, (3)  
26 issuance of a temporary license pending verification of any  
27 document's authenticity, and (4) hearings to appeal a denial of a  
28 license or temporary license.

29 (c) Emergency regulations adopted for purposes of establishing  
30 the documents acceptable to prove identity and residency pursuant  
31 to subdivision (b) shall be promulgated by the department in  
32 consultation with appropriate interested parties, in accordance with  
33 the Administrative Procedure Act (Chapter 3.5 (commencing with  
34 Section 11340) of Part 1 of Division 3 of Title 2 of the Government  
35 Code), including law enforcement representatives, immigrant rights  
36 representatives, labor representatives, and other stakeholders,  
37 which may include, but are not limited to, the Department of the  
38 California Highway Patrol, the California State Sheriffs'  
39 Association, and the California Police Chiefs Association. The

1 department shall accept various types of documentation for this  
2 purpose, including, but not limited to, the following documents:

3 (1) A valid, unexpired consular identification document issued  
4 by a consulate from the applicant's country of citizenship, or a  
5 valid, unexpired passport from the applicant's country of  
6 citizenship.

7 (2) An original birth certificate, or other proof of age, as  
8 designated by the department.

9 (3) A home utility bill, lease or rental agreement, or other proof  
10 of California residence, as designated by the department.

11 (4) The following documents, which, if in a language other than  
12 English, shall be accompanied by a certified translation or an  
13 affidavit of translation into English:

14 (A) A marriage license or divorce certificate.

15 (B) A foreign federal electoral photo card issued on or after  
16 January 1, 1991.

17 (C) A foreign driver's license.

18 (5) A United States Department of Homeland Security Form  
19 I-589, Application for Asylum and for Withholding of Removal.

20 (6) An official school or college transcript that includes the  
21 applicant's date of birth, or a foreign school record that is sealed  
22 and includes a photograph of the applicant at the age the record  
23 was issued.

24 (7) A United States Department of Homeland Security Form  
25 I-20 or Form DS-2019.

26 (8) A deed or title to real property.

27 (9) A property tax bill or statement issued within the previous  
28 12 months.

29 (10) An income tax return.

30 (d) (1) A license issued pursuant to this section, including a  
31 temporary license issued pursuant to Section 12506, shall include  
32 a recognizable feature on the front of the card, such as the letters  
33 "DP" instead of, and in the same font size as, the letters "DL,"  
34 with no other distinguishable feature.

35 (2) The license shall bear the following notice: "This card is  
36 not acceptable for official federal purposes. This license is issued  
37 only as a license to drive a motor vehicle. It does not establish  
38 eligibility for employment, voter registration, or public benefits."

39 (3) The notice described in paragraph (2) shall be in lieu of the  
40 notice provided in Section 12800.5.

1 (e) If the United States Department of Homeland Security  
2 determines a license issued pursuant to this section does not satisfy  
3 the requirements of Section 37.71 of Title 6 of the Code of Federal  
4 Regulations, adopted pursuant to paragraph (11) of subdivision  
5 (d) of Section 202 of the Real ID Act of 2005 (Public Law 109-13),  
6 the department shall modify the license only to the extent necessary  
7 to satisfy the requirements of that section.

8 (f) Notwithstanding Section 40300 or any other law, a peace  
9 officer shall not detain or arrest a person solely on the belief that  
10 the person is an unlicensed driver, unless the officer has reasonable  
11 cause to believe the person driving is under 16 years of age.

12 (g) The inability to obtain a driver's license pursuant to this  
13 section does not abrogate or diminish in any respect the legal  
14 requirement of every driver in this state to obey the motor vehicle  
15 laws of this state, including laws with respect to licensing, motor  
16 vehicle registration, and financial responsibility.

17 (h) It is a violation of law to discriminate against a person  
18 because he or she holds or presents a license issued under this  
19 section, including, but not limited to, the following:

20 (1) It is a violation of the Unruh Civil Rights Act (Section 51  
21 of the Civil Code), for a business establishment to discriminate  
22 against a person because he or she holds or presents a license issued  
23 under this section.

24 (2) (A) It is a violation of the California Fair Employment and  
25 Housing Act (Part 2.8 (commencing with Section 12900) of  
26 Division 3 of Title 2 of the Government Code) for an employer or  
27 other covered person or entity, pursuant to Section 12940 of the  
28 Government Code and subdivision (v) of Section 12926 of the  
29 Government Code, to discriminate against a person because the  
30 person holds or presents a driver's license issued pursuant to this  
31 section, or for an employer or other covered entity to require a  
32 person to present a driver's license, unless possessing a driver's  
33 license is required by law or is required by the employer and the  
34 employer's requirement is otherwise permitted by law. This section  
35 shall not be construed to limit or expand an employer's authority  
36 to require a person to possess a driver's license.

37 (B) Notwithstanding subparagraph (A), this section shall not  
38 be construed to alter an employer's rights or obligations under  
39 Section 1324a of Title 8 of the United States Code regarding  
40 obtaining documentation evidencing identity and authorization for

1 employment. An action taken by an employer that is required by  
2 the federal Immigration and Nationality Act (8 U.S.C. Sec. 1324a)  
3 is not a violation of law.

4 (3) It is a violation of Section 11135 of the Government Code  
5 for a state or local governmental authority, agent, or person acting  
6 on behalf of a state or local governmental authority, or a program  
7 or activity that is funded directly or receives financial assistance  
8 from the state, to discriminate against an individual because he or  
9 she holds or presents a license issued pursuant to this section,  
10 including by notifying another law enforcement agency of the  
11 individual's identity or that the individual carries a license issued  
12 under this section if a notification is not required by law or would  
13 not have been provided if the individual held a license issued  
14 pursuant to Section 12801.

15 (i) Driver's license information obtained by an employer shall  
16 be treated as private and confidential, is exempt from disclosure  
17 under the California Public Records Act (Chapter 3.5 (commencing  
18 with Section 6250) of Division 7 of Title 1 of the Government  
19 Code), and shall not be disclosed to any unauthorized person or  
20 used for any purpose other than to establish identity and  
21 authorization to drive.

22 (j) Information collected pursuant to this section is not a public  
23 record and shall not be disclosed by the department, except in  
24 response to a subpoena for individual records in a state criminal  
25 proceeding or a court order.

26 (k) A license issued pursuant to this section shall not be used  
27 as evidence of an individual's citizenship or immigration status  
28 for any purpose.

29 (l) On or before January 1, 2018, the California Research Bureau  
30 shall compile and submit to the Legislature and the Governor a  
31 report of any violations of subdivisions (h) and (k). Information  
32 pertaining to any specific individual shall not be provided in the  
33 report.

34 (m) In addition to the fees required by Section 14900, a person  
35 applying for an original license pursuant to this section may be  
36 required to pay an additional fee determined by the department  
37 that is sufficient to offset the reasonable administrative costs of  
38 implementing the provisions of the act that added this section. If  
39 this additional fee is assessed, it shall only apply until June 30,  
40 2017.

1 (n) This section shall become operative on January 1, 2015, or  
2 on the date that the director executes a declaration pursuant to  
3 Section 12801.11, whichever is sooner.

4 (o) This section shall become inoperative on the effective date  
5 of a final judicial determination made by any court of appellate  
6 jurisdiction that any provision of the act that added this section,  
7 or its application, either in whole or in part, is enjoined, found  
8 unconstitutional, or held invalid for any reason. The department  
9 shall post this information on its Internet Web site.

10 SEC. 13. Section 13005.1 is added to the Vehicle Code, to  
11 read:

12 13005.1. (a) Information or documents obtained by a city,  
13 county, or other local agency for the purpose of issuing a local  
14 identification card shall be used only for the purposes of  
15 administering the identification card program or policy. This  
16 information, including the name and address of any person who  
17 applies for or is issued a local identification card, is exempt from  
18 disclosure under the California Public Records Act (Chapter 3.5  
19 (commencing with Section 6250) of Division 7 of Title 1 of the  
20 Government Code), shall not be open to the public for inspection,  
21 and shall not be disclosed except as required to administer the  
22 program, or as otherwise required by California law, any local law  
23 governing the identification card program, or court order. This  
24 section does not prohibit the disclosure of aggregate data if it is  
25 disclosed in a manner that would prevent it from being used to  
26 determine the identities of the persons upon whom the data is  
27 based.

28 (b) The Legislature hereby finds and declares that protecting  
29 the privacy of the residents of this state is an important matter of  
30 statewide concern. This section shall therefore apply equally to all  
31 cities and counties in this state, including charter cities and charter  
32 counties.

33 SEC. 14. Section 204 of the Welfare and Institutions Code is  
34 amended to read:

35 204. Notwithstanding any other law, except law governing the  
36 retention and storage of data, a family law court and a court hearing  
37 a probate guardianship matter shall, upon request from the juvenile  
38 court in any county, provide to the court all available information  
39 the court deems necessary to make a determination regarding the  
40 best interest of a child, as described in Section 202, who is the

1 subject of a proceeding before the juvenile court pursuant to this  
2 division. The information shall also be released to a child protective  
3 services worker or juvenile probation officer acting within the  
4 scope of his or her duties in that proceeding. Any information  
5 released pursuant to this section that is confidential pursuant to  
6 any other law shall remain confidential. All confidential  
7 information shall be used only for the purpose of serving the best  
8 interest of the child in juvenile court, and may not be released,  
9 except to the extent necessary to comply with this section. No  
10 records shared pursuant to this section may be disclosed to any  
11 party in a case unless the party requests the agency or court that  
12 originates the record to release these records and the request is  
13 granted. In counties that provide confidential family law mediation,  
14 or confidential dependency mediation, those mediations are not  
15 covered by this section.

16 SEC. 15. Section 1905 of the Welfare and Institutions Code is  
17 amended to read:

18 1905. (a) Each youth service bureau funded under this article  
19 shall maintain accurate and complete case records, reports,  
20 statistics, and other information necessary for the conduct of its  
21 programs; establish appropriate written policies and procedures  
22 to protect the confidentiality of individual client records; and  
23 submit monthly reports to the Division of Juvenile Justice  
24 concerning services and activities.

25 (b) Individual client information shall be collected, recorded,  
26 and used only for the purpose of administering youth services.  
27 Client information and records are exempt from disclosure under  
28 the California Public Records Act (Chapter 3.5 (commencing with  
29 Section 6250) of Division 7 of Title 1 of the Government Code),  
30 are confidential, and may not be disclosed except as required to  
31 administer youth services or as required by law or court order.

32 SEC. 16. Section 17852 is added to the Welfare and Institutions  
33 Code, to read:

34 17852. (a) A city, county, city and county, or hospital district  
35 may collect information for the purposes of this part only as  
36 required to assess eligibility for, or to administer, the public  
37 services or programs requested or used by the person seeking the  
38 services.

39 (b) All types of information, whether written or oral, concerning  
40 a person made or kept by any public officer or agency for the



1 purpose of assessing eligibility for, or administering the services  
2 authorized by, this part are exempt from disclosure under the  
3 California Public Records Act (Chapter 3.5 (commencing with  
4 Section 6250) of Division 7 of Title 1 of the Government Code),  
5 are confidential, and may not be disclosed except as required to  
6 administer the services or as required by California law, or as  
7 required by a federal or state court order.

8 (c) This section shall not prohibit the sharing of data as long as  
9 it is disclosed in a manner that could not be used to determine the  
10 identities of the persons to whom the data pertains, alone, or in  
11 combination with other data.

12 (d) This section shall not prohibit the sharing of personal  
13 information when the subject of that information has provided  
14 signed, written consent allowing the information to be provided  
15 to the person requesting the information.

16 SEC. 17. The Legislature finds and declares that this act  
17 imposes a limitation on the public's right of access to the meetings  
18 of public bodies or the writings of public officials and agencies  
19 within the meaning of Section 3 of Article I of the California  
20 Constitution. Pursuant to that constitutional provision, the  
21 Legislature makes the following findings to demonstrate the interest  
22 protected by this limitation and the need for protecting that interest:

23 This act strikes an appropriate balance between the public's right  
24 to access information about the conduct of their government  
25 agencies and the need to protect the personal information of private  
26 individuals who participate in public programs or receive public  
27 services.

28 SEC. 18. The Legislature finds and declares that Sections 1 to  
29 6, inclusive, and Sections 13 and 15 of this act, which amend  
30 Section 30 of the Business and Professions Code, amend Sections  
31 48204.1, 49073.1, 66021.6, 66021.7, and 68130.5 of the Education  
32 Code, add Section 13005.1 to the Vehicle Code, and amend Section  
33 1905 of the Welfare and Institutions Code, respectively, further,  
34 within the meaning of paragraph (7) of subdivision (b) of Section  
35 3 of Article I of the California Constitution, the purposes of that  
36 constitutional section as it relates to the right of public access to  
37 the meetings of local public bodies or the writings of local public  
38 officials and local agencies. Pursuant to paragraph (7) of  
39 subdivision (b) of Section 3 of Article I of the California  
40 Constitution, the Legislature makes the following findings:

1 This act strikes an appropriate balance between the public's right  
2 to access information about the conduct of their government  
3 agencies and the need to protect the personal information of private  
4 individuals who participate in public programs or receive public  
5 services.

6 *SEC. 19. Section 1.5 of this bill incorporates amendments to*  
7 *Section 30 of the Business and Professions Code proposed by both*  
8 *this bill and Senate Bill 173. That section of this bill shall only*  
9 *become operative if (1) both bills are enacted and become effective*  
10 *on or before January 1, 2018, (2) each bill amends Section 30 of*  
11 *the Business and Professions Code, and (3) this bill is enacted*  
12 *after Senate Bill 173, in which case Section 1 of this bill shall not*  
13 *become operative.*

14 *SEC. 20. Section 6.5 of this bill incorporates amendments to*  
15 *Section 68130.5 of the Education Code proposed by both this bill*  
16 *and Senate Bill 68. That section of this bill shall only become*  
17 *operative if (1) both bills are enacted and become effective on or*  
18 *before January 1, 2018, (2) each bill amends Section 68130.5 of*  
19 *the Education Code, and (3) this bill is enacted after Senate Bill*  
20 *68, in which case Section 6 of this bill shall not become operative.*

21 ~~SEC. 19.~~

22 *SEC. 21. No reimbursement is required by this act pursuant*  
23 *to Section 6 of Article XIII B of the California Constitution because*  
24 *the only costs that may be incurred by a local agency or school*  
25 *district under this act would result from a legislative mandate that*  
26 *is within the scope of paragraph (7) of subdivision (b) of Section*  
27 *3 of Article I of the California Constitution.*

AMENDED IN SENATE APRIL 20, 2017

AMENDED IN SENATE MARCH 28, 2017

**SENATE BILL**

**No. 486**

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**Introduced by Senator Monning  
(Coauthors: Senators Berryhill, Hill, and Moorlach)**

February 16, 2017

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An act to amend Sections 7099.2 and 7124.6 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 486, as amended, Monning. Contractors' State License Law: letter of admonishment.

(1) Existing law, the Contractors' State License Law, provides for the licensure and regulation of contractors by the Contractors' State License Board. Existing law also provides for the registration and regulation of home improvement salespersons by the board. Existing law requires the board to appoint a registrar of contractors who is the executive officer and secretary of the board and is responsible for carrying out specified administrative duties. If, upon investigation, the registrar has probable cause to believe that a licensee or an applicant for a license under existing law has committed any acts or omissions that are grounds for denial, revocation, or suspension of license, he or she, in lieu of a specified proceeding, may issue a citation to the licensee or applicant.

This bill would authorize the registrant to issue a written and detailed letter of admonishment to an applicant, licensee, or registrant instead of issuing a citation if, upon investigation, the registrar has probable cause to believe that a licensee, registrant, or applicant has committed acts or omissions that are grounds for denial, suspension, or revocation

of a license or registration. The bill would require the letter to inform the applicant, licensee, or registrant that he or she may submit a written request for an office conference to contest the letter of admonishment, subject to specified procedures, including a process to appeal a decision, or comply with the letter, as provided. *The bill would prohibit the board from issuing a letter of admonishment when specified factors are present. The bill would authorize the board to adopt regulations to further define the circumstances under which a letter of admonishment may be issued.*

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.

The bill would distinguish a letter of admonishment from a complaint resolved in favor of the contractor and would require a letter of admonishment to be disclosed for a year.

(2) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

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. It is the intent of the Legislature that the  
2 Contractors' State License Board only issue letters of  
3 admonishment to applicants, licensees, or registrants for minor  
4 violations that do not involve financial harm to the consumer and  
5 do not result in serious illness or injury.

6 SEC. 2. Section 7099.2 of the Business and Professions Code  
7 is amended to read:

8 7099.2. (a) The board shall promulgate regulations covering  
9 the assessment of civil penalties under this article that give due  
10 consideration to the appropriateness of the penalty with respect to  
11 the following factors:

12 (1) The gravity of the violation.

1 (2) The good faith of the licensee or applicant for licensure  
2 being charged.

3 (3) The history of previous violations.

4 (b) Except as otherwise provided by this chapter, no civil penalty  
5 shall be assessed in an amount greater than five thousand dollars  
6 (\$5,000). Notwithstanding Section 125.9, a civil penalty not to  
7 exceed fifteen thousand dollars (\$15,000) may be assessed for a  
8 violation of Section 7114 or 7118.

9 (c) If, upon investigation, the registrar has probable cause to  
10 believe that a licensee, registrant, or applicant has committed acts  
11 or omissions that are grounds for denial, suspension, or revocation  
12 of a license or registration, the registrar, or his or her designee,  
13 may issue a letter of admonishment to an applicant, licensee, or  
14 registrant in lieu of issuing a citation. Nothing in this article shall  
15 in any way limit the registrar's discretionary authority or ability  
16 to issue a letter of admonishment as prescribed by this subdivision.

17 (1) The letter of admonishment shall be in writing and shall  
18 describe in detail the nature and facts of the violation, including a  
19 reference to the statutes or regulations violated. The letter of  
20 admonishment shall inform the licensee, registrant, or applicant  
21 that within 30 days of service of the letter of admonishment the  
22 licensee, registrant, or applicant may do either of the following:

23 (A) Submit a written request for an office conference to the  
24 registrar to contest the letter of admonishment. Upon a timely  
25 request, the registrar, or his or her designee, shall hold an office  
26 conference with the licensee, registrant, or applicant and, if  
27 applicable, his or her legal counsel or authorized representative.

28 (i) No individual other than the legal counsel or authorized  
29 representative of the licensee, registrant, or applicant may  
30 accompany the licensee, registrant, or applicant to the office  
31 conference.

32 (ii) Prior to or at the office conference, the licensee, registrant,  
33 or applicant may submit to the registrar declarations and documents  
34 pertinent to the subject matter of the letter of admonishment.

35 (iii) The office conference is intended to be informal and shall  
36 not be subject to the Administrative Procedure Act (Chapter 4.5  
37 (commencing with Section 11400) or Chapter 5 (commencing with  
38 Section 11500) of Part 1 of Division 3 of Title 2 of the Government  
39 Code).

1 (iv) After the office conference, the registrar, or his or her  
2 designee, may affirm, modify, or withdraw the letter of  
3 admonishment. Within 14 calendar days from the date of the office  
4 conference, the registrar, or his or her designee, shall personally  
5 serve or send the written decision by certified mail to the licensee's,  
6 registrant's, or applicant's address of record. This decision shall  
7 be deemed the final administrative decision concerning the letter  
8 of admonishment.

9 (v) Judicial review of the decision may be had by filing a petition  
10 for a writ of mandate in accordance with the provisions of Section  
11 1094.5 of the Code of Civil Procedure within 30 days after the  
12 date the decision was personally served or sent by certified mail.  
13 The judicial review shall extend to the question of whether or not  
14 there was a prejudicial abuse of discretion in the issuance of the  
15 letter of admonishment or in the decision after the office  
16 conference.

17 (B) Comply with the letter of admonishment and, if required,  
18 submit a written corrective action plan to the registrar documenting  
19 compliance. If an office conference is not requested pursuant to  
20 this section, compliance with the letter of admonishment shall not  
21 constitute an admission of the violation noted in the letter of  
22 admonishment.

23 (2) The letter of admonishment shall be served upon the licensee,  
24 registrant, or applicant personally or by certified mail at his or her  
25 address of record with the board. If the licensee, registrant, or  
26 applicant is served by certified mail, service shall be effective upon  
27 deposit in the United States mail.

28 (3) The licensee, registrant, or applicant shall maintain and have  
29 readily available a copy of the letter of admonishment and  
30 corrective action plan, if any, for at least one year from the date  
31 of issuance of the letter of admonishment.

32 (4) Nothing in this subdivision shall in any way limit the board's  
33 authority or ability to do either of the following:

34 (A) Issue a citation pursuant to Section 125.9, 148, or 7099.

35 (B) Institute disciplinary proceedings pursuant to this article.

36 (5) The issuance of a letter of admonishment shall not be  
37 construed as a disciplinary action or discipline for purposes of  
38 licensure or the reporting of discipline for licensure.

39 (6) *The board shall not issue a letter of admonishment when*  
40 *any one of the following factors is present:*

1 (A) *The licensee, registrant, or applicant was unlicensed at the*  
2 *time of the violation.*

3 (B) *Multiple violations have been established.*

4 (C) *The licensee, registrant, or applicant has a history of the*  
5 *same or similar violations.*

6 (D) *The violation resulted in financial harm to another.*

7 (E) *The victim is an elder or dependent adult as defined in*  
8 *Section 368 of the Penal Code.*

9 (F) *The violation is related to the repair of damage caused by*  
10 *a natural disaster.*

11 (7) *The board may adopt regulations to further define the*  
12 *circumstances under which a letter of admonishment may be issued.*

13 SEC. 3. Section 7124.6 of the Business and Professions Code  
14 is amended to read:

15 7124.6. (a) The registrar shall make available to members of  
16 the public the date, nature, and status of all complaints on file  
17 against a licensee that do either of the following:

18 (1) Have been referred for accusation.

19 (2) Have been referred for investigation after a determination  
20 by board enforcement staff that a probable violation has occurred,  
21 and have been reviewed by a supervisor, and regard allegations  
22 that if proven would present a risk of harm to the public and would  
23 be appropriate for suspension or revocation of the contractor's  
24 license or criminal prosecution.

25 (b) The board shall create a disclaimer that shall accompany  
26 the disclosure of a complaint that shall state that the complaint is  
27 an allegation. The disclaimer may also contain any other  
28 information the board determines would be relevant to a person  
29 evaluating the complaint.

30 (c) (1) A complaint resolved in favor of the contractor shall not  
31 be subject to disclosure.

32 (2) A complaint resolved by issuance of a letter of  
33 admonishment pursuant to Section 7099.2 shall not be deemed  
34 resolved in favor of the contractor for the purposes of this section.  
35 A letter of admonishment issued to a licensee shall be disclosed  
36 for a period of one year from the date described in paragraph (2)  
37 of subdivision (c) of Section 7099.2.

38 (d) Except as described in subdivision (e), the registrar shall  
39 make available to members of the public the date, nature, and  
40 disposition of all legal actions.

1 (e) Disclosure of legal actions shall be limited as follows:

2 (1) (A) Citations shall be disclosed from the date of issuance  
3 and for five years after the date of compliance if no additional  
4 disciplinary actions have been filed against the licensee during the  
5 five-year period. If additional disciplinary actions were filed against  
6 the licensee during the five-year period, all disciplinary actions  
7 shall be disclosed for as long as the most recent disciplinary action  
8 is subject to disclosure under this section. At the end of the  
9 specified time period, those citations shall no longer be disclosed.

10 (B) Any disclosure pursuant to this paragraph shall also appear  
11 on the license record of any other license identified as a qualifier  
12 as defined in Section 7025 who is listed in the members of the  
13 personnel of record as defined in Section 7025 of the license that  
14 was issued the citation.

15 (C) The disclosure described in subparagraph (B) shall be for  
16 the period of disclosure of the citation.

17 (2) Accusations that result in suspension, stayed suspension, or  
18 stayed revocation of the contractor's license shall be disclosed  
19 from the date the accusation is filed and for seven years after the  
20 accusation has been settled, including the terms and conditions of  
21 probation if no additional disciplinary actions have been filed  
22 against the licensee during the seven-year period. If additional  
23 disciplinary actions were filed against the licensee during the  
24 seven-year period, all disciplinary actions shall be posted for as  
25 long as the most recent disciplinary action is subject to disclosure  
26 under this section. At the end of the specified time period, those  
27 accusations shall no longer be disclosed.

28 (3) All revocations that are not stayed shall be disclosed  
29 indefinitely from the effective date of the revocation.

30 SEC. 4. The Legislature finds and declares that Section 3 of  
31 this act, which amends Section 7124.6 of the Business and  
32 Professions Code, imposes a limitation on the public's right of  
33 access to the meetings of public bodies or the writings of public  
34 officials and agencies within the meaning of Section 3 of Article  
35 I of the California Constitution. Pursuant to that constitutional  
36 provision, the Legislature makes the following findings to  
37 demonstrate the interest protected by this limitation and the need  
38 for protecting that interest:

39 In order to allow the Contractors' State License Board to fully  
40 accomplish its regulatory and disciplinary goals for minor



- 1 violations, it is necessary to limit access to the letters of
- 2 admonishment.

**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** SB 486 (Monning)  
**Status/Location:** Amended 4/20/17 – Governor’s Desk  
**Sponsor:** Contractors State License Board  
**Subject:** Letter of Admonishment  
**Code Section:** Business & Professions Code sections 7099.2 & 7124.6

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**Summary:**

Existing law authorizes the CSLB Registrar, if there is probable cause to believe that a licensee or applicant has committed any acts or omissions that are grounds for suspension, revocation, or denial of a license, to issue a citation to the licensee or applicant.

This Bill:

1. Authorizes the CSLB Registrar to issue a letter of admonishment in lieu of a citation.
2. Requires that the letter of admonishment be in writing and describe the nature and facts of the violation, and inform the licensee or applicant that within 30 days the license or applicant may do either of the following:
  - a) Submit to the Registrar a written request for an office conference to contest the letter of admonishment. Specifies that the office conference is an informal process not subject to the Administrative Procedure Act. Provides that the Registrar may then affirm, modify, or withdraw the letter of admonishment.
  - b) Comply with the letter of admonishment and, if required, submit a written corrective action plan to the Registrar documenting compliance. If an office conference is not requested, specifies that compliance with the letter of admonishment does not constitute an admission of the violation.
3. Provides that this authority does not in any way limit the ability to issue a citation or institute disciplinary proceedings.
4. Specifies that the letter of admonishment shall not be construed as a disciplinary action.
5. Prohibits the issuance of a letter of admonishment when any one of the following factors is present:
  - a) The licensee, registrant, or applicant was unlicensed at the time of the violation.
  - b) Multiple violations have been established.
  - c) The licensee, registrant, or applicant has a history of the same or similar violations.
  - d) The violation resulted in financial harm to another.
  - e) The victim is an elder or dependent adult.

- f) The violation is related to the repair of damage created by a natural disaster.
- 6. Provides that a letter of admonishment shall be publicly disclosed for one year.

**Fiscal Impact for CSLB:**

Absorbable.

**Board Position and Comments:**

**SUPPORT.** CSLB currently has authority to issue a citation to a licensee or applicant for a violation of contractors' state license law. The existing citation program works well, however, it has become costly to operate. As a citation affords the same right to appeal as an accusation, there is no shortage of appealed citations every year. The average cost to CSLB for an appeal is \$9,860, whether or not the respondent appears at the hearing. CSLB believes that this letter of admonishment will increase opportunities to settle offenses, while still providing correction of the offending behavior. It will also provide for public disclosure, by posting the issuance of a letter of admonishment online for one year.

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**Date:** September 7, 2017

AMENDED IN SENATE APRIL 25, 2017

**SENATE BILL**

**No. 715**

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**Introduced by Senator Newman**

February 17, 2017

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~~An act to amend Section 5503 of the Public Resources Code, relating to park districts. An act to amend Section 106 of the Business and Professions Code, relating to consumer affairs.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 715, as amended, Newman. ~~Park and open-space districts. Department of Consumer Affairs: regulatory boards: removal of board members.~~

*Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law authorizes the Governor to remove from office any member of any board within the department appointed by him or her, on specific grounds, including continued neglect of duties required by law.*

*This bill would specifically include the failure to attend meetings of the board as one example of continued neglect of duties required by law that the Governor can use as a reason to remove a member from a board.*

~~Existing law provides a procedure for the formation of a regional park district, regional park and open-space district, or a regional open-space district.~~

~~This bill would make nonsubstantive changes to one of those provisions:~~

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

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

1     SECTION 1. Section 106 of the Business and Professions Code  
2 is amended to read:

3     106. The Governor has power to remove from office at any  
4 time, any member of any board appointed by him *or her* for  
5 continued neglect of duties required by law, *which may include*  
6 *the failure to attend board meetings*, or for incompetence, or  
7 unprofessional or dishonorable conduct. Nothing in this section  
8 shall be construed as a limitation or restriction on the power of the  
9 Governor, conferred on him *or her* by any other ~~provision of law~~,  
10 to remove any member of any board.

11     ~~SECTION 1. Section 5503 of the Public Resources Code is~~  
12 ~~amended to read:~~

13     ~~5503. Whenever it is desired to form a district under this article,~~  
14 ~~a petition requesting the creation and maintenance of a district,~~  
15 ~~and describing the exterior boundaries of the proposed district~~  
16 ~~shall be signed by at least 5,000 electors residing within the~~  
17 ~~territory proposed to be included in the district. The petition shall~~  
18 ~~be presented to the board of supervisors of the county containing~~  
19 ~~the largest area within the proposed district.~~

**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** SB 715 (Newman)  
**Status/Location:** Amended 4/25/17 – Assembly Inactive File  
**Sponsor:** None  
**Subject:** Regulatory Boards: Removal of Board Members  
**Code Section:** Business & Professions Code section 106

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**Summary:**

Existing law authorizes the Governor to remove from office any board member in the Department of Consumer Affairs (DCA) appointed by him or her, on specific grounds, including continued neglect of duties.

This bill includes the failure to attend board meetings as a cause for removing a board member from office.

Background:

According to the author:

“Discretion for the removal of board members for instances of absences is a good government approach to ensuring the effectiveness and efficiency of the important regulatory boards within the DCA. Member absences can impact the professions and public alike, as key decisions are made and votes taken at board meetings directly related to oversight of licensees. The Governor should have authority to remove board members from their position when their absences impact their ability to successfully serve.”

Prior Legislation:

SB 496 (De Leon) as introduced contained identical language, though that bill has since been amended to address a different subject.

**Fiscal Impact for CSLB:**

None.

**Board Position and Comments:**

**Watch.** This bill does not directly affect CSLB. It also does not appear to provide the Governor any new authority, as failure to attend board meetings could be considered neglect of duties, which is already a factor that can inform the decision to remove a board member from office.

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**Date:** September 7, 2017

AMENDED IN ASSEMBLY SEPTEMBER 8, 2017

AMENDED IN ASSEMBLY AUGUST 21, 2017

AMENDED IN ASSEMBLY JUNE 5, 2017

AMENDED IN SENATE APRIL 20, 2017

AMENDED IN SENATE APRIL 18, 2017

**SENATE BILL**

**No. 800**

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**Introduced by Committee on Business, Professions and Economic  
Development (Senators Hill (Chair), Dodd, Galgiani, Glazer,  
Hernandez, Newman, Pan, and Wilk)**

February 17, 2017

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An act to amend Sections 4013, 4316, 4980.09, 4980.44, 4980.72, 4984.4, 4984.7, 4984.9, 4989.46, 4992.8, 4996.3, 4996.6, 4996.17, 4999.12.5, 4999.32, 4999.33, 4999.42, 4999.53, 4999.60, 4999.61, 4999.62, 4999.63, 4999.118, 4999.120, 5094, 5680.1, 5680.2, 7075.1, 7145.5, 7558, 7583.5, 7583.20, 7583.21, 7583.32, 7586, 7590.1, 7593.11, 7598.17, 7599.54, 7713, 8567, 12003, 12014, 12022, 12103.5, 12204, 12206, 12303, 12304, 12310, 12310.5, 12313, 12500, 12500.8, 12501.1, 12511, 12602, 12603, 12701, 12707, 12716, 12717, 12722, 12734, 12737, 13432, 13433, 13434, and 22352 of, and to repeal Section 4001.5 of, the Business and Professions Code, to amend Sections 42639.1 and 85239.1 of the Education Code, to amend Section 1010 of the Evidence Code, to amend Section 424 of the Government Code, and to amend Section 11165.7 of the Penal Code, relating to professions and vocations.

## LEGISLATIVE COUNSEL'S DIGEST

SB 800, as amended, Committee on Business, Professions and Economic Development. Professions and vocations.

(1) The Pharmacy Law provides for the licensure and regulation of pharmacies, pharmacists, and other associated persons and entities by the California State Board of Pharmacy. This law requires the Joint Committee on Boards, Commissions, and Consumer Protection to review the state's shortage of pharmacists and make recommendations on a course of action to alleviate the shortage, including, but not limited to, a review of the current California pharmacist licensure examination.

This bill would repeal that requirement of a review.

The Pharmacy Law, beginning July 1, 2017, requires each pharmacist, intern pharmacist, pharmacy technician, and designated representative 3rd-party logistics provider licensed in this state to join the board's email notification list within 60 days of obtaining a license, and requires that each of these persons, and each designated representative, update their information within 30 days of a change in email address.

This bill would specify that the requirement to join the board's email notification list within 60 days of obtaining a license or at the time of license renewal also applies to each designated representative.

The Pharmacy Law authorizes the board to issue a cease and desist order for operating any facility under the Pharmacy Law that requires licensure or for practicing any activity requiring licensure under that law.

This bill would specify that the board may act in this capacity through its executive officer. The bill also would clarify that the authorization to issue a cease and desist order applies with respect to the operation of a facility or the practice of any activity under the Pharmacy Law that requires licensure without obtaining that licensure.

(2) The Licensed Marriage and Family Therapist Act provides for the regulation of the practice of marriage and family therapy by the Board of Behavioral Sciences. A violation of the act is a crime. Existing law requires the licensure of marriage and family therapists and the registration of marriage and family therapist interns. Existing law, commencing January 1, 2018, renames "interns" to "associates" for purposes of that act. Existing law prohibits the abbreviation "MFTI" from being used in an advertisement unless the title "marriage and family therapist registered intern" appears in the advertisement.



This bill would specify that any reference in the act to the term “intern” means an “associate” and any reference to the abbreviation “MFTI” means an “AMFT.” The bill would prohibit the abbreviation “AMFT” from being used in an advertisement unless the title “registered associate marriage and family therapist” appears in the advertisement. Because this bill would change the definition of a crime, it would impose a state-mandated local program.

Existing law requires the board to assess specified fees relating to the licensure of marriage and family therapists, including an application fee for intern registration of \$75, a renewal fee for an intern registration of \$75, and a fee for the application for examination eligibility of \$100.

This bill would revise the application and renewal fee provision to specify that it applies to fees for an associate registration. The bill would revise the \$100 fee provision to instead specify that it covers the application for licensure.

(3) The Licensed Marriage and Family Therapist Act, the Educational Psychologist Practice Act, the Clinical Social Worker Practice Act, and the Licensed Professional Clinical Counselor Act require licensees or registrants to give written notice to the Board of Behavioral Sciences of a name change within 30 days after each change, giving both the old and new names, and including specified legal documents authorizing the name change.

This bill would revise these provisions to require the written notice to be submitted to the board within 30 days of issuance of a new government-issued photographic identification, including specific information. The bill would require the licensee or registrant to certify the information by signing a statement under penalty of perjury. By expanding the crime of perjury, the bill would impose a state-mandated local program.

(4) The Clinical Social Worker Practice Act requires the Board of Behavioral Sciences to assess certain fees, including an application fee for examination eligibility of \$100.

This bill would revise that fee to instead apply to an application for licensure.

The Clinical Social Worker Practice Act specifies that a license that is not renewed within 3 years after its expiration may not be renewed, restored, reinstated, or reissued thereafter. The act, however, permits former licensees to apply for and obtain a new license upon satisfying specified requirements, including submitting an application for examination eligibility and the associated fees.

This bill would revise that provision permitting a former applicant to apply for and obtain a new license to instead require that he or she submit an application and fee for licensure and submit the licensure application fees and the fee for initial license.

The Clinical Social Worker Practice Act permits experience gained outside of California to be accepted toward the licensure requirements if it is substantially the equivalent of the requirements of the act. The act permits an applicant who obtained his or her license or registration under another jurisdiction to apply for licensure without taking the clinical examination, as specified, if the applicant obtained a passing score on the licensing examination set forth in regulation as accepted by the Board of Behavioral Sciences.

This bill would additionally require the applicant's license or registration in that other jurisdiction to be active, in good standing at the time of his or her application, and not revoked, suspended, surrendered, denied, or otherwise restricted or encumbered.

(5) The Licensed Professional Clinical Counselor Act requires applicants for examination eligibility to possess certain credentials for examination eligibility, including possessing a master's or doctoral degree that is counseling or psychotherapy in content, and that meets certain requirements, and is obtained from an accredited or approved institution.

This bill would revise these provisions to specify that they apply for an applicant to qualify for licensure.

The Licensed Professional Clinical Counselor Act requires the Board of Behavioral Sciences to assess certain fees, including an application fee for examination eligibility of \$250 and a fee for licensure of \$180, which are deposited into the Behavioral Sciences Fund and expended upon appropriation for the purposes of the programs under the board's jurisdiction.

This bill would delete the fee for examination eligibility and would increase the fee for licensure to \$250.

The Licensed Professional Clinical Counselor Act requires an applicant, to qualify for registration as an intern, to have all of specified qualifications, including having earned a master's or doctoral degree in specified fields, completed coursework, not committed specified acts or crimes, and to meet other criteria.

The bill also would replace the term "intern" with the term "associate" and would make related and conforming changes. Additionally the bill would fix erroneous cross-references in related provisions.

(6) Existing law provides for the licensure and regulation of landscape architects by the California Architects Board, which is within the Department of Consumer Affairs. Existing law authorizes a license that has expired to be renewed within 3 years after its expiration, as specified. Existing law prohibits a license that is expired for more than 3 years from being renewed, restored, reissued, or reinstated but authorizes the holder of the expired license to apply for and obtain a new license if the applicant for the new license meets certain criteria, pays certain fees, and passes an examination or otherwise establishes to the satisfaction of the board that the applicant is qualified to practice landscape architecture.

This bill would instead authorize a license to be renewed within 5 years of its expiration. The bill would prohibit a license that is expired for more than 5 years from being renewed, restored, reissued, or reinstated but would authorize the holder of the expired license to apply for a new license, as specified.

(7) Existing law, the Contractors' State License Law, provides for the licensure and regulation of contractors by the Contractors' State License Board and requires the board to appoint a registrar of contractors to perform specified duties. That law authorizes a license number to be reissued or reassigned to a different entity under certain circumstances, including to a corporation or limited liability company that acquires a licensee pursuant to an asset sale provided that the corporation or limited liability company has a qualifier, as specified. That law authorizes the registrar to refuse to issue, reinstate, reactivate, or renew a license for the failure of a licensee to resolve all outstanding liabilities, including taxes, as specified.

This bill would remove that authorization for a license number to be reissued or reassigned to a corporation or limited liability company that acquires a licensee pursuant to an asset sale. The bill with respect to the above provisions relating to the registrar's authority to refuse to issue, reinstate, reactivate, or renew a license in the case of outstanding final liabilities assessed by the Franchise Tax Board would include the individual taxpayer identification number among the licensee information provided to the Franchise Tax Board that would make that authority operative.

(8) Existing law, the Private Investigator Act, provides for the licensure and regulation of private investigators and the Private Security Services Act provides for the licensure and regulation of persons engaged in the provision of private security services by the Department

of Consumer Affairs and its Bureau of Security and Investigative Services. Those acts provide that a license, registration, certificate, or pocket card issued under the acts expire 2 years following the date of issuance and requires specified persons under the act that are also issued or renew a firearms qualification to be placed on a cyclical renewal cycle, as specified

This bill would provide that a license, registration, certificate, or pocket card issued under those acts expires at midnight of the last day of the month 2 years following issuance unless renewed and would delete the requirement that certain persons be on a cyclical renewal cycle.

The Private Security Services Act prohibits a uniformed employee of a licensee from carrying or using a firearm unless the employee has in his or her possession a valid firearm qualification. Existing law makes a violation of the Private Security Services Act punishable as a misdemeanor.

This bill would also prohibit a licensee under the Private Security Services Act from carrying or using a firearm unless the licensee has in his or her possession a valid firearm qualification. By placing new requirements on a licensee, this bill would expand an existing crime and would, therefore, impose a state-mandated local program.

The Private Security Services Act prohibits the bureau from renewing a firearms qualification card unless certain conditions are satisfied, including that the applicant has requalified on the range and has successfully passed a written examination. Existing law exempts a duly appointed peace officer, as defined, from the range requalification and written examination requirement. Existing law requires the registration of a security guard to be automatically suspended if the guard is convicted of any crime that is substantially related to the function, duties, and responsibilities of a security guard and requires a notice of the automatic suspension to be mailed to the licensee and requires a copy of the notice to be mailed to the employee of the licensee.

This bill would additionally exempt a federal qualified law enforcement officer, as defined, from those requirements. The bill would also delete the requirement that a copy of a notice of automatic suspension be mailed to the employee of the licensee who is suspended.

(9) Existing law, the Alarm Company Act, provides for the licensure and regulation of alarm company operators and the certification and registration of employees of alarm companies by the Bureau for Security and Investigative Services, which is within the Department of Consumer

Affairs. That act provides that a license or registration issued under the act expires 2 years following the date of issuance and requires specified persons issued a license or registration under the act that are also issued or renew a firearms qualification to be placed on a cyclical renewal cycle, as specified. That act requires, except as provided, every agreement to be in writing and requires agreements entered into on or after January 1, 2017, that include an automatic renewal provision to provide a specified disclosure.

This bill would provide that a license expires at midnight of the last day of the month 2 years following issuance unless renewed and would delete the requirement that certain persons be on a cyclical renewal cycle. The bill would instead limit that disclosure requirement to residential agreements with an automatic renewal provision. The bill would require an applicant for renewal of a registration under the act to submit an application on a form prescribed by the director that is dated and signed by the applicant and would require the applicant to certify under penalty of perjury that the information on the application is true and correct. By expanding the crime of perjury, this bill would impose a state-mandated local program.

The Alarm Company Act defines certain terms for its purposes, including defining “alarm system” as an assembly of equipment and devices arranged to signal the presence of a hazard requiring urgent attention and to which police are expected to respond.

This bill would instead define “alarm system” as an assembly of equipment and devices arranged to signal the presence of a hazard requiring urgent attention and to which police may respond.

(10) The Cemetery and Funeral Act provides for the licensure and regulation of cemeteries, crematories, funeral establishments, and their personnel by the Cemetery and Funeral Bureau, which is within the Department of Consumer Affairs. That act requires a crematory to at all times employ a licensed crematory manager to manage, supervise, and direct its operations.

This bill would authorize licensed crematories within close geographical proximity of each other to request authorization from the bureau to allow a licensed crematory manager to manage, supervise, and direct the business or profession of more than one facility.

(11) Existing law provides for the licensure and regulation of structural pest control operators by the Structural Pest Control Board, which is within the Department of Consumers Affairs. Existing law

requires specified licensees to notify the registrar, as specified, that the licensee has changed his or her employment.

This bill would authorize a registered company to notify the registrar, as specified, when certain licensees are no longer associated with the registered company.

(12) Existing law provides for the regulation of commercial weighing and measuring devices by the Department of Food and Agriculture, and provides for the enforcement of those provisions by the State Sealer and by county sealers of weights and measures in each county. Existing law, for these purposes, provides that the term “director” or “secretary” means the Secretary of Food and Agriculture. Existing law requires the standards of the state to be directly certified by the National Bureau of Standards, a federal agency that became the National Institute of Standards and Technology in 1988.

This bill would provide that the term “secretary” means the Secretary of Food and Agriculture and would make conforming changes. This bill also would change references to the National Bureau of Standards to the National Institute of Standards and Technology.

Existing law provides that certain persons are not weighmasters, including, among others, milk samplers and weighers, as specified.

This bill would additionally provide that facilities that handle medical waste and that report net weights, and not estimates, to the generator of the medical waste and the State Department of Public Health in accordance with the Medical Waste Management Act are not weighmasters.

(13) Existing law requires every person who makes service of process in this state for compensation more than 10 times a year to register as a process server with the county clerk, except as provided. Existing law requires, at the time of filing the initial certificate of registration, the registrant to pay certain fees to the county clerk, including a fee to cover the actual cost of processing the completed fingerprint cards.

This bill would instead require a registrant to pay a fee to cover the actual costs of processing the completed request for live scan.

*(14) This bill would incorporate additional changes to Sections 7583.20, 7598.17, 12304, 12310, and 12500 of the Business and Professions Code proposed by SB 547 to be operative only if this bill and SB 547 are enacted and this bill is enacted last.*

(14)

(15) 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: no. Fiscal committee: yes.

State-mandated local program: yes.

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

1 SECTION 1. Section 4001.5 of the Business and Professions  
2 Code is repealed.

3 SEC. 2. Section 4013 of the Business and Professions Code is  
4 amended to read:

5 4013. (a) Any facility licensed by the board shall join the  
6 board's email notification list within 60 days of obtaining a license  
7 or at the time of license renewal.

8 (b) Any facility licensed by the board shall update its email  
9 address with the board's email notification list within 30 days of  
10 a change in the facility's email address.

11 (c) An owner of two or more facilities licensed by the board  
12 may comply with subdivisions (a) and (b) by subscribing a single  
13 email address to the board's email notification list, where the owner  
14 maintains an electronic notice system within all of its licensed  
15 facilities that, upon receipt of an email notification from the board,  
16 immediately transmits electronic notice of the same notification  
17 to all of its licensed facilities. If an owner chooses to comply with  
18 this section by using such an electronic notice system, the owner  
19 shall register the electronic notice system with the board by July  
20 1, 2011, or within 60 days of initial licensure, whichever is later,  
21 informing the board of the single email address to be utilized by  
22 the owner, describing the electronic notice system, and listing all  
23 facilities to which immediate notice will be provided. The owner  
24 shall update its email address with the board's email notification  
25 list within 30 days of any change in the owner's email address.

26 (d) (1) Each pharmacist, intern pharmacist, pharmacy  
27 technician, designated representative, and designated  
28 representative-3PL licensed in this state shall join the board's email  
29 notification list within 60 days of obtaining a license or at the time  
30 of license renewal.

1 (2) Each pharmacist, intern pharmacist, pharmacy technician,  
2 designated representative, and designated representative-3PL  
3 licensed in this state shall update his or her email address with the  
4 board's email notification list within 30 days of a change in the  
5 licensee's email address.

6 (3) The email address provided by a licensee shall not be posted  
7 on the board's online license verification system.

8 (4) The board shall, with each renewal application, remind  
9 licensees of their obligation to report and keep current their email  
10 address with the board's email notification list.

11 (5) This subdivision shall become operative on July 1, 2017.

12 SEC. 3. Section 4316 of the Business and Professions Code is  
13 amended to read:

14 4316. (a) The board, through its executive officer, is authorized  
15 to issue a cease and desist order for operating any facility under  
16 this chapter that requires licensure or for practicing any activity  
17 under this chapter that requires licensure without obtaining that  
18 licensure.

19 (b) Whenever the board issues a cease and desist order pursuant  
20 to subdivision (a), the board shall immediately issue the facility a  
21 notice setting forth the acts or omissions with which it is charged,  
22 specifying the pertinent code section or sections and any  
23 regulations.

24 (c) The order shall provide that the facility, within 15 days of  
25 receipt of the notice, may request a hearing before the president  
26 of the board to contest the cease and desist order. Consideration  
27 of the facility's contest of the cease and desist order shall comply  
28 with the requirements of Section 11425.10 of the Government  
29 Code. The hearing shall be held no later than five days from the  
30 date the request of the owner is received by the board. The  
31 president shall render a written decision within five days of the  
32 hearing. In the absence of the president of the board, the vice  
33 president of the board may conduct the hearing permitted by this  
34 subdivision. Review of the decision of the president of the board  
35 may be sought by the owner or person in possession or control of  
36 the facility pursuant to Section 1094.5 of the Code of Civil  
37 Procedure.

38 SEC. 4. Section 4980.09 of the Business and Professions Code  
39 is amended to read:



1 4980.09. (a) (1) The title “marriage and family therapist  
2 intern” or “marriage and family therapist registered intern” is  
3 hereby renamed “associate marriage and family therapist” or  
4 “registered associate marriage and family therapist,” respectively.  
5 Any reference in statute or regulation to a “marriage and family  
6 therapist intern” or “marriage and family therapist registered intern”  
7 shall be deemed a reference to an “associate marriage and family  
8 therapist” or “registered associate marriage and family therapist.”

9 (2) Any reference in this chapter to the term “intern” means  
10 “associate.” Any reference in statute or regulation to the  
11 abbreviation “MFTI” means an “AMFT.”

12 (b) This section shall not be construed to expand or constrict  
13 the scope of practice of a person licensed or registered pursuant  
14 to this chapter.

15 SEC. 5. Section 4980.44 of the Business and Professions Code  
16 is amended to read:

17 4980.44. An unlicensed associate marriage and family therapist  
18 employed under this chapter shall comply with the following  
19 requirements:

20 (a) Possess, at a minimum, a master’s degree as specified in  
21 Section 4980.36 or 4980.37, as applicable.

22 (b) Register with the board prior to performing any duties,  
23 except as otherwise provided in subdivision (h) of Section 4980.43.

24 (c) Prior to performing any professional services, inform each  
25 client or patient that he or she is an unlicensed registered associate  
26 marriage and family therapist, provide his or her registration  
27 number and the name of his or her employer, and indicate whether  
28 he or she is under the supervision of a licensed marriage and family  
29 therapist, licensed clinical social worker, licensed professional  
30 clinical counselor, licensed psychologist, or a licensed physician  
31 and surgeon certified in psychiatry by the American Board of  
32 Psychiatry and Neurology.

33 (d) (1) Any advertisement by or on behalf of a registered  
34 associate marriage and family therapist shall include, at a  
35 minimum, all of the following information:

36 (A) That he or she is a registered associate marriage and family  
37 therapist.

38 (B) The associate’s registration number.

39 (C) The name of his or her employer.

40 (D) That he or she is supervised by a licensed person.

1 (2) The abbreviation “AMFT” shall not be used in an  
2 advertisement unless the title “registered associate marriage and  
3 family therapist” appears in the advertisement.

4 SEC. 6. Section 4980.72 of the Business and Professions Code  
5 is amended to read:

6 4980.72. (a) This section applies to a person who is licensed  
7 outside of California and applies for licensure on or after January  
8 1, 2016.

9 (b) The board may issue a license to a person who, at the time  
10 of submitting an application for a license pursuant to this chapter,  
11 holds a valid license in good standing issued by a board of marriage  
12 counselor examiners, board of marriage and family therapists, or  
13 corresponding authority, of any state or country, if all of the  
14 following conditions are satisfied:

15 (1) The applicant’s education is substantially equivalent, as  
16 defined in Section 4980.79. The applicant’s degree title need not  
17 be identical to that required by Section 4980.36 or 4980.37.

18 (2) The applicant complies with Section 4980.76, if applicable.

19 (3) The applicant’s supervised experience is substantially  
20 equivalent to that required for a license under this chapter. The  
21 board shall consider hours of experience obtained outside of  
22 California during the six-year period immediately preceding the  
23 date the applicant initially obtained the license described above.  
24 If the applicant has less than 3,000 hours of qualifying supervised  
25 experience, time actively licensed as a marriage and family  
26 therapist shall be accepted at a rate of 100 hours per month, up to  
27 a maximum of 1,200 hours, if the applicant’s degree meets the  
28 practicum requirement described in subparagraph (C) of paragraph  
29 (1) of subdivision (b) of Section 4980.79 without exemptions or  
30 remediation.

31 (4) The applicant passes the California law and ethics  
32 examination.

33 (5) The applicant passes a clinical examination designated by  
34 the board. An applicant who obtained his or her license or  
35 registration under another jurisdiction may apply for licensure with  
36 the board without taking the clinical examination if both of the  
37 following conditions are met:

38 (A) The applicant obtained a passing score on the clinical  
39 licensing examination set forth in regulation as accepted by the  
40 board.

1 (B) The applicant's license or registration in that jurisdiction is  
2 active, in good standing at the time of his or her application, and  
3 is not revoked, suspended, surrendered, denied, or otherwise  
4 restricted or encumbered.

5 SEC. 7. Section 4984.4 of the Business and Professions Code  
6 is amended to read:

7 4984.4. A license that is not renewed within three years after  
8 its expiration shall not be renewed, restored, reinstated, or reissued;  
9 however, the former licensee may apply for and obtain a new  
10 license if the following criteria are satisfied:

11 (a) No fact, circumstance, or condition exists that, if the license  
12 were issued, would constitute grounds for its revocation or  
13 suspension.

14 (b) He or she submits an application for licensure and the fee  
15 for that application.

16 (c) He or she takes and passes the current licensing  
17 examinations.

18 (d) He or she submits the fee for initial license issuance.

19 (e) He or she complies with the fingerprint requirements  
20 established by board regulation.

21 SEC. 8. Section 4984.7 of the Business and Professions Code  
22 is amended to read:

23 4984.7. (a) The board shall assess the following fees relating  
24 to the licensure of marriage and family therapists:

25 (1) The application fee for an associate registration shall be  
26 seventy-five dollars (\$75).

27 (2) The renewal fee for an associate registration shall be  
28 seventy-five dollars (\$75).

29 (3) The fee for the application for licensure shall be one hundred  
30 dollars (\$100).

31 (4) The fee for the clinical examination shall be one hundred  
32 dollars (\$100). The fee for the California law and ethics  
33 examination shall be one hundred dollars (\$100).

34 (A) An applicant who fails to appear for an examination, after  
35 having been scheduled to take the examination, shall forfeit the  
36 examination fee.

37 (B) The amount of the examination fees shall be based on the  
38 actual cost to the board of developing, purchasing, and grading  
39 each examination and the actual cost to the board of administering  
40 each examination. The examination fees shall be adjusted

1 periodically by regulation to reflect the actual costs incurred by  
2 the board.

3 (5) The fee for rescoring an examination shall be twenty dollars  
4 (\$20).

5 (6) The fee for issuance of an initial license shall be a maximum  
6 of one hundred eighty dollars (\$180).

7 (7) The fee for license renewal shall be a maximum of one  
8 hundred eighty dollars (\$180).

9 (8) The fee for inactive license renewal shall be a maximum of  
10 ninety dollars (\$90).

11 (9) The renewal delinquency fee shall be a maximum of ninety  
12 dollars (\$90). A person who permits his or her license to expire is  
13 subject to the delinquency fee.

14 (10) The fee for issuance of a replacement registration, license,  
15 or certificate shall be twenty dollars (\$20).

16 (11) The fee for issuance of a certificate or letter of good  
17 standing shall be twenty-five dollars (\$25).

18 (12) The fee for issuance of a retired license shall be forty dollars  
19 (\$40).

20 (b) With regard to license, examination, and other fees, the  
21 board shall establish fee amounts at or below the maximum  
22 amounts specified in this chapter.

23 SEC. 9. Section 4984.9 of the Business and Professions Code  
24 is amended to read:

25 4984.9. A licensee or registrant shall give written notice to the  
26 board of a name change, giving both the old and new names. The  
27 written notice shall be submitted to the board within 30 days of  
28 the issuance of a new government-issued photographic  
29 identification. The licensee or registrant shall certify the  
30 information by signing a statement under penalty of perjury. A  
31 copy of both of the following documents evidencing the change  
32 shall be submitted with the notice:

33 (a) A current government-issued photographic identification.

34 (b) The legal document authorizing the name change, such as  
35 a court order or a marriage certificate.

36 SEC. 10. Section 4989.46 of the Business and Professions  
37 Code is amended to read:

38 4989.46. A licensee shall give written notice to the board of a  
39 name change, providing both the old and new names. The written  
40 notice shall be submitted to the board within 30 days of the

1 issuance of a new government-issued photographic identification.  
2 The licensee shall certify the information is correct by signing a  
3 statement under penalty of perjury. A copy of both of the following  
4 documents evidencing the change shall be submitted with the  
5 notice:

6 (a) A current government-issued photographic identification.

7 (b) The legal document authorizing the name change, such as  
8 a court order or a marriage certificate.

9 SEC. 11. Section 4992.8 of the Business and Professions Code  
10 is amended to read:

11 4992.8. A licensee or registrant shall give written notice to the  
12 board of a name change, giving both the old and new names. The  
13 written notice shall be submitted to the board within 30 days of  
14 the issuance of a new government-issued photographic  
15 identification. The licensee or registrant shall certify the  
16 information is correct by signing a statement under penalty of  
17 perjury. A copy of both of the following documents evidencing  
18 the change shall be submitted with the notice:

19 (a) A current government-issued photographic identification.

20 (b) The legal document authorizing the name change, such as  
21 a court order or a marriage certificate.

22 SEC. 12. Section 4996.3 of the Business and Professions Code  
23 is amended to read:

24 4996.3. (a) The board shall assess the following fees relating  
25 to the licensure of clinical social workers:

26 (1) The application fee for registration as an associate clinical  
27 social worker shall be seventy-five dollars (\$75).

28 (2) The fee for renewal of an associate clinical social worker  
29 registration shall be seventy-five dollars (\$75).

30 (3) The fee for application for licensure shall be one hundred  
31 dollars (\$100).

32 (4) The fee for the board-administered clinical examination, if  
33 the board chooses to adopt this examination in regulations, shall  
34 be one hundred dollars (\$100). The fee for the California law and  
35 ethics examination shall be one hundred dollars (\$100).

36 (A) An applicant who fails to appear for an examination, after  
37 having been scheduled to take the examination, shall forfeit the  
38 examination fees.

39 (B) The amount of the examination fees shall be based on the  
40 actual cost to the board of developing, purchasing, and grading

1 each examination and the actual cost to the board of administering  
2 each examination. The written examination fees shall be adjusted  
3 periodically by regulation to reflect the actual costs incurred by  
4 the board.

5 (5) The fee for rescoring an examination shall be twenty dollars  
6 (\$20).

7 (6) The fee for issuance of an initial license shall be a maximum  
8 of one hundred fifty-five dollars (\$155).

9 (7) The fee for license renewal shall be a maximum of one  
10 hundred fifty-five dollars (\$155).

11 (8) The fee for inactive license renewal shall be a maximum of  
12 seventy-seven dollars and fifty cents (\$77.50).

13 (9) The renewal delinquency fee shall be a maximum of  
14 seventy-five dollars (\$75). A person who permits his or her license  
15 to expire is subject to the delinquency fee.

16 (10) The fee for issuance of a replacement registration, license,  
17 or certificate shall be twenty dollars (\$20).

18 (11) The fee for issuance of a certificate or letter of good  
19 standing shall be twenty-five dollars (\$25).

20 (12) The fee for issuance of a retired license shall be forty dollars  
21 (\$40).

22 (b) With regard to license, examination, and other fees, the  
23 board shall establish fee amounts at or below the maximum  
24 amounts specified in this chapter.

25 SEC. 13. Section 4996.6 of the Business and Professions Code  
26 is amended to read:

27 4996.6. (a) Licenses issued under this chapter shall expire no  
28 more than 24 months after the issue date. The expiration date of  
29 the original license shall be set by the board.

30 (b) To renew an unexpired license, the licensee shall, on or  
31 before the expiration date of the license, complete the following  
32 actions:

33 (1) Apply for a renewal on a form prescribed by the board.

34 (2) Pay a two-year renewal fee prescribed by the board.

35 (3) Certify compliance with the continuing education  
36 requirements set forth in Section 4996.22.

37 (4) Notify the board whether he or she has been convicted, as  
38 defined in Section 490, of a misdemeanor or felony, or whether  
39 any disciplinary action has been taken by any regulatory or

1 licensing board in this or any other state, subsequent to the  
2 licensee's last renewal.

3 (c) To renew an expired license within three years of its  
4 expiration, the licensee shall, as a condition precedent to renewal,  
5 complete all of the actions described in subdivision (b) and pay a  
6 delinquency fee.

7 (d) A license that is not renewed within three years after its  
8 expiration may not be renewed, restored, reinstated, or reissued  
9 thereafter; however, the former licensee may apply for and obtain  
10 a new license if he or she satisfies all of the following requirements:

11 (1) No fact, circumstance, or condition exists that, if the license  
12 were issued, would justify its revocation or suspension.

13 (2) He or she submits an application for licensure.

14 (3) He or she takes and passes the current licensing  
15 examinations.

16 (4) He or she submits the licensure application fees and the fee  
17 for initial license issuance.

18 (5) He or she complies with the fingerprint requirements  
19 established by board regulation.

20 SEC. 14. Section 4996.17 of the Business and Professions  
21 Code is amended to read:

22 4996.17. (a) (1) Experience gained outside of California shall  
23 be accepted toward the licensure requirements if it is substantially  
24 the equivalent of the requirements of this chapter.

25 (2) Commencing January 1, 2014, an applicant with education  
26 gained outside of California shall complete an 18-hour course in  
27 California law and professional ethics. The content of the course  
28 shall include, but not be limited to, the following: advertising,  
29 scope of practice, scope of competence, treatment of minors,  
30 confidentiality, dangerous patients, psychotherapist-patient  
31 privilege, recordkeeping, patient access to records, state and federal  
32 laws related to confidentiality of patient health information, dual  
33 relationships, child abuse, elder and dependent adult abuse, online  
34 therapy, insurance reimbursement, civil liability, disciplinary  
35 actions and unprofessional conduct, ethics complaints and ethical  
36 standards, termination of therapy, standards of care, relevant family  
37 law, therapist disclosures to patients, differences in legal and ethical  
38 standards in different types of work settings, and licensing law  
39 and process.

1 (b) The board may issue a license to any person who, at the time  
2 of application, holds a valid clinical social work license issued by  
3 a board of clinical social work examiners or corresponding  
4 authority of any state, if the person passes, or has passed, the  
5 licensing examinations as specified in Section 4996.1 and pays  
6 the required fees. Issuance of the license is conditioned upon all  
7 of the following:

8 (1) The applicant has supervised experience that is substantially  
9 the equivalent of that required by this chapter. If the applicant has  
10 less than 3,200 hours of qualifying supervised experience, time  
11 actively licensed as a clinical social worker shall be accepted at a  
12 rate of 100 hours per month up to a maximum of 1,200 hours.

13 (2) Completion of the following coursework or training in or  
14 out of this state:

15 (A) A minimum of seven contact hours of training or coursework  
16 in child abuse assessment and reporting as specified in Section 28,  
17 and any regulations promulgated thereunder.

18 (B) A minimum of 10 contact hours of training or coursework  
19 in human sexuality as specified in Section 25, and any regulations  
20 promulgated thereunder.

21 (C) A minimum of 15 contact hours of training or coursework  
22 in alcoholism and other chemical substance dependency, as  
23 specified by regulation.

24 (D) A minimum of 15 contact hours of coursework or training  
25 in spousal or partner abuse assessment, detection, and intervention  
26 strategies.

27 (3) Commencing January 1, 2014, completion of an 18-hour  
28 course in California law and professional ethics. The content of  
29 the course shall include, but not be limited to, the following:  
30 advertising, scope of practice, scope of competence, treatment of  
31 minors, confidentiality, dangerous patients, psychotherapist-patient  
32 privilege, recordkeeping, patient access to records, state and federal  
33 laws related to confidentiality of patient health information, dual  
34 relationships, child abuse, elder and dependent adult abuse, online  
35 therapy, insurance reimbursement, civil liability, disciplinary  
36 actions and unprofessional conduct, ethics complaints and ethical  
37 standards, termination of therapy, standards of care, relevant family  
38 law, therapist disclosures to patients, differences in legal and ethical  
39 standards in different types of work settings, and licensing law  
40 and process.



1 (4) The applicant's license is in good standing and is not  
2 suspended, revoked, restricted, sanctioned, or voluntarily  
3 surrendered in any state.

4 (5) The applicant is not currently under investigation in any  
5 other state, and has not been charged with an offense for any act  
6 substantially related to the practice of social work by any public  
7 agency, entered into any consent agreement or been subject to an  
8 administrative decision that contains conditions placed by an  
9 agency upon an applicant's professional conduct or practice,  
10 including any voluntary surrender of license, or been the subject  
11 of an adverse judgment resulting from the practice of social work  
12 that the board determines constitutes evidence of a pattern of  
13 incompetence or negligence.

14 (6) The applicant shall provide a certification from each state  
15 where he or she holds a license pertaining to licensure, disciplinary  
16 action, and complaints pending.

17 (7) The applicant is not subject to denial of licensure under  
18 Section 480, 4992.3, 4992.35, or 4992.36.

19 (c) The board may issue a license to any person who, at the time  
20 of application, holds a valid clinical social work license issued by  
21 a board of clinical social work examiners or a corresponding  
22 authority of any state, if the person has held that license for at least  
23 four years immediately preceding the date of application, the person  
24 passes, or has passed, the licensing examinations as specified in  
25 Section 4996.1, and the person pays the required fees. Issuance of  
26 the license is conditioned upon all of the following:

27 (1) Completion of the following coursework or training in or  
28 out of state:

29 (A) A minimum of seven contact hours of training or coursework  
30 in child abuse assessment and reporting as specified in Section 28,  
31 and any regulations promulgated thereunder.

32 (B) A minimum of 10 contact hours of training or coursework  
33 in human sexuality as specified in Section 25, and any regulations  
34 promulgated thereunder.

35 (C) A minimum of 15 contact hours of training or coursework  
36 in alcoholism and other chemical substance dependency, as  
37 specified by regulation.

38 (D) A minimum of 15 contact hours of coursework or training  
39 in spousal or partner abuse assessment, detection, and intervention  
40 strategies.

1 (2) Commencing January 1, 2014, completion of an 18-hour  
2 course in California law and professional ethics. The content of  
3 the course shall include, but not be limited to, the following:  
4 advertising, scope of practice, scope of competence, treatment of  
5 minors, confidentiality, dangerous patients, psychotherapist-patient  
6 privilege, recordkeeping, patient access to records, state and federal  
7 laws related to confidentiality of patient health information, dual  
8 relationships, child abuse, elder and dependent adult abuse, online  
9 therapy, insurance reimbursement, civil liability, disciplinary  
10 actions and unprofessional conduct, ethics complaints and ethical  
11 standards, termination of therapy, standards of care, relevant family  
12 law, therapist disclosures to patients, differences in legal and ethical  
13 standards in different types of work settings, and licensing law  
14 and process.

15 (3) The applicant has been licensed as a clinical social worker  
16 continuously for a minimum of four years prior to the date of  
17 application.

18 (4) The applicant's license is in good standing and is not  
19 suspended, revoked, restricted, sanctioned, or voluntarily  
20 surrendered in any state.

21 (5) The applicant is not currently under investigation in any  
22 other state, and has not been charged with an offense for any act  
23 substantially related to the practice of social work by any public  
24 agency, entered into any consent agreement or been subject to an  
25 administrative decision that contains conditions placed by an  
26 agency upon an applicant's professional conduct or practice,  
27 including any voluntary surrender of license, or been the subject  
28 of an adverse judgment resulting from the practice of social work  
29 that the board determines constitutes evidence of a pattern of  
30 incompetence or negligence.

31 (6) The applicant provides a certification from each state where  
32 he or she holds a license pertaining to licensure, disciplinary action,  
33 and complaints pending.

34 (7) The applicant is not subject to denial of licensure under  
35 Section 480, 4992.3, 4992.35, or 4992.36.

36 (d) An applicant who obtained his or her license or registration  
37 under another jurisdiction may apply for licensure with the board  
38 without taking the clinical examination specified in Section 4996.1  
39 if both of the following conditions are met:

1 (1) The applicant obtained a passing score on the clinical  
2 licensing examination set forth in regulation as accepted by the  
3 board.

4 (2) The applicant's license or registration in that jurisdiction is  
5 active, in good standing at the time of his or her application, and  
6 is not revoked, suspended, surrendered, denied, or otherwise  
7 restricted or encumbered.

8 SEC. 15. Section 4999.12.5 of the Business and Professions  
9 Code is amended to read:

10 4999.12.5. (a) (1) The title "professional clinical counselor  
11 intern" or "professional clinical counselor registered intern" is  
12 hereby renamed "associate professional clinical counselor" or  
13 "registered associate professional clinical counselor," respectively.  
14 Any reference in any statute or regulation to a "professional clinical  
15 counselor intern" or "professional clinical counselor registered  
16 intern" shall be deemed a reference to an "associate professional  
17 clinical counselor" or "registered associate professional clinical  
18 counselor."

19 (2) Any reference in this chapter to the term "intern" means  
20 "associate."

21 (b) Nothing in this section shall be construed to expand or  
22 constrict the scope of practice of a person licensed or registered  
23 pursuant to this chapter.

24 SEC. 16. Section 4999.32 of the Business and Professions  
25 Code is amended to read:

26 4999.32. (a) This section shall apply to applicants for licensure  
27 or registration who begin graduate study before August 1, 2012,  
28 and complete that study on or before December 31, 2018. Those  
29 applicants may alternatively qualify under paragraph (2) of  
30 subdivision (a) of Section 4999.33.

31 (b) To qualify for licensure or registration, applicants shall  
32 possess a master's or doctoral degree that is counseling or  
33 psychotherapy in content and that meets the requirements of this  
34 section, obtained from an accredited or approved institution, as  
35 defined in Section 4999.12. For purposes of this subdivision, a  
36 degree is "counseling or psychotherapy in content" if it contains  
37 the supervised practicum or field study experience described in  
38 paragraph (3) of subdivision (c) and, except as provided in  
39 subdivision (d), the coursework in the core content areas listed in

1 subparagraphs (A) to (I), inclusive, of paragraph (1) of subdivision  
2 (c).

3 (c) The degree described in subdivision (b) shall contain not  
4 less than 48 graduate semester or 72 graduate quarter units of  
5 instruction, which shall, except as provided in subdivision (d),  
6 include all of the following:

7 (1) The equivalent of at least three semester units or four and  
8 one-half quarter units of graduate study in each of the following  
9 core content areas:

10 (A) Counseling and psychotherapeutic theories and techniques,  
11 including the counseling process in a multicultural society, an  
12 orientation to wellness and prevention, counseling theories to assist  
13 in selection of appropriate counseling interventions, models of  
14 counseling consistent with current professional research and  
15 practice, development of a personal model of counseling, and  
16 multidisciplinary responses to crises, emergencies, and disasters.

17 (B) Human growth and development across the lifespan,  
18 including normal and abnormal behavior and an understanding of  
19 developmental crises, disability, psychopathology, and situational  
20 and environmental factors that affect both normal and abnormal  
21 behavior.

22 (C) Career development theories and techniques, including  
23 career development decisionmaking models and interrelationships  
24 among and between work, family, and other life roles and factors,  
25 including the role of multicultural issues in career development.

26 (D) Group counseling theories and techniques, including  
27 principles of group dynamics, group process components,  
28 developmental stage theories, therapeutic factors of group work,  
29 group leadership styles and approaches, pertinent research and  
30 literature, group counseling methods, and evaluation of  
31 effectiveness.

32 (E) Assessment, appraisal, and testing of individuals, including  
33 basic concepts of standardized and nonstandardized testing and  
34 other assessment techniques, norm-referenced and  
35 criterion-referenced assessment, statistical concepts, social and  
36 cultural factors related to assessment and evaluation of individuals  
37 and groups, and ethical strategies for selecting, administering, and  
38 interpreting assessment instruments and techniques in counseling.

39 (F) Multicultural counseling theories and techniques, including  
40 counselors' roles in developing cultural self-awareness, identity

1 development, promoting cultural social justice, individual and  
2 community strategies for working with and advocating for diverse  
3 populations, and counselors' roles in eliminating biases and  
4 prejudices, and processes of intentional and unintentional  
5 oppression and discrimination.

6 (G) Principles of the diagnostic process, including differential  
7 diagnosis, and the use of current diagnostic tools, such as the  
8 current edition of the Diagnostic and Statistical Manual, the impact  
9 of co-occurring substance use disorders or medical psychological  
10 disorders, established diagnostic criteria for mental or emotional  
11 disorders, and the treatment modalities and placement criteria  
12 within the continuum of care.

13 (H) Research and evaluation, including studies that provide an  
14 understanding of research methods, statistical analysis, the use of  
15 research to inform evidence-based practice, the importance of  
16 research in advancing the profession of counseling, and statistical  
17 methods used in conducting research, needs assessment, and  
18 program evaluation.

19 (I) Professional orientation, ethics, and law in counseling,  
20 including professional ethical standards and legal considerations,  
21 licensing law and process, regulatory laws that delineate the  
22 profession's scope of practice, counselor-client privilege,  
23 confidentiality, the client dangerous to self or others, treatment of  
24 minors with or without parental consent, relationship between  
25 practitioner's sense of self and human values, functions and  
26 relationships with other human service providers, strategies for  
27 collaboration, and advocacy processes needed to address  
28 institutional and social barriers that impede access, equity, and  
29 success for clients.

30 (2) In addition to the course requirements described in paragraph  
31 (1), a minimum of 12 semester units or 18 quarter units of advanced  
32 coursework to develop knowledge of specific treatment issues,  
33 special populations, application of counseling constructs,  
34 assessment and treatment planning, clinical interventions,  
35 therapeutic relationships, psychopathology, or other clinical topics.

36 (3) Not less than six semester units or nine quarter units of  
37 supervised practicum or field study experience that involves direct  
38 client contact in a clinical setting that provides a range of  
39 professional clinical counseling experience, including the  
40 following:

- 1 (A) Applied psychotherapeutic techniques.
- 2 (B) Assessment.
- 3 (C) Diagnosis.
- 4 (D) Prognosis.
- 5 (E) Treatment.
- 6 (F) Issues of development, adjustment, and maladjustment.
- 7 (G) Health and wellness promotion.
- 8 (H) Other recognized counseling interventions.
- 9 (I) A minimum of 150 hours of face-to-face supervised clinical
- 10 experience counseling individuals, families, or groups.
- 11 (d) (1) (A) An applicant whose degree is deficient in no more
- 12 than two of the required areas of study listed in subparagraphs (A)
- 13 to (I), inclusive, of paragraph (1) of subdivision (c) may satisfy
- 14 those deficiencies by successfully completing post-master's or
- 15 postdoctoral degree coursework at an accredited or approved
- 16 institution, as defined in Section 4999.12.
- 17 (B) Notwithstanding subparagraph (A), no applicant shall be
- 18 deficient in the required areas of study specified in subparagraphs
- 19 (E) or (G) of paragraph (1) of subdivision (c).
- 20 (2) Coursework taken to meet deficiencies in the required areas
- 21 of study listed in subparagraphs (A) to (I), inclusive, of paragraph
- 22 (1) of subdivision (c) shall be the equivalent of three semester units
- 23 or four and one-half quarter units of study.
- 24 (3) The board shall make the final determination as to whether
- 25 a degree meets all requirements, including, but not limited to,
- 26 course requirements, regardless of accreditation.
- 27 (e) In addition to the degree described in this section, or as part
- 28 of that degree, an applicant shall complete the following
- 29 coursework or training prior to registration as an associate:
- 30 (1) A minimum of 15 contact hours of instruction in alcoholism
- 31 and other chemical substance abuse dependency, as specified by
- 32 regulation.
- 33 (2) A minimum of 10 contact hours of training or coursework
- 34 in human sexuality as specified in Section 25, and any regulations
- 35 promulgated thereunder.
- 36 (3) A two semester unit or three quarter unit survey course in
- 37 psychopharmacology.
- 38 (4) A minimum of 15 contact hours of instruction in spousal or
- 39 partner abuse assessment, detection, and intervention strategies,

1 including knowledge of community resources, cultural factors,  
2 and same gender abuse dynamics.

3 (5) A minimum of seven contact hours of training or coursework  
4 in child abuse assessment and reporting as specified in Section 28  
5 and any regulations adopted thereunder.

6 (6) A minimum of 18 contact hours of instruction in California  
7 law and professional ethics for professional clinical counselors  
8 that includes, but is not limited to, instruction in advertising, scope  
9 of practice, scope of competence, treatment of minors,  
10 confidentiality, dangerous clients, psychotherapist-client privilege,  
11 recordkeeping, client access to records, dual relationships, child  
12 abuse, elder and dependent adult abuse, online therapy, insurance  
13 reimbursement, civil liability, disciplinary actions and  
14 unprofessional conduct, ethics complaints and ethical standards,  
15 termination of therapy, standards of care, relevant family law,  
16 therapist disclosures to clients, and state and federal laws related  
17 to confidentiality of patient health information. When coursework  
18 in a master's or doctoral degree program is acquired to satisfy this  
19 requirement, it shall be considered as part of the 48 semester unit  
20 or 72 quarter unit requirement in subdivision (c).

21 (7) A minimum of 10 contact hours of instruction in aging and  
22 long-term care, which may include, but is not limited to, the  
23 biological, social, and psychological aspects of aging. On and after  
24 January 1, 2012, this coursework shall include instruction on the  
25 assessment and reporting of, as well as treatment related to, elder  
26 and dependent adult abuse and neglect.

27 (8) A minimum of 15 contact hours of instruction in crisis or  
28 trauma counseling, including multidisciplinary responses to crises,  
29 emergencies, or disasters, and brief, intermediate, and long-term  
30 approaches.

31 (f) This section shall remain in effect only until January 1, 2019,  
32 and as of that date is repealed, unless a later enacted statute that  
33 is enacted before January 1, 2019, deletes or extends that date.

34 SEC. 17. Section 4999.33 of the Business and Professions  
35 Code is amended to read:

36 4999.33. (a) This section shall apply to the following:

37 (1) Applicants for licensure or registration who begin graduate  
38 study before August 1, 2012, and do not complete that study on  
39 or before December 31, 2018.

1 (2) Applicants for licensure or registration who begin graduate  
2 study before August 1, 2012, and who graduate from a degree  
3 program that meets the requirements of this section.

4 (3) Applicants for licensure or registration who begin graduate  
5 study on or after August 1, 2012.

6 (b) To qualify for licensure or registration, applicants shall  
7 possess a master's or doctoral degree that is counseling or  
8 psychotherapy in content and that meets the requirements of this  
9 section, obtained from an accredited or approved institution, as  
10 defined in Section 4999.12. For purposes of this subdivision, a  
11 degree is "counseling or psychotherapy in content" if it contains  
12 the supervised practicum or field study experience described in  
13 paragraph (3) of subdivision (c) and, except as provided in  
14 subdivision (f), the coursework in the core content areas listed in  
15 subparagraphs (A) to (M), inclusive, of paragraph (1) of  
16 subdivision (c).

17 (c) The degree described in subdivision (b) shall contain not  
18 less than 60 graduate semester units or 90 graduate quarter units  
19 of instruction, which shall, except as provided in subdivision (f),  
20 include all of the following:

21 (1) The equivalent of at least three semester units or four and  
22 one-half quarter units of graduate study in all of the following core  
23 content areas:

24 (A) Counseling and psychotherapeutic theories and techniques,  
25 including the counseling process in a multicultural society, an  
26 orientation to wellness and prevention, counseling theories to assist  
27 in selection of appropriate counseling interventions, models of  
28 counseling consistent with current professional research and  
29 practice, development of a personal model of counseling, and  
30 multidisciplinary responses to crises, emergencies, and disasters.

31 (B) Human growth and development across the lifespan,  
32 including normal and abnormal behavior and an understanding of  
33 developmental crises, disability, psychopathology, and situational  
34 and environmental factors that affect both normal and abnormal  
35 behavior.

36 (C) Career development theories and techniques, including  
37 career development decisionmaking models and interrelationships  
38 among and between work, family, and other life roles and factors,  
39 including the role of multicultural issues in career development.



1 (D) Group counseling theories and techniques, including  
2 principles of group dynamics, group process components, group  
3 developmental stage theories, therapeutic factors of group work,  
4 group leadership styles and approaches, pertinent research and  
5 literature, group counseling methods, and evaluation of  
6 effectiveness.

7 (E) Assessment, appraisal, and testing of individuals, including  
8 basic concepts of standardized and nonstandardized testing and  
9 other assessment techniques, norm-referenced and  
10 criterion-referenced assessment, statistical concepts, social and  
11 cultural factors related to assessment and evaluation of individuals  
12 and groups, and ethical strategies for selecting, administering, and  
13 interpreting assessment instruments and techniques in counseling.

14 (F) Multicultural counseling theories and techniques, including  
15 counselors' roles in developing cultural self-awareness, identity  
16 development, promoting cultural social justice, individual and  
17 community strategies for working with and advocating for diverse  
18 populations, and counselors' roles in eliminating biases and  
19 prejudices, and processes of intentional and unintentional  
20 oppression and discrimination.

21 (G) Principles of the diagnostic process, including differential  
22 diagnosis, and the use of current diagnostic tools, such as the  
23 current edition of the Diagnostic and Statistical Manual, the impact  
24 of co-occurring substance use disorders or medical psychological  
25 disorders, established diagnostic criteria for mental or emotional  
26 disorders, and the treatment modalities and placement criteria  
27 within the continuum of care.

28 (H) Research and evaluation, including studies that provide an  
29 understanding of research methods, statistical analysis, the use of  
30 research to inform evidence-based practice, the importance of  
31 research in advancing the profession of counseling, and statistical  
32 methods used in conducting research, needs assessment, and  
33 program evaluation.

34 (I) Professional orientation, ethics, and law in counseling,  
35 including California law and professional ethics for professional  
36 clinical counselors, professional ethical standards and legal  
37 considerations, licensing law and process, regulatory laws that  
38 delineate the profession's scope of practice, counselor-client  
39 privilege, confidentiality, the client dangerous to self or others,  
40 treatment of minors with or without parental consent, relationship

1 between practitioner's sense of self and human values, functions  
2 and relationships with other human service providers, strategies  
3 for collaboration, and advocacy processes needed to address  
4 institutional and social barriers that impede access, equity, and  
5 success for clients.

6 (J) Psychopharmacology, including the biological bases of  
7 behavior, basic classifications, indications, and contraindications  
8 of commonly prescribed psychopharmacological medications so  
9 that appropriate referrals can be made for medication evaluations  
10 and so that the side effects of those medications can be identified.

11 (K) Addictions counseling, including substance abuse,  
12 co-occurring disorders, and addiction, major approaches to  
13 identification, evaluation, treatment, and prevention of substance  
14 abuse and addiction, legal and medical aspects of substance abuse,  
15 populations at risk, the role of support persons, support systems,  
16 and community resources.

17 (L) Crisis or trauma counseling, including crisis theory;  
18 multidisciplinary responses to crises, emergencies, or disasters;  
19 cognitive, affective, behavioral, and neurological effects associated  
20 with trauma; brief, intermediate, and long-term approaches; and  
21 assessment strategies for clients in crisis and principles of  
22 intervention for individuals with mental or emotional disorders  
23 during times of crisis, emergency, or disaster.

24 (M) Advanced counseling and psychotherapeutic theories and  
25 techniques, including the application of counseling constructs,  
26 assessment and treatment planning, clinical interventions,  
27 therapeutic relationships, psychopathology, or other clinical topics.

28 (2) In addition to the course requirements described in paragraph  
29 (1), 15 semester units or 22.5 quarter units of advanced coursework  
30 to develop knowledge of specific treatment issues or special  
31 populations.

32 (3) Not less than six semester units or nine quarter units of  
33 supervised practicum or field study experience that involves direct  
34 client contact in a clinical setting that provides a range of  
35 professional clinical counseling experience, including the  
36 following:

37 (A) Applied psychotherapeutic techniques.

38 (B) Assessment.

39 (C) Diagnosis.

40 (D) Prognosis.

- 1 (E) Treatment.
- 2 (F) Issues of development, adjustment, and maladjustment.
- 3 (G) Health and wellness promotion.
- 4 (H) Professional writing including documentation of services,  
5 treatment plans, and progress notes.
- 6 (I) How to find and use resources.
- 7 (J) Other recognized counseling interventions.
- 8 (K) A minimum of 280 hours of face-to-face supervised clinical  
9 experience counseling individuals, families, or groups.
- 10 (d) The 60 graduate semester units or 90 graduate quarter units  
11 of instruction required pursuant to subdivision (c) shall, in addition  
12 to meeting the requirements of subdivision (c), include instruction  
13 in all of the following:
  - 14 (1) The understanding of human behavior within the social  
15 context of socioeconomic status and other contextual issues  
16 affecting social position.
  - 17 (2) The understanding of human behavior within the social  
18 context of a representative variety of the cultures found within  
19 California.
  - 20 (3) Cultural competency and sensitivity, including a familiarity  
21 with the racial, cultural, linguistic, and ethnic backgrounds of  
22 persons living in California.
  - 23 (4) An understanding of the effects of socioeconomic status on  
24 treatment and available resources.
  - 25 (5) Multicultural development and cross-cultural interaction,  
26 including experiences of race, ethnicity, class, spirituality, sexual  
27 orientation, gender, and disability and their incorporation into the  
28 psychotherapeutic process.
  - 29 (6) Case management, systems of care for the severely mentally  
30 ill, public and private services for the severely mentally ill,  
31 community resources for victims of abuse, disaster and trauma  
32 response, advocacy for the severely mentally ill, and collaborative  
33 treatment. The instruction required in this paragraph may be  
34 provided either in credit level coursework or through extension  
35 programs offered by the degree-granting institution.
  - 36 (7) Human sexuality, including the study of the physiological,  
37 psychological, and social cultural variables associated with sexual  
38 behavior, gender identity, and the assessment and treatment of  
39 psychosexual dysfunction.

1 (8) Spousal or partner abuse assessment, detection, intervention  
2 strategies, and same gender abuse dynamics.

3 (9) A minimum of seven contact hours of training or coursework  
4 in child abuse assessment and reporting, as specified in Section  
5 28, and any regulations promulgated thereunder.

6 (10) Aging and long-term care, including biological, social,  
7 cognitive, and psychological aspects of aging. This coursework  
8 shall include instruction on the assessment and reporting of, as  
9 well as treatment related to, elder and dependent adult abuse and  
10 neglect.

11 (e) A degree program that qualifies for licensure under this  
12 section shall do all of the following:

13 (1) Integrate the principles of mental health recovery-oriented  
14 care and methods of service delivery in recovery-oriented practice  
15 environments.

16 (2) Integrate an understanding of various cultures and the social  
17 and psychological implications of socioeconomic position.

18 (3) Provide the opportunity for students to meet with various  
19 consumers and family members of consumers of mental health  
20 services to enhance understanding of their experience of mental  
21 illness, treatment, and recovery.

22 (f) (1) (A) An applicant whose degree is deficient in no more  
23 than three of the required areas of study listed in subparagraphs  
24 (A) to (M), inclusive, of paragraph (1) of subdivision (c) may  
25 satisfy those deficiencies by successfully completing post-master's  
26 or postdoctoral degree coursework at an accredited or approved  
27 institution, as defined in Section 4999.12.

28 (B) Notwithstanding subparagraph (A), no applicant shall be  
29 deficient in the required areas of study specified in subparagraphs  
30 (E) or (G) of paragraph (1) of subdivision (c).

31 (2) Coursework taken to meet deficiencies in the required areas  
32 of study listed in subparagraphs (A) to (M), inclusive, of paragraph  
33 (1) of subdivision (c) shall be the equivalent of three semester units  
34 or four and one-half quarter units of study.

35 (3) The board shall make the final determination as to whether  
36 a degree meets all requirements, including, but not limited to,  
37 course requirements, regardless of accreditation.

38 SEC. 18. Section 4999.42 of the Business and Professions  
39 Code is amended to read:

1 4999.42. To qualify for registration as an associate, an applicant  
2 shall have all of the following qualifications:

3 (a) The applicant shall have earned a master's or doctoral degree  
4 as specified in Section 4999.32 or 4999.33, as applicable. An  
5 applicant whose education qualifies him or her under Section  
6 4999.32 shall also have completed the coursework or training  
7 specified in subdivision (e) of Section 4999.32.

8 (b) The applicant shall not have committed acts or crimes  
9 constituting grounds for denial of licensure under Section 480.

10 (c) The board shall not issue a registration to any person who  
11 has been convicted of a crime in this or another state or in a  
12 territory of the United States that involves sexual abuse of children  
13 or who is required to register pursuant to Section 290 of the Penal  
14 Code or the equivalent in another state or territory.

15 SEC. 19. Section 4999.53 of the Business and Professions  
16 Code is amended to read:

17 4999.53. (a) Effective January 1, 2016, a registrant or an  
18 applicant for licensure as a professional clinical counselor shall  
19 pass the following examinations as prescribed by the board:

20 (1) A California law and ethics examination.

21 (2) A clinical examination administered by the board, or the  
22 National Clinical Mental Health Counselor Examination if the  
23 board finds that this examination meets the prevailing standards  
24 for validation and use of the licensing and certification tests in  
25 California.

26 (b) Upon registration with the board, an associate professional  
27 clinical counselor shall, within the first year of registration, take  
28 an examination on California law and ethics.

29 (c) A registrant or an applicant for licensure may take the clinical  
30 examination or the National Clinical Mental Health Counselor  
31 Examination, as established by the board through regulation, only  
32 upon meeting all of the following requirements:

33 (1) Completion of all required supervised work experience.

34 (2) Completion of all education requirements.

35 (3) Passage of the California law and ethics examination.

36 (d) This section shall become operative on January 1, 2016.

37 SEC. 20. Section 4999.60 of the Business and Professions  
38 Code is amended to read:

1 4999.60. (a) This section applies to persons who are licensed  
2 outside of California and apply for licensure on or after January  
3 1, 2016.

4 (b) The board may issue a license to a person who, at the time  
5 of submitting an application for a license pursuant to this chapter,  
6 holds a valid license in good standing as a professional clinical  
7 counselor, or other counseling license that allows the applicant to  
8 independently provide clinical mental health services, in another  
9 jurisdiction of the United States, if all of the following conditions  
10 are satisfied:

11 (1) The applicant's education is substantially equivalent, as  
12 defined in Section 4999.63.

13 (2) The applicant complies with subdivision (c) of Section  
14 4999.40, if applicable.

15 (3) The applicant's supervised experience is substantially  
16 equivalent to that required for a license under this chapter. The  
17 board shall consider hours of experience obtained outside of  
18 California during the six-year period immediately preceding the  
19 date the applicant initially obtained the license described above.  
20 If the applicant has less than 3,000 hours of qualifying supervised  
21 experience, time actively licensed as a professional clinical  
22 counselor shall be accepted at a rate of 100 hours per month up to  
23 a maximum of 1,200 hours if the applicant's degree meets the  
24 practicum requirement described in subparagraph (C) of paragraph  
25 (1) of subdivision (b) of Section 4999.63 without exemptions or  
26 remediation.

27 (4) The applicant passes the examinations required to obtain a  
28 license under this chapter. An applicant who obtained his or her  
29 license or registration under another jurisdiction may apply for  
30 licensure with the board without taking the clinical examination  
31 if both of the following conditions are met:

32 (A) The applicant obtained a passing score on the clinical  
33 licensing examination set forth in regulation as accepted by the  
34 board.

35 (B) The applicant's license or registration in that jurisdiction is  
36 active, in good standing at the time of his or her application, and  
37 is not revoked, suspended, surrendered, denied, or otherwise  
38 restricted or encumbered.

39 SEC. 21. Section 4999.61 of the Business and Professions  
40 Code is amended to read:

1 4999.61. (a) This section applies to persons who apply for  
2 licensure or registration on or after January 1, 2016, and who do  
3 not hold a license as described in Section 4999.60.

4 (b) The board shall accept education gained from an out-of-state  
5 school for purposes of satisfying licensure or registration  
6 requirements if the education is substantially equivalent, as defined  
7 in Section 4999.62, and the applicant complies with subdivision  
8 (c) of Section 4999.40, if applicable.

9 (c) The board shall accept experience gained outside of  
10 California for purposes of satisfying licensure or registration  
11 requirements if the experience is substantially equivalent to that  
12 required by this chapter.

13 SEC. 22. Section 4999.62 of the Business and Professions  
14 Code is amended to read:

15 4999.62. (a) This section applies to persons who apply for  
16 licensure or registration on or after January 1, 2016, and who do  
17 not hold a license as described in Section 4999.60.

18 (b) For purposes of Section 4999.61, education is substantially  
19 equivalent if all of the following requirements are met:

20 (1) The degree is obtained from an accredited or approved  
21 institution, as defined in Section 4999.12, and consists of, at a  
22 minimum, the following:

23 (A) (i) For an applicant who obtained his or her degree within  
24 the timeline prescribed by subdivision (a) of Section 4999.33 the  
25 degree shall contain no less than 60 graduate semester units or 90  
26 graduate quarter units of instruction.

27 (ii) Up to 12 semester units or 18 quarter units of instruction  
28 may be remediated, if missing from the degree. The remediation  
29 may occur while the applicant is registered as an associate.

30 (B) For an applicant who obtained his or her degree within the  
31 timeline prescribed by subdivision (a) of Section 4999.32 the  
32 degree shall contain no less than 48 graduate semester units or 72  
33 graduate quarter units of instruction.

34 (C) Six semester units or nine quarter units of practicum,  
35 including, but not limited to, a minimum of 280 hours of  
36 face-to-face supervised clinical experience counseling individuals,  
37 families, or groups.

38 (D) The required areas of study listed in subparagraphs (A) to  
39 (M), inclusive, of paragraph (1) of subdivision (c) of Section  
40 4999.33.

1 (i) (I) An applicant whose degree is deficient in no more than  
2 six of the required areas of study listed in subparagraphs (A) to  
3 (M), inclusive, of paragraph (1) of subdivision (c) of Section  
4 4999.33 may satisfy those deficiencies by successfully completing  
5 graduate level coursework at an accredited or approved institution,  
6 as defined in Section 4999.12. Coursework taken to meet any  
7 deficiencies shall be the equivalent of three semester units or four  
8 and one-half quarter units of study.

9 (II) Notwithstanding subclause (I), no applicant shall be deficient  
10 in the required areas of study specified in subparagraph (E) or (G)  
11 of paragraph (1) of subdivision (c) of Section 4999.33.

12 (ii) An applicant who completed a course in professional  
13 orientation, ethics, and law in counseling as required by  
14 subparagraph (I) of paragraph (1) of subdivision (c) of Section  
15 4999.33 that did not contain instruction in California law and ethics  
16 shall complete an 18-hour course in California law and professional  
17 ethics that includes, but is not limited to, instruction in advertising,  
18 scope of practice, scope of competence, treatment of minors,  
19 confidentiality, dangerous clients, psychotherapist-client privilege,  
20 recordkeeping, client access to records, state and federal laws  
21 relating to confidentiality of patient health information, dual  
22 relationships, child abuse, elder and dependent adult abuse, online  
23 therapy, insurance reimbursement, civil liability, disciplinary  
24 actions and unprofessional conduct, ethics complaints and ethical  
25 standards, termination of therapy, standards of care, relevant family  
26 law, and therapist disclosures to clients. An applicant shall  
27 complete this coursework prior to registration as an associate.

28 (iii) An applicant who has not completed a course in professional  
29 orientation, ethics, and law in counseling as required by  
30 subparagraph (I) of paragraph (1) of subdivision (c) of Section  
31 4999.33 shall complete this required coursework, including content  
32 in California law and ethics. An applicant shall complete this  
33 coursework prior to registration as an associate.

34 (2) The applicant completes any units required by subdivision  
35 (c) of Section 4999.33 not already completed in his or her education  
36 as follows:

37 (A) At least 15 semester units or 22.5 quarter units of advanced  
38 coursework to develop knowledge of specific treatment issues or  
39 special populations. This coursework is in addition to the course  
40 requirements described in subparagraph (D) of paragraph (1).



1 (B) Coursework shall be from an accredited or approved school,  
2 college, or university as defined in Section 4999.12.

3 (3) (A) The applicant completes the following coursework not  
4 already completed in his or her education:

5 (i) A minimum of 10 contact hours of training in human  
6 sexuality, as specified in Section 25 and any regulations  
7 promulgated thereunder, including the study of the physiological,  
8 psychological, and social cultural variables associated with sexual  
9 behavior, gender identity, and the assessment and treatment of  
10 psychosexual dysfunction.

11 (ii) A minimum of 15 contact hours of instruction in spousal or  
12 partner abuse assessment, detection, intervention strategies, and  
13 same-gender abuse dynamics.

14 (iii) A minimum of seven contact hours of training or  
15 coursework in child abuse assessment and reporting as specified  
16 in Section 28 and any regulations promulgated thereunder.

17 (iv) A minimum of 10 contact hours of instruction in aging and  
18 long-term care, including biological, social, cognitive, and  
19 psychological aspects of aging. This coursework shall include  
20 instruction on the assessment and reporting of, as well as treatment  
21 related to, elder and dependent adult abuse and neglect.

22 (B) This coursework may be from an accredited or approved  
23 school, college, or university as defined in Section 4999.12, or  
24 from a continuing education provider that is acceptable to the board  
25 as defined in Section 4999.76. Undergraduate coursework shall  
26 not satisfy this requirement.

27 (4) The applicant completes the following coursework not  
28 already completed in his or her education from an accredited or  
29 approved school, college, or university as defined in Section  
30 4999.12, or from a continuing education provider that is acceptable  
31 to the board as defined in Section 4999.76. Undergraduate  
32 coursework shall not satisfy this requirement.

33 (A) At least three semester units, or 45 hours, of instruction  
34 regarding the principles of mental health recovery-oriented care  
35 and methods of service delivery in recovery-oriented practice  
36 environments, including structured meetings with various  
37 consumers and family members of consumers of mental health  
38 services to enhance understanding of their experiences of mental  
39 illness, treatment, and recovery.

1 (B) At least one semester unit, or 15 hours, of instruction that  
2 includes an understanding of various California cultures and the  
3 social and psychological implications of socioeconomic position.

4 (5) An applicant may complete any units and course content  
5 requirements required under paragraph (2), (3), or (4) not already  
6 completed in his or her education while registered with the board  
7 as an associate.

8 SEC. 23. Section 4999.63 of the Business and Professions  
9 Code is amended to read:

10 4999.63. (a) This section applies to persons who apply for  
11 licensure or registration on or after January 1, 2016, and who hold  
12 a license as described in Section 4999.60.

13 (b) For purposes of Section 4999.60, education is substantially  
14 equivalent if all of the following requirements are met:

15 (1) The degree is obtained from an accredited or approved  
16 institution, as defined in Section 4999.12, and consists of the  
17 following:

18 (A) (i) For an applicant who obtained his or her degree within  
19 the timeline prescribed by subdivision (a) of Section 4999.33 the  
20 degree shall contain no less than 60 graduate semester or 90  
21 graduate quarter units of instruction.

22 (ii) Up to 12 semester units or 18 quarter units of instruction  
23 may be remediated, if missing from the degree. The remediation  
24 may occur while the applicant is registered as an associate.

25 (B) For an applicant who obtained his or her degree within the  
26 timeline prescribed by subdivision (a) of Section 4999.32 the  
27 degree shall contain no less than 48 graduate semester or 72  
28 graduate quarter units of instruction.

29 (C) Six semester units or nine quarter units of practicum,  
30 including, but not limited to, a minimum of 280 hours of  
31 face-to-face supervised clinical experience counseling individuals,  
32 families, or groups.

33 (i) An applicant who has been licensed for at least two years in  
34 clinical practice, as verified by the board, is exempt from this  
35 requirement.

36 (ii) An out-of-state applicant who has been licensed for less  
37 than two years in clinical practice, as verified by the board, who  
38 does not meet the practicum requirement, shall remediate the  
39 requirement by demonstrating completion of a total of 280 hours  
40 of face-to-face supervised clinical experience, as specified in

1 subparagraph (K) of paragraph (3) of subdivision (c) of Section  
2 4999.33. Any postdegree hours gained to meet this requirement  
3 are in addition to the 3,000 hours of experience required by this  
4 chapter, and shall be gained while the applicant is registered with  
5 the board as an associate.

6 (D) The required areas of study specified in subparagraphs (A)  
7 to (M), inclusive, of paragraph (1) of subdivision (c) of Section  
8 4999.33.

9 (i) (I) An applicant whose degree is deficient in no more than  
10 six of the required areas of study specified in subparagraphs (A)  
11 to (M), inclusive, of paragraph (1) of subdivision (c) of Section  
12 4999.33 may satisfy those deficiencies by successfully completing  
13 graduate level coursework at an accredited or approved institution,  
14 as defined in Section 4999.12. Coursework taken to meet any  
15 deficiencies shall be the equivalent of three semester units or four  
16 and one-half quarter units of study.

17 (II) Notwithstanding subclause (I), no applicant shall be deficient  
18 in the required areas of study specified in subparagraphs (E) or  
19 (G) of paragraph (1) of subdivision (c) of Section 4999.33.

20 (ii) An applicant who completed a course in professional  
21 orientation, ethics, and law in counseling as required by  
22 subparagraph (I) of paragraph (1) of subdivision (c) of Section  
23 4999.33 that did not contain instruction in California law and ethics  
24 shall complete an 18-hour course in California law and professional  
25 ethics that includes, but is not limited to, instruction in advertising,  
26 scope of practice, scope of competence, treatment of minors,  
27 confidentiality, dangerous clients, psychotherapist-client privilege,  
28 recordkeeping, client access to records, state and federal laws  
29 relating to confidentiality of patient health information, dual  
30 relationships, child abuse, elder and dependent adult abuse, online  
31 therapy, insurance reimbursement, civil liability, disciplinary  
32 actions and unprofessional conduct, ethics complaints and ethical  
33 standards, termination of therapy, standards of care, relevant family  
34 law, and therapist disclosures to clients. An applicant shall  
35 complete this coursework prior to registration as an associate.

36 (iii) An applicant who has not completed a course in professional  
37 orientation, ethics, and law in counseling as required by  
38 subparagraph (I) of paragraph (1) of subdivision (c) of Section  
39 4999.33 shall complete this required coursework, including content

1 in California law and ethics. An applicant shall complete this  
2 coursework prior to registration as an associate.

3 (2) The applicant completes any units required under subdivision  
4 (c) of Section 4999.33 not already completed in his or her education  
5 as follows:

6 (A) At least 15 semester units or 22.5 quarter units of advanced  
7 coursework to develop knowledge of specific treatment issues or  
8 special populations. This coursework is in addition to the course  
9 requirements described in subparagraph (D) of paragraph (1).

10 (B) Coursework shall be from an accredited or approved school,  
11 college, or university as defined in Section 4999.12.

12 (3) The applicant completes the following coursework not  
13 already completed in his or her education:

14 (A) A minimum of 10 contact hours of training in human  
15 sexuality, as specified in Section 25 and any regulations  
16 promulgated thereunder, including the study of the physiological,  
17 psychological, and social cultural variables associated with sexual  
18 behavior, gender identity, and the assessment and treatment of  
19 psychosexual dysfunction.

20 (B) A minimum of 15 contact hours of instruction in spousal  
21 or partner abuse assessment, detection, intervention strategies, and  
22 same-gender abuse dynamics.

23 (C) A minimum of seven contact hours of training or coursework  
24 in child abuse assessment and reporting as specified in Section 28  
25 and any regulations promulgated under that section.

26 (D) A minimum of 10 contact hours of instruction in aging and  
27 long-term care, including biological, social, cognitive, and  
28 psychological aspects of aging. This coursework shall include  
29 instruction on the assessment and reporting of, as well as treatment  
30 related to, elder and dependent adult abuse and neglect.

31 (E) This coursework may be from an accredited or approved  
32 school, college, or university as defined in Section 4999.12, or  
33 from a continuing education provider that is acceptable to the board  
34 as defined in Section 4999.76. Undergraduate coursework shall  
35 not satisfy this requirement.

36 (4) The applicant completes the following coursework not  
37 already completed in his or her education from an accredited or  
38 approved school, college, or university as defined in Section  
39 4999.12, or from a continuing education provider that is acceptable

1 to the board as defined in Section 4999.76. Undergraduate  
2 coursework shall not satisfy this requirement.

3 (A) At least three semester units or 45 hours of instruction  
4 regarding the principles of mental health recovery-oriented care  
5 and methods of service delivery in recovery-oriented practice  
6 environments, including structured meetings with various  
7 consumers and family members of consumers of mental health  
8 services to enhance understanding of their experience of mental  
9 illness, treatment, and recovery.

10 (B) At least one semester unit or 15 hours of instruction that  
11 includes an understanding of various California cultures and the  
12 social and psychological implications of socioeconomic position.

13 (5) An applicant may complete any units and course content  
14 requirements required by subparagraph (D) of paragraph (1) or  
15 paragraphs (2), (3), and (4) not already completed in his or her  
16 education while registered with the board as an associate, unless  
17 otherwise specified.

18 SEC. 24. Section 4999.118 of the Business and Professions  
19 Code is amended to read:

20 4999.118. A licensee or registrant shall give written notice to  
21 the board of a name change, giving both the old and new names.  
22 The written notice shall be submitted to the board within 30 days  
23 of the issuance of a new government-issued photographic  
24 identification. The licensee or registrant shall certify the  
25 information is correct by signing a statement under penalty of  
26 perjury. A copy of both of the following documents evidencing  
27 the change shall be submitted with the notice:

28 (a) A current government-issued photographic identification.

29 (b) The legal document authorizing the name change, such as  
30 a court order or a marriage certificate.

31 SEC. 25. Section 4999.120 of the Business and Professions  
32 Code is amended to read:

33 4999.120. The board shall assess fees for the application for  
34 and the issuance and renewal of licenses and for the registration  
35 of associates to cover administrative and operating expenses of  
36 the board related to this chapter. Fees assessed pursuant to this  
37 section shall not exceed the following:

38 (a) The fee for the application for licensure shall be up to two  
39 hundred fifty dollars (\$250).

1 (b) The fee for the application for associate registration shall  
2 be up to one hundred fifty dollars (\$150).

3 (c) The fee for the board-administered clinical examination, if  
4 the board chooses to adopt this examination in regulations, shall  
5 be up to two hundred fifty dollars (\$250).

6 (d) The fee for the law and ethics examination shall be up to  
7 one hundred fifty dollars (\$150).

8 (e) The fee for the issuance of a license shall be up to two  
9 hundred fifty dollars (\$250).

10 (f) The fee for annual renewal of an associate registration shall  
11 be up to one hundred fifty dollars (\$150).

12 (g) The fee for two-year renewal of licenses shall be up to two  
13 hundred fifty dollars (\$250).

14 (h) The fee for issuance of a retired license shall be forty dollars  
15 (\$40).

16 (i) The fee for rescoring an examination shall be twenty dollars  
17 (\$20).

18 (j) The fee for issuance of a replacement license or registration  
19 shall be twenty dollars (\$20).

20 (k) The fee for issuance of a certificate or letter of good standing  
21 shall be twenty-five dollars (\$25).

22 SEC. 26. Section 5094 of the Business and Professions Code  
23 is amended to read:

24 5094. (a) In order for education to be qualifying, it shall meet  
25 the standards described in subdivision (b) or (c) of this section.

26 (b) At a minimum, education shall be from a degree-granting  
27 university, college, or other institution of learning accredited by  
28 a regional or national accrediting agency included in a list of these  
29 agencies published by the United States Secretary of Education  
30 under the requirements of the Higher Education Act of 1965 as  
31 amended (20 U.S.C. Sec. 1001 et seq.).

32 (c) Education from a college, university, or other institution of  
33 learning located outside the United States may be qualifying  
34 provided it is deemed by the board to be equivalent to education  
35 obtained under subdivision (b). The board may require an applicant  
36 to submit documentation of his or her education to a credential  
37 evaluation service approved by the board for evaluation and to  
38 cause the results of this evaluation to be reported to the board in  
39 order to assess educational equivalency.

1 (d) The board shall adopt regulations specifying the criteria and  
2 procedures for approval of credential evaluation services. These  
3 regulations shall, at a minimum, require that the credential  
4 evaluation service (1) furnish evaluations directly to the board, (2)  
5 furnish evaluations written in English, (3) be a member of the  
6 American Association of Collegiate Registrars and Admissions  
7 Officers, NAFSA: Association of International Educators, or the  
8 National Association of Credential Evaluation Services, (4) be  
9 used by accredited colleges and universities, (5) be reevaluated by  
10 the board every five years, (6) maintain a complete set of reference  
11 materials as specified by the board, (7) base evaluations only upon  
12 authentic, original transcripts and degrees and have a written  
13 procedure for identifying fraudulent transcripts, (8) include in the  
14 evaluation report, for each degree held by the applicant, the  
15 equivalent degree offered in the United States, the date the degree  
16 was granted, the institution granting the degree, an English  
17 translation of the course titles, and the semester unit equivalence  
18 for each of the courses, (9) have an appeal procedure for applicants,  
19 and (10) furnish the board with information concerning the  
20 credential evaluation service that includes biographical information  
21 on evaluators and translators, three letters of references from public  
22 or private agencies, statistical information on the number of  
23 applications processed annually for the past five years, and any  
24 additional information the board may require in order to ascertain  
25 that the credential evaluation service meets the standards set forth  
26 in this subdivision and in any regulations adopted by the board.

27 SEC. 27. Section 5680.1 of the Business and Professions Code  
28 is amended to read:

29 5680.1. Except as otherwise provided in this chapter, a license  
30 that has expired may be renewed at any time within five years after  
31 its expiration on filing of an application for renewal on a form  
32 prescribed by the board, and payment of all accrued and unpaid  
33 renewal fees. If the license is renewed more than 30 days after its  
34 expiration, the licenseholder, as a condition precedent to renewal,  
35 shall also pay the delinquency fee prescribed by this chapter.  
36 Renewal under this section shall be effective on the date on which  
37 the application is filed, on the date on which all renewal fees are  
38 paid, or on the date on which the delinquency fee, if any, is paid,  
39 whichever last occurs. If so renewed, the license shall continue in  
40 effect through the date provided in Section 5680 that next occurs

1 after the effective date of the renewal, when it shall expire if it is  
2 not again renewed.

3 SEC. 28. Section 5680.2 of the Business and Professions Code  
4 is amended to read:

5 5680.2. A license that is not renewed within five years after  
6 its expiration may not be renewed, restored, reissued, or reinstated  
7 thereafter, but the holder of the expired license may apply for and  
8 obtain a new license if:

9 (a) No fact, circumstance, or condition exists which, if the  
10 license were issued, would justify its revocation or suspension.

11 (b) The holder of the expired license pays the fees required of  
12 new applicants.

13 (c) The holder of the expired license takes and passes the current  
14 California Supplemental Examination.

15 SEC. 29. Section 7075.1 of the Business and Professions Code  
16 is amended to read:

17 7075.1. (a) No license, regardless of type or classification,  
18 shall be transferable to any other person or entity under any  
19 circumstances.

20 (b) A license number may be reissued after cancellation,  
21 revocation, suspension, or expiration beyond the renewal period  
22 specified in Section 7141, only under the following circumstances:

23 (1) To an individual upon application.

24 (2) To a partnership upon application if there is no change in  
25 the partners or partnership structure.

26 (3) To a corporation upon application if there is no change in  
27 the status of the corporation as registered with the Secretary of  
28 State.

29 (4) To a limited liability company upon application if there is  
30 no change in the status of the company as registered with the  
31 Secretary of State.

32 (c) A license number may be reissued or reassigned to a different  
33 entity only under the following conditions:

34 (1) To a corporation when the parent corporation has merged  
35 or created a subsidiary, the subsidiary has merged into the parent  
36 corporation, or the corporation has changed its filing status with  
37 the Secretary of State from a domestic corporation to a foreign  
38 corporation or from a foreign corporation to a domestic corporation,  
39 and the new entity is being formed to continue the business of the  
40 formerly licensed corporation.



1 (2) To a limited liability company when the parent limited  
2 liability company has merged or created a subsidiary, the subsidiary  
3 has merged into the parent limited liability company, or the limited  
4 liability company has changed its filing status with the Secretary  
5 of State from a domestic limited liability company to a foreign  
6 limited liability company or from a foreign limited liability  
7 company to a domestic limited liability company, and the new  
8 entity is being formed to continue the business of the formerly  
9 licensed limited liability company.

10 (3) To an individual when the individual is an immediate family  
11 member of a licensed individual who is deceased or absent and  
12 the license is required to continue an existing family contracting  
13 business.

14 (4) To a corporation or limited liability company when created  
15 by immediate members of an individual licensee's family to  
16 continue an existing deceased or absent individual licensee's  
17 contracting business.

18 (5) To a corporation or limited liability company when the  
19 corporation or limited liability company is formed by an individual  
20 licensee and the individual licensee maintains ownership directly  
21 or indirectly of shares or membership interests evidencing more  
22 than 50 percent of the voting power.

23 (6) To a limited liability company that is formed by a  
24 corporation to continue the business of the corporation subsequent  
25 to the cancellation of the corporate entity's license, provided the  
26 personnel listed for each entity are the same.

27 (d) For purposes of this section, an immediate family member  
28 of a deceased or absent licensed individual is either a spouse,  
29 father, mother, brother, sister, son, daughter, stepson, stepdaughter,  
30 grandson, granddaughter, son-in-law, or daughter-in-law.

31 SEC. 30. Section 7145.5 of the Business and Professions Code  
32 is amended to read:

33 7145.5. (a) The registrar may refuse to issue, reinstate,  
34 reactivate, or renew a license or may suspend a license for the  
35 failure of a licensee to resolve all outstanding final liabilities, which  
36 include taxes, additions to tax, penalties, interest, and any fees that  
37 may be assessed by the board, the Department of Industrial  
38 Relations, the Employment Development Department, the  
39 Franchise Tax Board, or the State Board of Equalization.

1 (1) Until the debts covered by this section are satisfied, the  
2 qualifying person and any other personnel of record named on a  
3 license that has been suspended under this section shall be  
4 prohibited from serving in any capacity that is subject to licensure  
5 under this chapter, but shall be permitted to act in the capacity of  
6 a nonsupervising bona fide employee.

7 (2) The license of any other renewable licensed entity with any  
8 of the same personnel of record that have been assessed an  
9 outstanding liability covered by this section shall be suspended  
10 until the debt has been satisfied or until the same personnel of  
11 record disassociate themselves from the renewable licensed entity.

12 (b) The refusal to issue a license or the suspension of a license  
13 as provided by this section shall be applicable only if the registrar  
14 has mailed a notice preliminary to the refusal or suspension that  
15 indicates that the license will be refused or suspended by a date  
16 certain. This preliminary notice shall be mailed to the licensee at  
17 least 60 days before the date certain.

18 (c) In the case of outstanding final liabilities assessed by the  
19 Franchise Tax Board, this section shall be operative within 60 days  
20 after the Contractors' State License Board has provided the  
21 Franchise Tax Board with the information required under Section  
22 30, relating to licensing information that includes the federal  
23 employer identification number, individual taxpayer identification  
24 number, or social security number.

25 (d) All versions of the application for contractors' licenses shall  
26 include, as part of the application, an authorization by the applicant,  
27 in the form and manner mutually agreeable to the Franchise Tax  
28 Board and the board, for the Franchise Tax Board to disclose the  
29 tax information that is required for the registrar to administer this  
30 section. The Franchise Tax Board may from time to time audit  
31 these authorizations.

32 (e) In the case of outstanding final liabilities assessed by the  
33 State Board of Equalization, this section shall not apply to any  
34 outstanding final liability if the licensee has entered into an  
35 installment payment agreement for that liability with the State  
36 Board of Equalization and is in compliance with the terms of that  
37 agreement.

38 SEC. 31. Section 7558 of the Business and Professions Code  
39 is amended to read:

1 7558. A private investigator license, branch office certificate,  
2 and pocket card issued under this chapter expires at midnight on  
3 the last day of the month two years following the date of issuance  
4 unless renewed.

5 SEC. 32. Section 7583.5 of the Business and Professions Code  
6 is amended to read:

7 7583.5. (a) Every licensee and any person employed and  
8 compensated by a licensee, other lawful business or public agency  
9 as a security guard or patrolperson, and who in the course of that  
10 employment or business carries a firearm, shall complete a course  
11 of training in the exercise of the powers to arrest and a course of  
12 training in the carrying and use of firearms. This subdivision shall  
13 not apply to armored vehicle guards hired prior to January 1, 1977.  
14 Armored vehicle guards hired on or after January 1, 1977, shall  
15 complete a course of training in the carrying and use of firearms,  
16 but shall not be required to complete a course of training in the  
17 exercise of the powers to arrest. The course of training in the  
18 carrying and use of firearms shall not be required of any employee  
19 who is not required or permitted by a licensee to carry or use  
20 firearms. The course in the carrying and use of firearms and the  
21 course of training in the exercise of the powers to arrest shall meet  
22 the standards which shall be prescribed by the Department of  
23 Consumer Affairs. The department shall encourage restraint and  
24 caution in the use of firearms.

25 (b) No licensee or uniformed employee of a licensee shall carry  
26 or use any firearm unless the licensee or employee has in his or  
27 her possession a valid firearm qualification card.

28 SEC. 33. Section 7583.20 of the Business and Professions  
29 Code is amended to read:

30 7583.20. (a) A registration issued under this chapter expires  
31 at midnight on the last day of the month two years following the  
32 date of issuance unless renewed. At least 60 days prior to the  
33 expiration, a registrant seeking to renew a security guard  
34 registration shall forward to the bureau a completed registration  
35 renewal application and the renewal fee. The renewal application  
36 shall be on a form prescribed by the director, dated and signed by  
37 the applicant, certifying under penalty of perjury that the  
38 information in the application is true and correct.

39 (b) The licensee shall provide to any employee information  
40 regarding procedures for renewal or registration.

1 (c) In the event a registrant fails to request a renewal of his or  
2 her registration as provided for in this chapter, the registration  
3 shall expire as indicated on the registration. If the registration is  
4 renewed within 60 days after its expiration, the registrant, as a  
5 condition precedent to renewal, shall pay the renewal fee and the  
6 delinquency fee.

7 (d) The delinquency fee is 50 percent of the renewal fee in effect  
8 on the date of expiration, but not less than twenty-five dollars  
9 (\$25).

10 (e) If the renewed registration card has not been delivered to  
11 the registrant prior to the expiration of the prior registration, the  
12 registrant may present evidence of renewal to substantiate  
13 continued registration for a period not to exceed 90 days after the  
14 date of expiration.

15 (f) A registration may not be renewed or reinstated unless a  
16 registrant meets both of the following requirements:

17 (1) All fines assessed pursuant to Section 7587.7 and not  
18 resolved in accordance with the provisions of that section have  
19 been paid.

20 (2) On and after July 1, 2005, the registrant certifies, on a form  
21 prescribed by the bureau, that he or she has completed the 32 hours  
22 of the training required by subdivision (b) of Section 7583.6.

23 *SEC. 33.5. Section 7583.20 of the Business and Professions*  
24 *Code is amended to read:*

25 7583.20. (a) A registration issued under this chapter expires  
26 *at midnight on the last day of the month* two years following the  
27 ~~date of issuance or on the assigned renewal date. Every security~~  
28 ~~guard issued a registration under this chapter that expires on or~~  
29 ~~after January 1, 1997, and who is also issued or renews a firearms~~  
30 ~~qualification card on or after January 1, 1997, shall be placed on~~  
31 ~~a cyclical renewal so that the registration expires on the expiration~~  
32 ~~date of the firearms qualification card. Notwithstanding any other~~  
33 ~~provision of law, the bureau is authorized to extend or shorten the~~  
34 ~~first term of registration following January 1, 1997, and to prorate~~  
35 ~~the required registration fee in order to implement this cyclical~~  
36 ~~renewal. unless renewed.~~ At least 60 days prior to the expiration,  
37 a registrant seeking to renew a security guard registration shall  
38 forward to the bureau a completed registration renewal application  
39 and the renewal fee. The renewal application shall be on a form  
40 prescribed by the director, dated and signed by the applicant,

1 certifying under penalty of perjury that the information in the  
2 application is true and correct.

3 (b) The licensee shall provide to any employee information  
4 regarding procedures for renewal or registration.

5 (c) In the event a registrant fails to request a renewal of his or  
6 her registration as provided for in this chapter, the registration  
7 shall expire as indicated on the registration. If the registration is  
8 renewed within 60 days after its expiration, the registrant, as a  
9 condition precedent to renewal, shall pay the renewal fee and the  
10 delinquency fee.

11 (d) The delinquency fee is 50 percent of the renewal fee in effect  
12 on the date of expiration, but not less than twenty-five dollars  
13 (\$25).

14 (e) If the renewed registration card has not been delivered to  
15 the registrant prior to the expiration of the prior registration, the  
16 registrant may present evidence of renewal to substantiate  
17 continued registration for a period not to exceed 90 days after the  
18 date of expiration.

19 (f) A registration may not be renewed or reinstated unless a  
20 registrant meets both of the following requirements:

21 (1) All fines assessed pursuant to Section 7587.7 and not  
22 resolved in accordance with the provisions of that section have  
23 been paid.

24 (2) On and after July 1, 2005, the registrant certifies, on a form  
25 prescribed by the bureau, that he or she has completed the 32 hours  
26 of the training required by subdivision (b) of Section 7583.6.

27 (g) *This section shall become inoperative on July 1, 2018, and,*  
28 *as of January 1, 2019, is repealed.*

29 SEC. 34. Section 7583.21 of the Business and Professions  
30 Code is amended to read:

31 7583.21. The registration of a security guard shall be  
32 automatically suspended if the guard is convicted of any crime  
33 that is substantially related to the functions, duties, and  
34 responsibilities of a security guard. The automatic suspension shall  
35 be effectuated by the mailing of a notice of conviction and  
36 suspension of license to be sent by the bureau to the registered  
37 guard at his or her address of record. The notice shall contain a  
38 statement of preliminary determination by the director or his or  
39 her designee that the crime stated is reasonably related to the  
40 functions, duties, and responsibilities of a security guard. Upon

1 proper request by the guard, a hearing shall be convened within  
2 60 days of the request, before the private security disciplinary  
3 review committee, as specified in Section 7581.3, for a  
4 determination as to whether the automatic suspension shall be  
5 made permanent or whether the registration shall be revoked or  
6 the guard otherwise disciplined.

7 In enacting this provision, the Legislature finds and declares that  
8 registered guards convicted of the commission of crimes reasonably  
9 related to the functions, duties, and responsibilities of a security  
10 guard shall be subject to automatic suspension of their license and  
11 that summary suspension is justified by compelling state interests  
12 of public safety and security within the meaning of the California  
13 Supreme Court's decision in *Eye Dog Foundation v. State Board*  
14 *of Guide Dogs for the Blind*, 67 Cal. 2d 536.

15 SEC. 35. Section 7583.32 of the Business and Professions  
16 Code is amended to read:

17 7583.32. (a) A firearms qualification card expires two years  
18 from the date of issuance, if not renewed. A person who wishes  
19 to renew a firearms qualification card shall file an application for  
20 renewal at least 60 days prior to the card's expiration. A person  
21 whose card has expired shall not carry a firearm until he or she  
22 has been issued a renewal card by the bureau.

23 (b) The bureau shall not renew a firearms qualification card  
24 unless all of the following conditions are satisfied:

25 (1) The cardholder has filed with the bureau a completed  
26 application for renewal of a firearms qualification card, on a form  
27 prescribed by the director, dated and signed by the applicant under  
28 penalty of perjury certifying that the information on the application  
29 is true and correct.

30 (2) The applicant has requalified on the range and has  
31 successfully passed a written examination based on course content  
32 as specified in the firearms training manual approved by the  
33 department and taught at a training facility approved by the bureau.

34 (3) The application is accompanied by a firearms requalification  
35 fee as prescribed in this chapter.

36 (4) The applicant has produced evidence to the firearm training  
37 facility, either upon receiving his or her original qualification card  
38 or upon filing for renewal of that card, that he or she is a citizen  
39 of the United States or has permanent legal alien status in the  
40 United States. Evidence of citizenship or permanent legal alien

1 status is that deemed sufficient by the bureau to ensure compliance  
2 with federal laws prohibiting possession of firearms by persons  
3 unlawfully in the United States and may include, but not be limited  
4 to, the United States Department of Justice, Immigration and  
5 Naturalization Service Form I-151 or I-551, Alien Registration  
6 Receipt Card, naturalization documents, or birth certificates  
7 evidencing lawful residence or status in the United States.

8 (c) An expired firearms qualification card may not be renewed.  
9 A person with an expired registration is required to apply for a  
10 new firearms qualification in the manner required of persons not  
11 previously registered. A person whose card has expired shall not  
12 carry a firearm until he or she has been issued a new firearms  
13 qualification card by the bureau.

14 (d) Paragraph (2) of subdivision (b) shall not apply to a duly  
15 appointed peace officer, as defined in Chapter 4.5 (commencing  
16 with Section 830) of Title 3 of Part 2 of the Penal Code, who is  
17 authorized to carry a firearm in the course of his or her duties and  
18 who has successfully completed requalification training or to a  
19 federal qualified law enforcement officer, as defined in Section  
20 926B of Title 18 of the United States Code (18 U.S.C. Sec. 926B),  
21 who is authorized to carry a firearm in the course of his or her  
22 duties and who has successfully completed requalification training.

23 SEC. 36. Section 7586 of the Business and Professions Code  
24 is amended to read:

25 7586. A private patrol operator license, branch office certificate,  
26 and pocket card issued under this chapter expires at midnight on  
27 the last day of the month two years following the date of issuance  
28 unless renewed.

29 SEC. 37. Section 7590.1 of the Business and Professions Code,  
30 as amended by Section 1 of Chapter 140 of the Statutes of 2015,  
31 is amended to read:

32 7590.1. The following terms as used in this chapter have the  
33 meaning expressed in this article:

34 (a) "Person" means any individual, firm, company, association,  
35 organization, partnership, limited liability company, or corporation.

36 (b) "Department" means the Department of Consumer Affairs.

37 (c) "Director" means the Director of Consumer Affairs.

38 (d) "Bureau" means the Bureau of Security and Investigative  
39 Services.

1 (e) “Chief” means the Chief of the Bureau of Security and  
2 Investigative Services.

3 (f) “Employer” means a person who employs an individual for  
4 wages or salary, lists the individual on the employer’s payroll  
5 records, and withholds all legally required deductions and  
6 contributions.

7 (g) “Employee” means an individual who works for an  
8 employer, is listed on the employer’s payroll records, and is under  
9 the employer’s direction and control.

10 (h) “Employer-employee relationship” means an individual who  
11 works for another and where the individual’s name appears on the  
12 payroll records of the employer.

13 (i) “Licensee” means a business entity, whether an individual,  
14 partnership, limited liability company, or corporation licensed  
15 under this chapter.

16 (j) “Qualified manager” means an individual who is in active  
17 control, management, and direction of the licensee’s business, and  
18 who is in possession of a current and valid qualified manager’s  
19 certificate pursuant to this chapter.

20 (k) “Registrant” means any person registered or who has applied  
21 for registration under this chapter.

22 (l) “Branch office” means any location, other than the principal  
23 place of business of the licensee, which is licensed as set forth in  
24 Article 11 (commencing with Section 7599.20).

25 (m) “Branch office manager” means an individual designated  
26 by the qualified manager to manage the licensee’s branch office  
27 and who has met the requirements as set forth in Article 11  
28 (commencing with Section 7599.20).

29 (n) “Alarm system” means an assembly of equipment and  
30 devices arranged to signal the presence of a hazard requiring urgent  
31 attention and to which police may respond.

32 (o) “Alarm agent” means a person employed by an alarm  
33 company operator whose duties include selling on premises,  
34 altering, installing, maintaining, moving, repairing, replacing,  
35 servicing, responding, or monitoring an alarm system, or a person  
36 who manages or supervises a person employed by an alarm  
37 company to perform any of the duties described in this subdivision  
38 or any person in training for any of the duties described in this  
39 subdivision.



1 (p) "Deadly weapon" means and includes any instrument or  
2 weapon of the kind commonly known as a blackjack, slungshot,  
3 billy, sandclub, sandbag, metal knuckles; any dirk, dagger, pistol,  
4 revolver, or any other firearm; any knife having a blade longer  
5 than five inches; any razor with an unguarded blade; or any metal  
6 pipe or bar used or intended to be used as a club.

7 (q) "Firearms permit" means a permit issued by the bureau,  
8 pursuant to Article 6 (commencing with Section 7596), to a  
9 licensee, a qualified manager, or an alarm agent, to carry an  
10 exposed firearm while on duty.

11 (r) (1) "Advertisement" means:

12 (A) Any written or printed communication for the purpose of  
13 soliciting, describing, or promoting the licensed business of the  
14 licensee, including a brochure, letter, pamphlet, newspaper,  
15 periodical, publication, or other writing.

16 (B) A directory listing caused or permitted by the licensee which  
17 indicates his or her licensed activity.

18 (C) A radio, television, or similar airwave transmission which  
19 solicits or promotes the licensed business of the licensee.

20 (2) "Advertisement" does not include any of the following:

21 (A) Any printing or writing used on buildings, vehicles,  
22 uniforms, badges, or other property where the purpose of the  
23 printing or writing is identification.

24 (B) Any printing or writing on communications, memoranda,  
25 or any other writings used in the ordinary course of business where  
26 the sole purpose of the writing is other than the solicitation or  
27 promotion of business.

28 (C) Any printing or writing on novelty objects used in the  
29 promotion of the licensee's business where the printing of the  
30 information required by this chapter would be impractical due to  
31 the available area or surface.

32 (s) "Residential sales agreement" means and includes an  
33 agreement between an alarm company operator and an owner or  
34 tenant for the purchase of an alarm system to be utilized in the  
35 personal residence of the owner or tenant.

36 (t) "Firearm permit" means and includes "firearms permit,"  
37 "firearms qualification card," "firearms qualification," and  
38 "firearms qualification permit."

1 (u) This section shall remain in effect only until January 1, 2019,  
2 and as of that date is repealed, unless a later enacted statute, that  
3 is enacted before January 1, 2019, deletes or extends that date.

4 SEC. 38. Section 7590.1 of the Business and Professions Code,  
5 as amended by Section 2 of Chapter 140 of the Statutes of 2015,  
6 is amended to read:

7 7590.1. The following terms as used in this chapter have the  
8 meaning expressed in this article:

9 (a) "Person" means any individual, firm, company, association,  
10 organization, partnership, limited liability company, or corporation.

11 (b) "Department" means the Department of Consumer Affairs.

12 (c) "Director" means the Director of Consumer Affairs.

13 (d) "Bureau" means the Bureau of Security and Investigative  
14 Services.

15 (e) "Chief" means the Chief of the Bureau of Security and  
16 Investigative Services.

17 (f) "Employer" means a person who employs an individual for  
18 wages or salary, lists the individual on the employer's payroll  
19 records, and withholds all legally required deductions and  
20 contributions.

21 (g) "Employee" means an individual who works for an  
22 employer, is listed on the employer's payroll records, and is under  
23 the employer's direction and control.

24 (h) "Employer-employee relationship" means an individual who  
25 works for another and where the individual's name appears on the  
26 payroll records of the employer.

27 (i) "Licensee" means a business entity, whether an individual,  
28 partnership, or corporation licensed under this chapter.

29 (j) "Qualified manager" means an individual who is in active  
30 control, management, and direction of the licensee's business, and  
31 who is in possession of a current and valid qualified manager's  
32 certificate pursuant to this chapter.

33 (k) "Registrant" means any person registered or who has applied  
34 for registration under this chapter.

35 (l) "Branch office" means any location, other than the principal  
36 place of business of the licensee, which is licensed as set forth in  
37 Article 11 (commencing with Section 7599.20).

38 (m) "Branch office manager" means an individual designated  
39 by the qualified manager to manage the licensee's branch office

1 and who has met the requirements as set forth in Article 11  
2 (commencing with Section 7599.20).

3 (n) "Alarm system" means an assembly of equipment and  
4 devices arranged to signal the presence of a hazard requiring urgent  
5 attention and to which police may respond.

6 (o) "Alarm agent" means a person employed by an alarm  
7 company operator whose duties include selling on premises,  
8 altering, installing, maintaining, moving, repairing, replacing,  
9 servicing, responding, or monitoring an alarm system, or a person  
10 who manages or supervises a person employed by an alarm  
11 company to perform any of the duties described in this subdivision  
12 or any person in training for any of the duties described in this  
13 subdivision.

14 (p) "Deadly weapon" means and includes any instrument or  
15 weapon of the kind commonly known as a blackjack, slungshot,  
16 billy, sandclub, sandbag, metal knuckles; any dirk, dagger, pistol,  
17 revolver, or any other firearm; any knife having a blade longer  
18 than five inches; any razor with an unguarded blade; or any metal  
19 pipe or bar used or intended to be used as a club.

20 (q) "Firearms permit" means a permit issued by the bureau,  
21 pursuant to Article 6 (commencing with Section 7596), to a  
22 licensee, a qualified manager, or an alarm agent, to carry an  
23 exposed firearm while on duty.

24 (r) (1) "Advertisement" means:

25 (A) Any written or printed communication for the purpose of  
26 soliciting, describing, or promoting the licensed business of the  
27 licensee, including a brochure, letter, pamphlet, newspaper,  
28 periodical, publication, or other writing.

29 (B) A directory listing caused or permitted by the licensee which  
30 indicates his or her licensed activity.

31 (C) A radio, television, or similar airwave transmission which  
32 solicits or promotes the licensed business of the licensee.

33 (2) "Advertisement" does not include any of the following:

34 (A) Any printing or writing used on buildings, vehicles,  
35 uniforms, badges, or other property where the purpose of the  
36 printing or writing is identification.

37 (B) Any printing or writing on communications, memoranda,  
38 or any other writings used in the ordinary course of business where  
39 the sole purpose of the writing is other than the solicitation or  
40 promotion of business.

1 (C) Any printing or writing on novelty objects used in the  
2 promotion of the licensee's business where the printing of the  
3 information required by this chapter would be impractical due to  
4 the available area or surface.

5 (s) "Residential sales agreement" means and includes an  
6 agreement between an alarm company operator and an owner or  
7 tenant for the purchase of an alarm system to be utilized in the  
8 personal residence of the owner or tenant.

9 (t) "Firearm permit" means and includes "firearms permit,"  
10 "firearms qualification card," "firearms qualification," and  
11 "firearms qualification permit."

12 (u) This section shall become operative on January 1, 2019.

13 SEC. 39. Section 7593.11 of the Business and Professions  
14 Code is amended to read:

15 7593.11. An alarm company operator license issued under this  
16 chapter expires at midnight on the last day of the month two years  
17 following the date of issuance unless renewed. To renew an  
18 unexpired license or certificate, the licensee shall apply for renewal  
19 on a form prescribed by the director, pay all fines assessed pursuant  
20 to Section 7591.9 and not resolved in accordance with the  
21 provisions of that section, and pay the renewal fee. On renewal,  
22 evidence of renewal of the license or certificate that the director  
23 may prescribe shall be issued to the licensee. The bureau shall  
24 send to each licensee a notice of renewal at least 45 calendar days  
25 prior to the expiration of each license.

26 SEC. 40. Section 7598.17 of the Business and Professions  
27 Code is amended to read:

28 7598.17. (a) A registration issued under this chapter expires  
29 at midnight on the last day of the month two years following the  
30 date of issuance unless renewed. At least 60 days prior to the  
31 expiration of a registration, a registrant who desires to renew his  
32 or her registration shall forward to the bureau a completed  
33 registration renewal application and renewal fee. The renewal  
34 application shall be on a form prescribed by the director, dated  
35 and signed by the applicant, certifying under penalty of perjury  
36 that the information in the application is true and correct.

37 (b) The licensee shall provide to any employee information  
38 regarding procedures for renewal of registration.

39 (c) An expired registration may be renewed provided the  
40 registrant files a renewal application on a form prescribed by the

1 director and the renewal and delinquency fees prescribed by this  
2 chapter are returned to the bureau within 60 days of the expiration  
3 date of the registration. A firearms permit is not valid while the  
4 registration is expired.

5 (d) A registration not renewed within 60 days following its  
6 expiration may not be renewed thereafter. The holder of the expired  
7 registration may obtain a new registration only on compliance with  
8 all of the provisions of this chapter relating to the issuance of an  
9 original registration. The delinquency fee is 50 percent of the  
10 renewal fee in effect on the date of expiration, but not less than  
11 twenty-five dollars (\$25).

12 (e) The holder of an expired registration shall not engage in the  
13 activity for which a registration is required until the bureau issues  
14 a renewal registration.

15 (f) If the renewed registration card has not been delivered to the  
16 registrant, prior to the date of expiration of the prior registration,  
17 the registrant may present evidence of renewal to substantiate  
18 continued registration, for a period not to exceed 90 days after the  
19 date of expiration.

20 (g) A registration may not be renewed or reinstated until all  
21 fines assessed pursuant to Section 7591.9 and not resolved in  
22 accordance with the provisions of that section have been paid.

23 (h) A new registration shall be issued subject to payment of all  
24 fines assessed pursuant to Section 7591.9 and not resolved in  
25 accordance with the provisions of Section 7591.9 and payment of  
26 all applicable fees.

27 *SEC. 40.5. Section 7598.17 of the Business and Professions*  
28 *Code is amended to read:*

29 7598.17. (a) A registration issued under this chapter expires  
30 *at midnight on the last day of the month* two years following the  
31 ~~date of issuance or on the assigned renewal date. Every alarm agent~~  
32 ~~issued a registration under this chapter that expires on or after~~  
33 ~~January 1, 1997, and who is also issued or renews a firearms~~  
34 ~~qualification card on or after January 1, 1997, shall be placed on~~  
35 ~~a cyclical renewal so that the registration expires on the expiration~~  
36 ~~date of the firearms qualification card. Notwithstanding any other~~  
37 ~~provision of law, the bureau is authorized to extend or shorten the~~  
38 ~~first term of registration following January 1, 1997, and to prorate~~  
39 ~~the required registration fee in order to implement this cyclical~~  
40 ~~renewal.~~ *unless renewed.* At least 60 days prior to the expiration

1 of a registration, a registrant who desires to renew his or her  
2 registration shall forward to the bureau a ~~copy of his or her current~~  
3 ~~registration card, along with the renewal fee as set forth in this~~  
4 ~~chapter, to the bureau for renewal of his or her registration.~~  
5 *completed registration renewal application and renewal fee. The*  
6 *renewal application shall be on a form prescribed by the director,*  
7 *dated and signed by the applicant, certifying under penalty of*  
8 *perjury that the information in the application is true and correct.*

9 (b) The licensee shall provide to any employee information  
10 regarding procedures for renewal of registration.

11 (c) An expired registration may be renewed provided the  
12 registrant files a renewal application on a form prescribed by the  
13 director and the renewal and delinquency fees prescribed by this  
14 chapter are returned to the bureau within 60 days of the expiration  
15 date of the registration. A firearms permit is not valid while the  
16 registration is expired.

17 (d) A registration not renewed within 60 days following its  
18 expiration may not be renewed thereafter. The holder of the expired  
19 registration may obtain a new registration only on compliance with  
20 all of the provisions of this chapter relating to the issuance of an  
21 original registration. The delinquency fee is 50 percent of the  
22 renewal fee in effect on the date of expiration, but not less than  
23 twenty-five dollars (\$25).

24 (e) The holder of an expired registration shall not engage in the  
25 activity for which a registration is required until the bureau issues  
26 a renewal registration.

27 (f) If the renewed registration card has not been delivered to the  
28 registrant, prior to the date of expiration of the prior registration,  
29 the registrant may present evidence of renewal to substantiate  
30 continued registration, for a period not to exceed 90 days after the  
31 date of expiration.

32 (g) A registration may not be renewed or reinstated until all  
33 fines assessed pursuant to Section 7591.9 and not resolved in  
34 accordance with the provisions of that section have been paid.

35 (h) A new registration shall be issued subject to payment of all  
36 fines assessed pursuant to Section 7591.9 and not resolved in  
37 accordance with the provisions of Section 7591.9 and payment of  
38 all applicable fees.

39 (i) *This section shall become inoperative on July 1, 2018, and,*  
40 *as of January 1, 2019, is repealed.*

1 SEC. 41. Section 7599.54 of the Business and Professions  
2 Code is amended to read:

3 7599.54. (a) Except as provided by Section 7599.56, every  
4 agreement, including, but not limited to, lease agreements,  
5 monitoring agreements, and service agreements, including all  
6 labor, services, and materials to be provided for the installation of  
7 an alarm system, shall be in writing. Except as provided by Section  
8 7599.56, all amendments subject to the provisions of this section  
9 to an initial agreement shall be in writing. Each initial agreement  
10 shall contain, but not be limited to, the following:

11 (1) The name, business address, business telephone number,  
12 and license number of the licensed alarm company operator and  
13 the registration number of any alarm agent who solicited or  
14 negotiated the agreement.

15 (2) The approximate dates when the work will begin and be  
16 substantially completed.

17 (3) A description of the work to be done, a description of the  
18 materials to be used, and the agreed consideration for the work.

19 (4) A disclosure that alarm company operators are licensed and  
20 regulated by the Bureau of Security and Investigative Services,  
21 Department of Consumer Affairs, including the bureau's current  
22 address and contact information.

23 (5) A description of the alarm system including the major  
24 components thereof and services to be provided to the purchaser  
25 once the alarm is installed, including response or monitoring  
26 services, if any.

27 (6) Other matters agreed to by the parties of the contract. The  
28 agreement shall be legible and shall be in a form as to clearly  
29 describe any other document which is to be incorporated into the  
30 contract, and, before any work is done, the client shall be furnished  
31 with a copy of the written agreement signed by the licensee.

32 (7) A statement setting forth that upon completion of the  
33 installation of the alarm system, the alarm company shall  
34 thoroughly instruct the purchaser in the proper use of the alarm  
35 system.

36 (8) In the event a mechanic's lien is to be utilized, a  
37 notice-to-owner statement which shall describe, in nontechnical  
38 language and in a clear and coherent manner using words with  
39 common and everyday meaning, the pertinent provisions of this  
40 state's mechanics' lien laws and the rights and responsibilities of

1 an owner of property and a contractor thereunder, including the  
2 provisions relating to the filing of a contract concerning a work of  
3 improvement with the county recorder and the recording in the  
4 office of a contractor's payment bond for private work.

5 (9) For residential agreements entered into on or after January  
6 1, 2017, that include an automatic renewal provision renewing the  
7 agreement for a period of more than one month, a clear and distinct  
8 disclosure shall be included separate from the terms and conditions  
9 of the agreement advising the consumer that the agreement he or  
10 she is entering into contains an automatic renewal provision. The  
11 disclosure shall include the length of time of the renewal term and  
12 specify that failure to provide notification of nonrenewal to the  
13 licensee, as required in the agreement, will result in the automatic  
14 renewal of the agreement. The consumer shall acknowledge being  
15 advised of the automatic renewal provision by signing or initialing  
16 the disclosure. The disclosure may be included on the same  
17 document as the three-day right to cancel form required by Section  
18 1689.7 of the Civil Code. The automatic renewal provision shall  
19 be void and invalid without a separate acknowledgment of the  
20 disclosure by the consumer.

21 (10) In addition to the above, every initial residential sales and  
22 lease agreement, the total cost which over the time period fixed  
23 by the agreement exceeds two hundred fifty dollars (\$250),  
24 including the cost of all labor, service, or material to be provided  
25 by the licensee for the installation, shall include, but not be limited  
26 to, the following:

27 (A) A schedule of payments showing the amount of each  
28 payment as a sum in dollars and cents. This schedule of payments  
29 shall be referenced to the amount of work for services to be  
30 performed or to any materials or equipment to be supplied.

31 (B) If the payment schedule contained in the agreement provides  
32 for a downpayment to be paid to the licensee by the owner or the  
33 tenant before commencement of the work, that downpayment shall  
34 not exceed one thousand dollars (\$1,000) or 10 percent of the  
35 contract price, excluding finance charges, whichever is the lesser.

36 (C) In no event shall the payment schedule provide that the  
37 licensee receive, nor shall the licensee actually receive, payment  
38 in excess of 100 percent of the value of the work performed on  
39 the project at any time, excluding finance charges, except that the  
40 licensee may receive an initial downpayment authorized by



1 subparagraph (B). A failure by the licensee, without legal excuse,  
2 to substantially commence work within 20 days of the approximate  
3 date specified in the contract when work is to commence, shall  
4 postpone the next succeeding payment to the licensee for that  
5 period of time equivalent to the time between when substantial  
6 commencement was to have occurred and when it did occur.

7 (D) A notice-to-owner statement which shall describe, in  
8 nontechnical language and in a clear and coherent manner using  
9 words with common and everyday meaning, the pertinent  
10 provisions of this state's mechanics' lien laws and the rights and  
11 responsibilities of an owner of property and a contractor thereunder,  
12 including the provisions relating to the filing of a contract  
13 concerning a work of improvement with the county recorder and  
14 the recording in the office of a contractor's payment bond for  
15 private work.

16 (E) A description of what constitutes substantial commencement  
17 of work pursuant to the contract.

18 (F) A disclosure that failure by the licensee, without legal  
19 excuse, to substantially commence work within 20 days from the  
20 approximate date specified in the agreement when the work will  
21 begin is a violation of the Alarm Company Act.

22 (G) A disclosure informing the buyer of any potential permit  
23 fees which may be required by local jurisdictions concerning the  
24 monitoring of an existing alarm system.

25 (H) This section shall not be construed to prohibit the parties  
26 to a residential alarm system sale contract from agreeing to a  
27 contract or account subject to Chapter 1 (commencing with Section  
28 1801) of Title 2 of Part 4 of Division 3 of the Civil Code.

29 (b) A violation of this section or failure to commence work  
30 pursuant to subparagraph (F) of paragraph (10) of subdivision (a)  
31 may result in a fine of one hundred dollars (\$100) for the first  
32 violation and a fine of five hundred dollars (\$500) for each  
33 subsequent violation.

34 SEC. 42. Section 7713 of the Business and Professions Code  
35 is amended to read:

36 7713. A crematory shall at all times employ a licensed  
37 crematory manager to manage, supervise, and direct its operations.

38 (a) Every crematory shall designate a licensed crematory  
39 manager to manage the crematory, and shall report the designation  
40 to the bureau within 10 days of the effective date. Any change in

1 the designated manager shall be reported to the bureau within 10  
2 days. Notwithstanding any provision of this chapter to the contrary,  
3 licensed crematories within close geographical proximity of each  
4 other may request the bureau to allow a licensed crematory  
5 manager to manage, supervise, and direct the business or profession  
6 of more than one facility.

7 (b) The designated crematory manager shall be responsible for  
8 exercising direct supervision and control over the operations,  
9 employees, and agents of the crematory as is necessary to ensure  
10 full compliance with the applicable provisions of this code, the  
11 Health and Safety Code, and any regulations adopted thereto.  
12 Failure of the designated crematory manager or the licensed  
13 crematory to exercise that supervision or control shall constitute  
14 a ground for disciplinary action.

15 (c) A crematory may employ, in addition to the designated  
16 crematory manager, additional licensed crematory managers.  
17 However, only one licensed crematory manager may be appointed  
18 as the designated crematory manager of the crematory.

19 SEC. 43. Section 8567 of the Business and Professions Code  
20 is amended to read:

21 8567. (a) Should a field representative or applicator change  
22 his or her employment, or should an operator enter the employ of  
23 a registered company, or being already employed by a registered  
24 company change his or her employment, or being employed by a  
25 registered company leave that employment and enter the pest  
26 control business on his or her own behalf, he or she shall notify  
27 the registrar on a form prescribed by the board and issued by the  
28 registrar in accordance with rules and regulations adopted by the  
29 board. The registrar shall register the change in his or her records.

30 (b) If a field representative, operator, or applicator fails to notify  
31 the registrar within 30 days of the date a change of employment  
32 occurs, a registered company may notify the registrar, on a form  
33 prescribed by the board, that the field representative, operator, or  
34 applicator is no longer associated with the registered company.

35 SEC. 44. Section 12003 of the Business and Professions Code  
36 is amended to read:

37 12003. "Secretary" means the Secretary of Food and  
38 Agriculture.

39 SEC. 45. Section 12014 of the Business and Professions Code  
40 is amended to read:

1 12014. (a) Except as provided in subdivision (b), any sealer  
2 who seals any weight, measure, balance or weighing or measuring  
3 instrument or apparatus before first testing and making it conform  
4 with the standards of the state, or who condemns any weight,  
5 measure, balance or weighing or measuring instrument or apparatus  
6 without first testing it is guilty of a misdemeanor.

7 (b) A sealer may engage in a planned program of probability  
8 sampling of devices, using methods approved by the secretary.  
9 The sealing of a device by a sealer pursuant to such sampling and  
10 testing program is exempt from the provisions of subdivision (a).

11 SEC. 46. Section 12022 of the Business and Professions Code  
12 is amended to read:

13 12022. Every person who, in putting up in any container, goods  
14 usually sold by weight, puts in or conceals therein any other  
15 substance including moisture, except such moisture as may be  
16 included or absorbed by the goods or commodity contained therein  
17 during preparation for market or processing in accordance with  
18 ordinary commercial practice, for the purpose of increasing the  
19 weight of such container with intent thereby to sell the goods  
20 therein or to enable another to sell the same, for an increased  
21 weight, is punishable by a fine of not less than twenty-five dollars  
22 (\$25) for each offense. The amount of added moisture contained  
23 in poultry meat as defined in Section 380.20 of the Agricultural  
24 Code shall not exceed 4 percent by weight or any greater amount  
25 established by regulation of the secretary.

26 SEC. 47. Section 12103.5 of the Business and Professions  
27 Code is amended to read:

28 12103.5. The duty of enforcing this division and carrying out  
29 its provisions and requirements is vested in the secretary and in  
30 each sealer acting under the supervision and direction of the  
31 secretary.

32 SEC. 48. Section 12204 of the Business and Professions Code  
33 is amended to read:

34 12204. In chartered counties providing for the civil service  
35 examination of sealers, deputy sealers, or inspectors the secretary  
36 shall issue a license without further examination upon presentation  
37 of a certificate showing the candidate has passed the examination.  
38 In these counties the board or commission responsible for the civil  
39 service examination may require a license from the secretary as a  
40 minimum qualification.

1 SEC. 49. Section 12206 of the Business and Professions Code  
2 is amended to read:

3 12206. The jurisdiction of a county sealer appointed by a  
4 county or the secretary extends over the entire territorial limits of  
5 the county.

6 SEC. 50. Section 12303 of the Business and Professions Code  
7 is amended to read:

8 12303. The state standards of weights and measures by which  
9 all state and county standards of weights and measures shall be  
10 tried, proved, and sealed include the following standards, provided  
11 the standards have been certified relative to national standards  
12 under the direction of the National Institute of Standards and  
13 Technology:

- 14 (a) Metrological standards provided by the United States.
- 15 (b) Metrological standards procured by the state.
- 16 (c) Metrological standards in the possession of county sealers.
- 17 (d) Metrological standards in the possession of laboratories  
18 certified to perform measurement services pursuant to Section  
19 12500.7.

20 SEC. 51. Section 12304 of the Business and Professions Code  
21 is amended to read:

22 12304. The standards of the state shall be kept in a suitable  
23 laboratory location or, if transportable, shall be maintained under  
24 environmental conditions appropriate for maintaining the integrity  
25 of the unit of measure represented by the standard. The standards  
26 shall be directly certified by the National Institute of Standards  
27 and Technology or by any measurement assurance procedures  
28 approved by the National Institute of Standards and Technology.

29 *SEC. 51.5. Section 12304 of the Business and Professions Code*  
30 *is amended to read:*

31 12304. *The department shall keep the standards of the state*  
32 ~~shall be kept~~ *in a suitable laboratory location or, if transportable,*  
33 ~~shall be maintained~~ *maintain the standards* under environmental  
34 conditions appropriate for maintaining the integrity of the unit of  
35 measure represented by the standard. ~~The standards department~~  
36 ~~shall be have the standards~~ directly certified by the National  
37 ~~Bureau~~ *Institute of Standards and Technology* or by any  
38 measurement assurance procedures approved by the National  
39 ~~Bureau of Standards.~~ *Institute of Standards and Technology.*

1 SEC. 52. Section 12310 of the Business and Professions Code  
2 is amended to read:

3 12310. The department, or a laboratory designated by the  
4 department that has been certified pursuant to Section 12500.7,  
5 shall certify the standards of the county sealers as often as may be  
6 deemed by the secretary to be necessary, based upon a review of  
7 statistical data resulting from previous certifications, but in no  
8 event shall the period of time between certifications exceed 10  
9 years. In the absence of statistical data, standards shall be certified  
10 at least every two years. Sealers shall, upon the request of the  
11 department, deliver for testing those standards in their possession  
12 that are used in the discharge of their duties. Direct expenses  
13 incurred in the certification process shall be borne by the state,  
14 while any incidental expense, such as the cost of transportation,  
15 shall be borne by the county whose standards have been certified.

16 *SEC. 52.5. Section 12310 of the Business and Professions Code*  
17 *is amended to read:*

18 12310. The department, or a laboratory designated by the  
19 department ~~which~~ *that* has been certified pursuant to Section  
20 ~~12500.7, 12314~~, shall certify the standards of the county sealers  
21 as often as may be deemed by the ~~director~~ *secretary* to be  
22 necessary, based upon a review of statistical data resulting from  
23 previous certifications, but in no event shall the period of time  
24 between certifications exceed 10 years. In the absence of statistical  
25 data, standards shall be certified at least every two years. Sealers  
26 shall, upon the request of the department, deliver for testing those  
27 standards in their possession ~~which~~ *that* are used in the discharge  
28 of their duties. Direct expenses incurred in the certification process  
29 shall be borne by the ~~state~~, *state or recovered pursuant to Section*  
30 *12241*, while any incidental expense, such as the cost of  
31 transportation, shall be borne by the county whose standards have  
32 been certified.

33 SEC. 53. Section 12310.5 of the Business and Professions  
34 Code is amended to read:

35 12310.5. The department shall, upon request, certify and verify  
36 the various types of standards of weights and measures used by  
37 industry in accordance with the standards certified by the National  
38 Institute of Standards and Technology, when such standards are  
39 submitted to the department for verification and certification.

1 The department shall establish a schedule of fees sufficient to  
2 cover the cost of furnishing such services. All money received  
3 under the provisions of this section shall be paid into the State  
4 Treasury and credited to the Department of Agriculture Fund to  
5 be expended by the department for the administration of the  
6 provisions of this section.

7 SEC. 54. Section 12313 of the Business and Professions Code  
8 is amended to read:

9 12313. The definitions of basic units of weight and measure,  
10 and the tables of weight and measure and weights and measures  
11 equivalents, as published by the National Institute of Standards  
12 and Technology are recognized and shall govern weighing and  
13 measuring equipment and transactions in this state.

14 SEC. 55. Section 12500 of the Business and Professions Code  
15 is amended to read:

16 12500. As used in this chapter the following terms mean:

17 (a) "Weighing instrument" means any device, contrivance,  
18 apparatus, or instrument used, or designed to be used, for  
19 ascertaining weight and includes any tool, appliance, or accessory  
20 used or connected therewith.

21 (b) "Measuring instrument" means any device, contrivance,  
22 apparatus, or instrument used, or designed to be used, for  
23 ascertaining measure and includes any tool, appliance, or accessory  
24 used or connected therewith.

25 (c) "Correct" means any weight or measure or weighing,  
26 measuring, or counting instrument ~~which~~ *that* meet all of the  
27 tolerance and specification requirements established by the  
28 secretary pursuant to Section 12107.

29 (d) "Incorrect" means any instrument ~~which~~ *that* fails to meet  
30 all of the requirements of Section 12107.

31 (e) "Commercial purposes" include the determination of the  
32 weight, measure, or count of any commodity or thing that is sold  
33 on the basis of weight, measure, or count; or the determination of  
34 the weight, measure, or count of any commodity or thing upon  
35 which determination a charge for service is based. Devices used  
36 in a determination upon which a charge for service is based include,  
37 but are not limited to, taximeters, odometers, timing devices, parcel  
38 scales, shipping scales, and scales used in the payment of  
39 agricultural workers.

1 “Commercial purposes” do not include the determination of the  
2 weight, measure, or count of any commodity or thing that is  
3 performed within a plant or business as a part of the manufacturing,  
4 processing, or preparing for market of that commodity or thing,  
5 or the determination of charges for the transmission of letters or  
6 parcels of less than 150 pounds, except when that determination  
7 is made in the presence of the customer charged for the service.

8 *SEC. 55.5. Section 12500 of the Business and Professions Code*  
9 *is amended to read:*

10 12500. As used in this chapter the following terms mean:

11 (a) “Weighing instrument” means any device, contrivance,  
12 apparatus, or instrument used, or designed to be used, for  
13 ascertaining weight and includes any tool, appliance, or accessory  
14 used or connected therewith.

15 (b) “Measuring instrument” means any device, contrivance,  
16 apparatus, or instrument used, or designed to be used, for  
17 ascertaining measure and includes any tool, appliance, or accessory  
18 used or connected therewith.

19 (c) “Correct” means any weight or measure or weighing,  
20 measuring, or counting instrument ~~which~~ *that* meet all of the  
21 tolerance and specification requirements established by the ~~director~~  
22 *secretary* pursuant to Section 12107.

23 (d) “Incorrect” means any instrument ~~which~~ *that* fails to meet  
24 all of the requirements of Section 12107.

25 (e) “Commercial purposes” include the determination of the  
26 weight, measure, or count of any commodity or thing ~~which~~ *that*  
27 is sold on the basis of weight, measure, or count; or the  
28 determination of the weight, measure, or count of any commodity  
29 or thing upon which determination a charge for service is based.  
30 Devices used in a determination upon which a charge for service  
31 is based include, but are not limited to, taximeters, odometers,  
32 timing devices, parcel scales, shipping scales, and scales used in  
33 the payment of agricultural workers.

34 “Commercial purposes” do not include the determination of the  
35 weight, measure, or count of any commodity or thing ~~which~~ *that*  
36 is performed within a plant or business as a part of the  
37 manufacturing, processing, or preparing for market of that  
38 commodity or thing, or the determination of charges for the  
39 transmission of letters or parcels of less than 150 pounds, except  
40 when that determination is made in the presence of the customer

1 charged for the ~~service~~. *service, or the determination of the weight*  
2 *of any animal or human by a qualified health provider,*  
3 *California-licensed veterinarian, licensed physician and surgeon,*  
4 *or staff members within the business operations of, and under the*  
5 *supervision of, a California-licensed veterinarian or licensed*  
6 *physician and surgeon for the purposes of determining the*  
7 *appropriate dosage of any medication or medical treatment or the*  
8 *volume, duration, or application of any medical procedure.*

9 SEC. 56. Section 12500.8 of the Business and Professions  
10 Code is amended to read:

11 12500.8. The secretary may enter into an agreement with the  
12 National Type Evaluation Program, a certification program of the  
13 National Conference on Weights and Measures, and other weights  
14 and measures jurisdictions, to accept the certifications of each  
15 other for prototype examination purposes.

16 SEC. 57. Section 12501.1 of the Business and Professions  
17 Code is amended to read:

18 12501.1. Every person who uses, or intends to use, any weight  
19 or measure, or weighing or measuring instrument for commercial  
20 purposes shall, before using the same, cause them to be sealed by  
21 a sealer, unless they have been sealed before sale, in which case  
22 they may be used by the purchaser for the remainder of such period  
23 as is authorized in the regulations adopted by the secretary pursuant  
24 to Section 12212, or until they become "incorrect," as defined in  
25 subdivision (d) of Section 12500.

26 Notwithstanding any other provision of law, an odometer that  
27 has been tested by the manufacturer may be used commercially  
28 without further test during the remainder of the inspection period  
29 adopted by the secretary for odometers, but shall not be used  
30 commercially thereafter until it has been sealed by a sealer.

31 SEC. 58. Section 12511 of the Business and Professions Code  
32 is amended to read:

33 12511. Any weight, measure, or weighing or measuring  
34 instrument tested and found correct by any sealer may be used  
35 within this state without any further test for such period as is  
36 authorized in the regulations adopted by the secretary pursuant to  
37 Section 12212. If tested and sealed and certified to as correct by  
38 the National Institute of Standards and Technology, any weight,  
39 measure, or weighing or measuring instrument may be sold without  
40 being first tested and sealed by a sealer. In either case, it shall be



1 subject to inspection and testing notwithstanding that it has been  
2 tested and sealed either by a sealer or by the National Institute of  
3 Standards and Technology.

4 SEC. 59. Section 12602 of the Business and Professions Code  
5 is amended to read:

6 12602. (a) It is unlawful for any person engaged in the  
7 packaging or labeling of any commodity for distribution or sale,  
8 or for any person (other than a common carrier for hire, a contract  
9 carrier for hire, or a freight forwarder for hire) engaged in the  
10 distribution of any packaged or labeled commodity, to distribute  
11 or to cause to be distributed any such commodity if the commodity  
12 is contained in a package, or if there is affixed to that commodity  
13 a label, which does not conform to the provisions of this chapter  
14 or the regulations adopted under the authority of this chapter or  
15 the provisions of, or the regulations adopted under, Chapter 14  
16 (commencing with Section 13400) or Chapter 15 (commencing  
17 with Section 13700).

18 (b) The prohibition contained in subdivision (a) does not apply  
19 to persons engaged in business as wholesale or retail distributors  
20 of commodities, except to the extent that those persons (1) are  
21 engaged in the packaging or labeling of such commodities, (2)  
22 prescribe or specify by any means the manner in which such  
23 commodities are packaged or labeled, or (3) have knowledge of  
24 the violation of any provision of this chapter or of Chapter 6.6  
25 (commencing with Section 12665), Chapter 14 (commencing with  
26 Section 13400), or Chapter 15 (commencing with Section 13700).

27 SEC. 60. Section 12603 of the Business and Professions Code  
28 is amended to read:

29 12603. No person subject to the prohibition in Section 12602  
30 shall distribute any packaged commodity unless it is in conformity  
31 with regulations that shall be established by the secretary that shall  
32 provide:

33 (a) The commodity shall bear a label specifying the identity of  
34 the commodity and the name and place of business of the  
35 manufacturer, packer, or distributor.

36 (b) The net quantity of contents (in terms of weight or mass,  
37 measure, numerical count, or time) shall be separately and  
38 accurately stated in a uniform location upon the principal display  
39 panel of that label, using the most appropriate units of both the  
40 customary inch-pound system of measure, and except as provided

1 in subdivisions (c) and (d), the SI (Systeme International d'Unites)  
2 metric system.

3 (c) On a random package labeled in terms of pounds and decimal  
4 fractions of the pound, the statement may be carried out to not  
5 more than three decimal places and is not required to, but may  
6 include a statement in terms of the SI metric system carried out to  
7 not more than three decimal places.

8 (d) The requirements of subdivision (b) concerning labeling  
9 using the metric system do not apply to nonconsumer packages,  
10 foods that are packaged at the retail store level, or to the sale or  
11 distribution of products whose labels have been printed prior to  
12 February 14, 1994.

13 (e) This section shall become operative on February 14, 1994.

14 SEC. 61. Section 12701 of the Business and Professions Code  
15 is amended to read:

16 12701. The following persons are not weighmasters:

17 (a) Retailers weighing, measuring, or counting commodities for  
18 sale by them in retail stores in the presence of, and directly to,  
19 consumers.

20 (b) Except for persons subject to Section 12730, producers of  
21 agricultural commodities or livestock, who weigh commodities  
22 produced or purchased by them or by their producer neighbors,  
23 when no charge is made for the weighing, or when no signed or  
24 initialed statement or memorandum is issued of the weight upon  
25 which a purchase or sale of the commodity is based.

26 (c) Common carriers issuing bills of lading on which are  
27 recorded, for the purpose of computing transportation charges, the  
28 weights of commodities offered for transportation, including  
29 carriers of household goods when transporting shipments weighing  
30 less than 1,000 pounds.

31 (d) Milk samplers and weighers licensed pursuant to Article 8  
32 (commencing with Section 35161) of Chapter 12 of Part 1 of  
33 Division 15 of the Food and Agricultural Code, when performing  
34 the duties for which they are licensed.

35 (e) Persons who measure the amount of oil, gas, or other fuels  
36 for purposes of royalty computation and payment, or other  
37 operations of fuel and oil companies and their retail outlets.

38 (f) Newspaper publishers weighing or counting newspapers for  
39 sale to dealers or distributors.

1 (g) Textile maintenance establishments weighing, counting, or  
2 measuring any articles in connection with the business of those  
3 establishments.

4 (h) County sanitation districts operating pursuant to Chapter 3  
5 (commencing with Section 4700) of Part 3 of Division 5 of the  
6 Health and Safety Code, garbage and refuse disposal districts  
7 operating pursuant to Chapter 2 (commencing with Section 49100)  
8 of Part 8 of Division 30 of the Public Resources Code, and solid  
9 waste facilities, as defined in Section 40194 of the Public  
10 Resources Code.

11 (i) Persons who purchase scrap metal or salvage materials  
12 pursuant to a nonprofit recycling program, or recycling centers  
13 certified pursuant to Division 12.1 (commencing with Section  
14 14500) of the Public Resources Code that purchase empty beverage  
15 containers from the public for recycling.

16 (j) Pest control operators licensed pursuant to Chapter 4  
17 (commencing with Section 11701) of Division 6 of the Food and  
18 Agricultural Code.

19 (k) Retailers, or recycling centers established solely for the  
20 redemption of empty beverage containers, as that phrase is defined  
21 in Section 14512 of the Public Resources Code, who are weighing,  
22 measuring, or counting salvage or returnable materials for purchase  
23 or redemption by them in retail stores, or, in the case of recycling  
24 centers, on the retail store premises or on a parking lot immediately  
25 adjacent to a retail store that is used for the purpose of parking by  
26 the store customers, directly from and in the presence of the seller.  
27 "Retailer" means an entity that derives 90 percent or more of its  
28 income from the sale of small quantities of food or nonfood items,  
29 or both, directly to consumers. "Salvage materials" means used  
30 paper products and used containers made of aluminum, tin, glass,  
31 or plastic.

32 (l) Any log scaler who performs log scaling functions, except  
33 weighing, as defined in the United States Forest Service Handbook,  
34 Supplement No. 4 of March 1987.

35 (m) Pawnbrokers licensed pursuant to Chapter 3 (commencing  
36 with Section 21300) of Division 8 of the Financial Code, and  
37 secondhand dealers licensed pursuant to Article 4 (commencing  
38 with Section 21625) of Chapter 9 of Division 8, when the  
39 pawnbroker or secondhand dealer weighs property that it acquires  
40 and reports the acquisition of the property pursuant to Section

1 21208 of the Financial Code or Article 4 (commencing with Section  
2 21625) of Chapter 9 of Division 8, respectively.

3 (n) Facilities that handle medical waste and that report net  
4 weights, and not estimates, to the generator of the medical waste  
5 and the State Department of Public Health in accordance with the  
6 Medical Waste Management Act (Part 14 (commencing with  
7 Section 117600) of Division 104 of the Health and Safety Code).

8 (o) This section shall become operative on January 1, 2018.

9 SEC. 62. Section 12707 of the Business and Professions Code  
10 is amended to read:

11 12707. Each license required by this chapter shall be renewed  
12 annually, on or before the first day of the first month of the  
13 licensee's license year, by application to the secretary, accompanied  
14 by the annual license fee. An application and annual license fee  
15 sent by mail is not overdue if postmarked not later than the fifth  
16 day of the month in which it is due. To any fee not paid when due,  
17 there shall be added a penalty equal to 30 percent of the amount  
18 of the license fee, if it is paid within 30 days of becoming due. The  
19 penalty for a renewal fee more than 30 days after becoming due  
20 shall be 100 percent of the amount of the license fee. However,  
21 no penalty shall be applicable to the renewal of deputy weighmaster  
22 licenses.

23 SEC. 63. Section 12716 of the Business and Professions Code  
24 is amended to read:

25 12716. All weighmasters shall keep and preserve, as records,  
26 for a period of four years, all copies of voided certificates, records,  
27 and worksheets required by this chapter and true copies of all  
28 weighmaster certificates issued. These records shall, at all times,  
29 be open for inspection by the secretary.

30 SEC. 64. Section 12717 of the Business and Professions Code  
31 is amended to read:

32 12717. Any weighing, measuring, or counting instrument or  
33 device, as defined in Section 12500, which is used by a  
34 weighmaster and for which specifications and tolerances have been  
35 adopted by the secretary, shall be approved, tested, and sealed in  
36 accordance with this division.

37 SEC. 65. Section 12722 of the Business and Professions Code  
38 is amended to read:

39 12722. (a) In accordance with this chapter and regulations  
40 adopted by the secretary, any weighmaster may use a tare weight

1 for a vehicle, container, or pallet that has been previously  
2 determined by a weighmaster. It is the responsibility of the party  
3 for whom the tare weight was established to maintain the tare  
4 weight within the variations prescribed by the secretary.

5 (b) Any weighmaster weighing any vehicle moving earth, stone,  
6 rock, sand, gravel, or asphalt paving material may use a  
7 predetermined tare weight. The issuance of predetermined tare  
8 weights are exempt from the provisions of Division 9 (commencing  
9 with Section 4000) of Title 4 of the California Code of Regulations.  
10 It is the responsibility of the party for whom the tare weight was  
11 established to maintain the actual weight so that the actual tare  
12 weight of the vehicle shall at no time exceed the recorded tare  
13 weight.

14 SEC. 66. Section 12734 of the Business and Professions Code  
15 is amended to read:

16 12734. Notwithstanding any other provision of this division,  
17 the weight of squid, Pacific whiting, or anchovy, certified pursuant  
18 to this chapter, may be determined by computation based upon  
19 volumetric measurement of containers as prescribed by regulations  
20 adopted by the secretary. This section does not apply to squid,  
21 Pacific whiting, or anchovy delivered for the purpose of retorting  
22 or reducing.

23 SEC. 67. Section 12737 of the Business and Professions Code,  
24 as added by Section 1 of Chapter 344 of the Statutes of 2012, is  
25 amended to read:

26 12737. (a) Any weighmaster weighing any vehicle moving  
27 construction materials, including, but not limited to, earth, stone,  
28 rock, sand, gravel, limestone, ready mixed concrete, cementitious  
29 materials, recycled construction materials, or asphalt paving  
30 materials may use an unattended weighing system to weigh the  
31 vehicle and to issue a weighmaster certificate to buyers who opt  
32 to utilize the unattended system, provided that the system and the  
33 operation of the system comply with regulations or policies issued  
34 by the secretary. The name of the principal weighmaster and the  
35 unique system identification number of the unattended weighing  
36 system utilized shall be imprinted on the weighmaster certificate  
37 and this shall satisfy the requirements of subdivision (c) of Section  
38 12715. Nothing in this section impacts existing weighing and  
39 ticketing systems.

1 (b) (1) A weighmaster described in subdivision (a) shall pay  
2 the department the following license fee for each license year as  
3 applicable to the operation, and the fees set forth in Section 12704  
4 shall not apply:

5 (A) Two hundred dollars (\$200) if the weighmaster is operating  
6 at a fixed location.

7 (B) Seventy-five dollars (\$75) for each additional fixed location  
8 at which the weighmaster is operating.

9 (C) Three hundred dollars (\$300) if the weighmaster is operating  
10 at other than a fixed location.

11 (D) Fifty dollars (\$50) for each deputy weighmaster.

12 (2) Any fee imposed pursuant to this section shall not exceed  
13 the reasonable regulatory costs to the department of enforcing this  
14 section.

15 (c) For purposes of this section:

16 (1) "License year" means the period of time beginning with the  
17 first day of the month the weighmaster is required to be licensed  
18 in this state, and ending on the date designated by the secretary  
19 for expiration of the license, or yearly intervals after the first  
20 renewal.

21 (2) "Location" means a premise on which weighing, measuring,  
22 or counting devices are used.

23 (3) "Principal weighmaster" means the person or entity identified  
24 on the weighmaster certificate, as described in subdivision (b) of  
25 Section 12714, that may employ or designate any person to act for  
26 the weighmaster as a deputy weighmaster pursuant to Section  
27 12710.

28 (4) "Unattended weighing system" means an automated system  
29 not directly under the supervision of a weighmaster that meets the  
30 approval, testing, and sealing requirements of Section 12717.

31 (d) A weighmaster described in subdivision (a) shall keep the  
32 same number of deputy weighmaster licensees as were licensed  
33 in the average of the last two years preceding the use of an  
34 unattended weighing system.

35 (e) This section shall remain in effect only until January 1, 2020,  
36 and as of that date is repealed, unless a later enacted statute, that  
37 is enacted before January 1, 2020, deletes or extends that date.

38 SEC. 68. Section 12737 of the Business and Professions Code,  
39 as added by Section 2 of Chapter 344 of the Statutes of 2012, is  
40 amended to read:

1 12737. (a) Any weighmaster weighing any vehicle moving  
2 construction materials, including, but not limited to, earth, stone,  
3 rock, sand, gravel, limestone, ready mixed concrete, cementitious  
4 materials, recycled construction materials, or asphalt paving  
5 materials may use an unattended weighing system to weigh the  
6 vehicle and to issue a weighmaster certificate to buyers who opt  
7 to utilize the unattended system, provided that the system and the  
8 operation of the system comply with regulations or policies issued  
9 by the secretary. The name of the principal weighmaster and the  
10 unique system identification number of the unattended weighing  
11 system utilized shall be imprinted on the weighmaster certificate  
12 and this shall satisfy the requirements of subdivision (c) of Section  
13 12715. Nothing in this section impacts existing weighing and  
14 ticketing systems.

15 (b) (1) A weighmaster shall pay the department the following  
16 license fee for each license year as applicable to the operation:

17 (A) Seventy-five dollars (\$75) if the weighmaster is operating  
18 at a fixed location.

19 (B) Thirty dollars (\$30) for each additional fixed location at  
20 which the weighmaster is operating.

21 (C) Two hundred dollars (\$200) if the weighmaster is operating  
22 at other than a fixed location.

23 (D) Twenty dollars (\$20) for each deputy weighmaster.

24 (2) Any fee imposed pursuant to this section shall not exceed  
25 the reasonable regulatory costs to the department of enforcing this  
26 section.

27 (c) For purposes of this section:

28 (1) "License year" means the period of time beginning with the  
29 first day of the month the weighmaster is required to be licensed  
30 in this state, and ending on the date designated by the secretary  
31 for expiration of the license, or yearly intervals after the first  
32 renewal.

33 (2) "Location" means a premise on which weighing, measuring,  
34 or counting devices are used.

35 (3) "Principal weighmaster" means the person or entity identified  
36 on the weighmaster certificate, as described in subdivision (b) of  
37 Section 12714, that may employ or designate any person to act for  
38 the weighmaster as a deputy weighmaster pursuant to Section  
39 12710.

1 (4) “Unattended weighing system” means an automated system  
2 not directly under the supervision of a weighmaster that meets the  
3 approval, testing, and sealing requirements of Section 12717.

4 (d) This section shall become operative on January 1, 2020.

5 SEC. 69. Section 13432 of the Business and Professions Code  
6 is amended to read:

7 13432. The fees provided in Section 13431 are maximum fees  
8 and may be established at a lower rate by the secretary at any time  
9 the funds derived from such assessment are more than reasonably  
10 necessary to cover the cost of administration and enforcement of  
11 this chapter, including the maintenance of a reasonable reserve  
12 fund for such purposes.

13 SEC. 70. Section 13433 of the Business and Professions Code  
14 is amended to read:

15 13433. The secretary may, by regulation, prescribe the  
16 frequency of payments of such assessments, the procedures for  
17 such payment, the procedures for refunds of payment, and penalties  
18 for late payment.

19 SEC. 71. Section 13434 of the Business and Professions Code  
20 is amended to read:

21 13434. The moneys which are received by the secretary  
22 pursuant to this chapter shall be deposited in the Department of  
23 Food and Agriculture Fund and shall be used only for the  
24 administration and enforcement of this chapter and Chapter 15  
25 (commencing with Section 13700).

26 SEC. 72. Section 22352 of the Business and Professions Code  
27 is amended to read:

28 22352. At the time of filing the initial certificate of registration,  
29 a registrant shall pay the following fees to the county clerk:

30 (a) A fee of one hundred dollars (\$100).

31 (b) A fee to cover the actual costs of processing the completed  
32 request for live scan when submitted with the initial certificate of  
33 registration.

34 (c) A fee to cover the actual cost of issuing a registered process  
35 server identification card.

36 SEC. 73. Section 42639.1 of the Education Code is amended  
37 to read:

38 42639.1. The county auditor may authorize the destruction of  
39 any bill or supporting document received from a school district



1 for purposes of Section 42639 if all of the following conditions  
2 are met:

3 (a) The record, paper, or document is photographed,  
4 microphotographed, or reproduced on film of a type approved for  
5 permanent photographic records by the National Institute of  
6 Standards and Technology.

7 (b) The device used to reproduce such record, paper, or  
8 document on film is one which accurately reproduces the original  
9 thereof in all details.

10 (c) The photographs, microphotographs, or other reproductions  
11 on film are placed in conveniently accessible files and provision  
12 is made for preserving, examining, and using the same.

13 SEC. 74. Section 85239.1 of the Education Code is amended  
14 to read:

15 85239.1. The county auditor may authorize the destruction of  
16 any bill or supporting document received from a school district  
17 for purposes of Section 85239 if all of the following conditions  
18 are met:

19 (a) The record, paper, or document is photographed,  
20 microphotographed, or reproduced on film of a type approved for  
21 permanent photographic records by the National Institute of  
22 Standards and Technology.

23 (b) The device used to reproduce such record, paper, or  
24 document on film is one which accurately reproduces the original  
25 thereof in all details.

26 (c) The photographs, microphotographs, or other reproductions  
27 on film are placed in conveniently accessible files and provision  
28 is made for preserving, examining, and using the same.

29 SEC. 75. Section 1010 of the Evidence Code is amended to  
30 read:

31 1010. As used in this article, "psychotherapist" means a person  
32 who is, or is reasonably believed by the patient to be:

33 (a) A person authorized to practice medicine in any state or  
34 nation who devotes, or is reasonably believed by the patient to  
35 devote, a substantial portion of his or her time to the practice of  
36 psychiatry.

37 (b) A person licensed as a psychologist under Chapter 6.6  
38 (commencing with Section 2900) of Division 2 of the Business  
39 and Professions Code.

- 1 (c) A person licensed as a clinical social worker under Chapter  
2 14 (commencing with Section 4991) of Division 2 of the Business  
3 and Professions Code, when he or she is engaged in applied  
4 psychotherapy of a nonmedical nature.
- 5 (d) A person who is serving as a school psychologist and holds  
6 a credential authorizing that service issued by the state.
- 7 (e) A person licensed as a marriage and family therapist under  
8 Chapter 13 (commencing with Section 4980) of Division 2 of the  
9 Business and Professions Code.
- 10 (f) A person registered as a psychological assistant who is under  
11 the supervision of a licensed psychologist or board certified  
12 psychiatrist as required by Section 2913 of the Business and  
13 Professions Code, or a person registered as an associate marriage  
14 and family therapist who is under the supervision of a licensed  
15 marriage and family therapist, a licensed clinical social worker, a  
16 licensed psychologist, or a licensed physician and surgeon certified  
17 in psychiatry, as specified in Section 4980.44 of the Business and  
18 Professions Code.
- 19 (g) A person registered as an associate clinical social worker  
20 who is under supervision as specified in Section 4996.23 of the  
21 Business and Professions Code.
- 22 (h) A person registered with the Board of Psychology as a  
23 registered psychologist who is under the supervision of a licensed  
24 psychologist or board certified psychiatrist.
- 25 (i) A psychological intern as defined in Section 2911 of the  
26 Business and Professions Code who is under the supervision of a  
27 licensed psychologist or board certified psychiatrist.
- 28 (j) A trainee, as defined in subdivision (c) of Section 4980.03  
29 of the Business and Professions Code, who is fulfilling his or her  
30 supervised practicum required by subparagraph (B) of paragraph  
31 (1) of subdivision (d) of Section 4980.36 of, or subdivision (c) of  
32 Section 4980.37 of, the Business and Professions Code and is  
33 supervised by a licensed psychologist, a board certified psychiatrist,  
34 a licensed clinical social worker, a licensed marriage and family  
35 therapist, or a licensed professional clinical counselor.
- 36 (k) A person licensed as a registered nurse pursuant to Chapter  
37 6 (commencing with Section 2700) of Division 2 of the Business  
38 and Professions Code, who possesses a master's degree in  
39 psychiatric-mental health nursing and is listed as a

1 psychiatric-mental health nurse by the Board of Registered  
2 Nursing.

3 (l) An advanced practice registered nurse who is certified as a  
4 clinical nurse specialist pursuant to Article 9 (commencing with  
5 Section 2838) of Chapter 6 of Division 2 of the Business and  
6 Professions Code and who participates in expert clinical practice  
7 in the specialty of psychiatric-mental health nursing.

8 (m) A person rendering mental health treatment or counseling  
9 services as authorized pursuant to Section 6924 of the Family  
10 Code.

11 (n) A person licensed as a professional clinical counselor under  
12 Chapter 16 (commencing with Section 4999.10) of Division 2 of  
13 the Business and Professions Code.

14 (o) A person registered as an associate professional clinical  
15 counselor who is under the supervision of a licensed professional  
16 clinical counselor, a licensed marriage and family therapist, a  
17 licensed clinical social worker, a licensed psychologist, or a  
18 licensed physician and surgeon certified in psychiatry, as specified  
19 in Sections 4999.42 to 4999.46, inclusive, of the Business and  
20 Professions Code.

21 (p) A clinical counselor trainee, as defined in subdivision (g)  
22 of Section 4999.12 of the Business and Professions Code, who is  
23 fulfilling his or her supervised practicum required by paragraph  
24 (3) of subdivision (c) of Section 4999.32 of, or paragraph (3) of  
25 subdivision (c) of Section 4999.33 of, the Business and Professions  
26 Code, and is supervised by a licensed psychologist, a  
27 board-certified psychiatrist, a licensed clinical social worker, a  
28 licensed marriage and family therapist, or a licensed professional  
29 clinical counselor.

30 SEC. 76. Section 424 of the Government Code is amended to  
31 read:

32 424. The official colors of the State are blue and gold. The  
33 specifications, references, and designations for the official colors  
34 are as follows:

35 Specifications: National Institute of Standards and Technology,  
36 Research Paper RP 1700.

37 International Commission on Illumination:

38 Blue: Y 0.063 x 0.204 y 0.165

39 Gold: Y 0.449 x 0.474 y 0.458

40 Munsell Renotation:

1 Blue: H V/C 7.3 PB 2.9/8.8

2 Gold: H V/C 2.0 Y 7.1/11.3

3 Munsell Book Notation:

4 Blue: H V/C 7.2 PB 2.9/9.1

5 Gold: H V/C 1 Y 7.3/11

6 References: Textile Color Card Association of New York, Inc.

7 Blue: Yale Blue, cable number 70086, Standard Color Card  
8 of America, 9th edition.

9 Gold: Golden Yellow, cable number 65001, United States  
10 Army Card of Official Colors for Arms and Services.

11 Designations: Inter-Society Color Council-National Bureau of  
12 Standards:

13 Yale Blue: Deep purplish blue.

14 Golden Yellow: Vivid yellow.

15 SEC. 77. Section 11165.7 of the Penal Code is amended to  
16 read:

17 11165.7. (a) As used in this article, "mandated reporter" is  
18 defined as any of the following:

19 (1) A teacher.

20 (2) An instructional aide.

21 (3) A teacher's aide or teacher's assistant employed by a public  
22 or private school.

23 (4) A classified employee of a public school.

24 (5) An administrative officer or supervisor of child welfare and  
25 attendance, or a certificated pupil personnel employee of a public  
26 or private school.

27 (6) An administrator of a public or private day camp.

28 (7) An administrator or employee of a public or private youth  
29 center, youth recreation program, or youth organization.

30 (8) An administrator, board member, or employee of a public  
31 or private organization whose duties require direct contact and  
32 supervision of children, including a foster family agency.

33 (9) An employee of a county office of education or the State  
34 Department of Education whose duties bring the employee into  
35 contact with children on a regular basis.

36 (10) A licensee, an administrator, or an employee of a licensed  
37 community care or child day care facility.

38 (11) A Head Start program teacher.

39 (12) A licensing worker or licensing evaluator employed by a  
40 licensing agency, as defined in Section 11165.11.

- 1 (13) A public assistance worker.
- 2 (14) An employee of a child care institution, including, but not  
3 limited to, foster parents, group home personnel, and personnel of  
4 residential care facilities.
- 5 (15) A social worker, probation officer, or parole officer.
- 6 (16) An employee of a school district police or security  
7 department.
- 8 (17) A person who is an administrator or presenter of, or a  
9 counselor in, a child abuse prevention program in a public or  
10 private school.
- 11 (18) A district attorney investigator, inspector, or local child  
12 support agency caseworker, unless the investigator, inspector, or  
13 caseworker is working with an attorney appointed pursuant to  
14 Section 317 of the Welfare and Institutions Code to represent a  
15 minor.
- 16 (19) A peace officer, as defined in Chapter 4.5 (commencing  
17 with Section 830) of Title 3 of Part 2, who is not otherwise  
18 described in this section.
- 19 (20) A firefighter, except for volunteer firefighters.
- 20 (21) A physician and surgeon, psychiatrist, psychologist, dentist,  
21 resident, intern, podiatrist, chiropractor, licensed nurse, dental  
22 hygienist, optometrist, marriage and family therapist, clinical social  
23 worker, professional clinical counselor, or any other person who  
24 is currently licensed under Division 2 (commencing with Section  
25 500) of the Business and Professions Code.
- 26 (22) An emergency medical technician I or II, paramedic, or  
27 other person certified pursuant to Division 2.5 (commencing with  
28 Section 1797) of the Health and Safety Code.
- 29 (23) A psychological assistant registered pursuant to Section  
30 2913 of the Business and Professions Code.
- 31 (24) A marriage and family therapist trainee, as defined in  
32 subdivision (c) of Section 4980.03 of the Business and Professions  
33 Code.
- 34 (25) An unlicensed associate marriage and family therapist  
35 registered under Section 4980.44 of the Business and Professions  
36 Code.
- 37 (26) A state or county public health employee who treats a minor  
38 for venereal disease or any other condition.
- 39 (27) A coroner.

1 (28) A medical examiner or other person who performs  
2 autopsies.

3 (29) A commercial film and photographic print or image  
4 processor as specified in subdivision (e) of Section 11166. As used  
5 in this article, “commercial film and photographic print or image  
6 processor” means a person who develops exposed photographic  
7 film into negatives, slides, or prints, or who makes prints from  
8 negatives or slides, or who prepares, publishes, produces, develops,  
9 duplicates, or prints any representation of information, data, or an  
10 image, including, but not limited to, any film, filmstrip, photograph,  
11 negative, slide, photocopy, videotape, video laser disc, computer  
12 hardware, computer software, computer floppy disk, data storage  
13 medium, CD-ROM, computer-generated equipment, or  
14 computer-generated image, for compensation. The term includes  
15 any employee of that person; it does not include a person who  
16 develops film or makes prints or images for a public agency.

17 (30) A child visitation monitor. As used in this article, “child  
18 visitation monitor” means a person who, for financial  
19 compensation, acts as a monitor of a visit between a child and  
20 another person when the monitoring of that visit has been ordered  
21 by a court of law.

22 (31) An animal control officer or humane society officer. For  
23 the purposes of this article, the following terms have the following  
24 meanings:

25 (A) “Animal control officer” means a person employed by a  
26 city, county, or city and county for the purpose of enforcing animal  
27 control laws or regulations.

28 (B) “Humane society officer” means a person appointed or  
29 employed by a public or private entity as a humane officer who is  
30 qualified pursuant to Section 14502 or 14503 of the Corporations  
31 Code.

32 (32) A clergy member, as specified in subdivision (d) of Section  
33 11166. As used in this article, “clergy member” means a priest,  
34 minister, rabbi, religious practitioner, or similar functionary of a  
35 church, temple, or recognized denomination or organization.

36 (33) Any custodian of records of a clergy member, as specified  
37 in this section and subdivision (d) of Section 11166.

38 (34) An employee of any police department, county sheriff’s  
39 department, county probation department, or county welfare  
40 department.

1 (35) An employee or volunteer of a Court Appointed Special  
2 Advocate program, as defined in Rule 5.655 of the California Rules  
3 of Court.

4 (36) A custodial officer, as defined in Section 831.5.

5 (37) A person providing services to a minor child under Section  
6 12300 or 12300.1 of the Welfare and Institutions Code.

7 (38) An alcohol and drug counselor. As used in this article, an  
8 “alcohol and drug counselor” is a person providing counseling,  
9 therapy, or other clinical services for a state licensed or certified  
10 drug, alcohol, or drug and alcohol treatment program. However,  
11 alcohol or drug abuse, or both alcohol and drug abuse, is not, in  
12 and of itself, a sufficient basis for reporting child abuse or neglect.

13 (39) A clinical counselor trainee, as defined in subdivision (g)  
14 of Section 4999.12 of the Business and Professions Code.

15 (40) An associate professional clinical counselor registered  
16 under Section 4999.42 of the Business and Professions Code.

17 (41) An employee or administrator of a public or private  
18 postsecondary educational institution, whose duties bring the  
19 administrator or employee into contact with children on a regular  
20 basis, or who supervises those whose duties bring the administrator  
21 or employee into contact with children on a regular basis, as to  
22 child abuse or neglect occurring on that institution’s premises or  
23 at an official activity of, or program conducted by, the institution.  
24 Nothing in this paragraph shall be construed as altering the  
25 lawyer-client privilege as set forth in Article 3 (commencing with  
26 Section 950) of Chapter 4 of Division 8 of the Evidence Code.

27 (42) An athletic coach, athletic administrator, or athletic director  
28 employed by any public or private school that provides any  
29 combination of instruction for kindergarten, or grades 1 to 12,  
30 inclusive.

31 (43) (A) A commercial computer technician as specified in  
32 subdivision (e) of Section 11166. As used in this article,  
33 “commercial computer technician” means a person who works for  
34 a company that is in the business of repairing, installing, or  
35 otherwise servicing a computer or computer component, including,  
36 but not limited to, a computer part, device, memory storage or  
37 recording mechanism, auxiliary storage recording or memory  
38 capacity, or any other material relating to the operation and  
39 maintenance of a computer or computer network system, for a fee.  
40 An employer who provides an electronic communications service

1 or a remote computing service to the public shall be deemed to  
2 comply with this article if that employer complies with Section  
3 2258A of Title 18 of the United States Code.

4 (B) An employer of a commercial computer technician may  
5 implement internal procedures for facilitating reporting consistent  
6 with this article. These procedures may direct employees who are  
7 mandated reporters under this paragraph to report materials  
8 described in subdivision (e) of Section 11166 to an employee who  
9 is designated by the employer to receive the reports. An employee  
10 who is designated to receive reports under this subparagraph shall  
11 be a commercial computer technician for purposes of this article.  
12 A commercial computer technician who makes a report to the  
13 designated employee pursuant to this subparagraph shall be deemed  
14 to have complied with the requirements of this article and shall be  
15 subject to the protections afforded to mandated reporters, including,  
16 but not limited to, those protections afforded by Section 11172.

17 (44) Any athletic coach, including, but not limited to, an  
18 assistant coach or a graduate assistant involved in coaching, at  
19 public or private postsecondary educational institutions.

20 (45) An individual certified by a licensed foster family agency  
21 as a certified family home, as defined in Section 1506 of the Health  
22 and Safety Code.

23 (46) An individual approved as a resource family, as defined in  
24 Section 1517 of the Health and Safety Code and Section 16519.5  
25 of the Welfare and Institutions Code.

26 (b) Except as provided in paragraph (35) of subdivision (a),  
27 volunteers of public or private organizations whose duties require  
28 direct contact with and supervision of children are not mandated  
29 reporters but are encouraged to obtain training in the identification  
30 and reporting of child abuse and neglect and are further encouraged  
31 to report known or suspected instances of child abuse or neglect  
32 to an agency specified in Section 11165.9.

33 (c) Except as provided in subdivision (d), employers are strongly  
34 encouraged to provide their employees who are mandated reporters  
35 with training in the duties imposed by this article. This training  
36 shall include training in child abuse and neglect identification and  
37 training in child abuse and neglect reporting. Whether or not  
38 employers provide their employees with training in child abuse  
39 and neglect identification and reporting, the employers shall



1 provide their employees who are mandated reporters with the  
2 statement required pursuant to subdivision (a) of Section 11166.5.

3 (d) Pursuant to Section 44691 of the Education Code, school  
4 districts, county offices of education, state special schools and  
5 diagnostic centers operated by the State Department of Education,  
6 and charter schools shall annually train their employees and persons  
7 working on their behalf specified in subdivision (a) in the duties  
8 of mandated reporters under the child abuse reporting laws. The  
9 training shall include, but not necessarily be limited to, training in  
10 child abuse and neglect identification and child abuse and neglect  
11 reporting.

12 (e) (1) On and after January 1, 2018, pursuant to Section  
13 1596.8662 of the Health and Safety Code, a child care licensee  
14 applicant shall take training in the duties of mandated reporters  
15 under the child abuse reporting laws as a condition of licensure,  
16 and a child care administrator or an employee of a licensed child  
17 day care facility shall take training in the duties of mandated  
18 reporters during the first 90 days when he or she is employed by  
19 the facility.

20 (2) A person specified in paragraph (1) who becomes a licensee,  
21 administrator, or employee of a licensed child day care facility  
22 shall take renewal mandated reporter training every two years  
23 following the date on which he or she completed the initial  
24 mandated reporter training. The training shall include, but not  
25 necessarily be limited to, training in child abuse and neglect  
26 identification and child abuse and neglect reporting.

27 (f) Unless otherwise specifically provided, the absence of  
28 training shall not excuse a mandated reporter from the duties  
29 imposed by this article.

30 (g) Public and private organizations are encouraged to provide  
31 their volunteers whose duties require direct contact with and  
32 supervision of children with training in the identification and  
33 reporting of child abuse and neglect.

34 *SEC. 78. (a) Section 33.5 of this bill incorporates amendments*  
35 *to Section 7583.20 of the Business and Professions Code proposed*  
36 *by both this bill and Senate Bill 547. That section of this bill shall*  
37 *only become operative if (1) both bills are enacted and become*  
38 *effective on or before January 1, 2018, (2) each bill amends Section*  
39 *7583.20 of the Business and Professions Code, and (3) this bill is*

1 enacted after Senate Bill 547, in which case Section 33 of this bill  
2 shall not become operative.

3 (b) Section 40.5 of this bill incorporates amendments to Section  
4 7598.17 of the Business and Professions Code proposed by both  
5 this bill and Senate Bill 547. That section of this bill shall only  
6 become operative if (1) both bills are enacted and become effective  
7 on or before January 1, 2018, (2) each bill amends Section 7598.17  
8 of the Business and Professions Code, and (3) this bill is enacted  
9 after Senate Bill 547, in which case Section 40 of this bill shall  
10 not become operative.

11 (c) Section 51.5 of this bill incorporates amendments to Section  
12 12304 of the Business and Professions Code proposed by both this  
13 bill and Senate Bill 547. That section of this bill shall only become  
14 operative if (1) both bills are enacted and become effective on or  
15 before January 1, 2018, (2) each bill amends Section 12304 of the  
16 Business and Professions Code, and (3) this bill is enacted after  
17 Senate Bill 547, in which case Section 51 of this bill shall not  
18 become operative.

19 (d) Section 52.5 of this bill incorporates amendments to Section  
20 12310 of the Business and Professions Code proposed by both this  
21 bill and Senate Bill 547. That section of this bill shall only become  
22 operative if (1) both bills are enacted and become effective on or  
23 before January 1, 2018, (2) each bill amends Section 12310 of the  
24 Business and Professions Code, and (3) this bill is enacted after  
25 Senate Bill 547, in which case Section 52 of this bill shall not  
26 become operative.

27 (e) Section 55.5 of this bill incorporates amendments to Section  
28 12500 of the Business and Professions Code proposed by both this  
29 bill and Senate Bill 547. That section shall only become operative  
30 if (1) both bills are enacted and become effective on or before  
31 January 1, 2018, (2) each bill amends Section 12500 of the  
32 Business and Professions Code, and (3) this bill is enacted after  
33 Senate Bill 547, in which case Section 55 of this bill shall not  
34 become operative.

35 ~~SEC. 78.~~

36 SEC. 79. No reimbursement is required by this act pursuant to  
37 Section 6 of Article XIII B of the California Constitution because  
38 the only costs that may be incurred by a local agency or school  
39 district will be incurred because this act creates a new crime or  
40 infraction, eliminates a crime or infraction, or changes the penalty

1 for a crime or infraction, within the meaning of Section 17556 of  
2 the Government Code, or changes the definition of a crime within  
3 the meaning of Section 6 of Article XIII B of the California  
4 Constitution.

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**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** SB 800 (Business, Professions and Economic Development Committee)  
**Status/Location:** Amended 8/21/17 – Assembly Floor  
**Sponsor:** Various Department of Consumer Affairs’ boards  
**Subject:** Professions and Vocations  
**Code Section:** Business & Professions Code sections 70751 and 7145.5 (as they pertain to the Contractors State License Board)

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**Summary:**

Existing law (Contractors’ State License Law):

1. Provides for the licensure and regulation of contractors by the Contractors State License Board (CSLB) and requires the board to appoint a registrar of contractors to perform specified duties.
2. Authorizes CSLB to reissue or reassign a license number to a different entity under certain circumstances, including to a corporation or limited liability company (LLC) that acquires a licensee pursuant to an asset sale, provided that the corporation or limited liability company has a qualifier, as specified.
3. Authorizes the registrar to refuse to issue, reinstate, reactivate, or renew a license for the failure of a licensee to resolve all outstanding liabilities, including taxes, as specified.

This bill:

1. Eliminates the provision of existing law that allows for the reassignment of a contractor license number to a corporation or LLC when the new entity acquires a “licensee” in an asset sale.
2. Amends a provision of existing contractors’ state license law to use the correct terms for “federal employer identification number” and to add “individual taxpayer identification number,” as authorized by a general provision of the Business & Professions Code.

Background:

In 2010, legislation was enacted authorizing CSLB to issue a license to a limited liability company. This legislation amended several sections of the contractors’ state license law to make conforming changes. However, CSLB cannot implement the provision that allows the reassignment of a contractor license number to a corporation or LLC when the new entity acquires a “licensee” in an asset sale. Pursuant to other sections of existing law, a business cannot acquire a “licensee” through an asset sale. This proposal would remove that provision of law.

The second change uses the correct terms in contractors' state license law for "federal employer identification number" and to add "individual taxpayer identification number," as authorized by a general provision of the Business and Professions Code.

**Fiscal Impact for CSLB:**

None.

**Board Position and Comments:**

**SUPPORT.** These changes will improve the clarity of the contractors' state license law and eliminate a provision that creates confusion for applicants and licensees.

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**Date:** September 7 2017



## AGENDA ITEM C-2

# 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Legislative Objectives





# CONTRACTORS STATE LICENSE BOARD

## 2016-18 STRATEGIC PLAN UPDATE -- LEGISLATIVE

### Legislative Objectives

ITEM	TARGET	DESCRIPTION	STATUS
3.1 Present Draft Proposal to Reorganize Contractors' State License Law (I)	May 2017	Closely examine and reorganize current law to create a more logical flow and make it more user-friendly; cleaning up and clarifying language as needed	First draft complete; undergoing staff review
3.2 Research Increased Penalties for Predatory Business Practices, Misrepresentation of Services, or Need of Services (I)	May 2017	In conjunction with the Enforcement division, examine appropriateness of existing penalties in statute and regulation and determine if there is a need for changes	Not yet begun, need further discussion with the Enforcement division
3.3 Develop and Implement Regulatory Proposal to Formalize Experience Requirement Criteria (E)	June 2017 (to begin process)	In conjunction with the Licensing division, clarify the accepted verifiable experience requirements necessary for licensure to help ensure that qualified applicants are able to test for a license	Staff continuing to draft regulatory language and rulemaking documents for future review by Legislative and/or Licensing Committees and consideration of authorization for stakeholders' meeting and/or referral to full Board for preliminary approval of package to begin rulemaking process
3.4 Further Define Examination Waiver Criteria (I)	May 2018 (to begin process)	In conjunction with the Licensing division, thoroughly review statutory waiver authority and develop regulations to clarify examination waiver criteria, possibly including methods to prevent fraudulent submissions (see Objective 1.5)	Staff to draft proposed regulatory changes and meet with legal counsel for initial review of the language; will then follow similar Committee/Board review process for Item 3.3
3.5 Review Home Improvement Contract Provisions (I)	June 2018	Identify ways to simplify and improve clarity of provisions in Business and Professions Code section 7159	Not yet begun
3.6 Increase Fees (E)	July 2018	Increase statutory authority and limits; follow-up with regulations for future increases within statutory limits	Completed



# AGENDA ITEM D

## Licensing





## AGENDA ITEM D-1

# Licensing Program Update

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





# CONTRACTORS STATE LICENSE BOARD

## LICENSING PROGRAM UPDATE

### APPLICATION PROCESSING STATISTICS

The charts below provide the total number of incoming applications received by the Application units each month, quarter, and fiscal year. This information is obtained from CSLB's internal Teale database.

### Total Number of Applications Received Per Month

	2017											
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Original Exam	1,162	1,096	1,189	1,049	1,021	1,109	733	1,180	1,290	1,209	1,165	759
Original Waiver	649	596	653	325	432	475	357	758	679	726	596	438
Add Class	327	315	331	306	313	390	330	353	373	386	393	236
Qualifier Replacer	200	207	218	165	194	191	214	242	186	233	243	148
Home Improvement	867	808	785	726	703	651	896	960	953	1,082	531	610
<b>Received Per Month</b>	<b>3,205</b>	<b>3,022</b>	<b>3,176</b>	<b>2,571</b>	<b>2,663</b>	<b>2,816</b>	<b>1,797</b>	<b>3,493</b>	<b>2,191</b>	<b>3,636</b>	<b>2,928</b>	<b>2,191</b>
<b>3-Month Totals</b>	<b>Aug – Oct: 9,403</b>			<b>Nov – Jan: 8,050</b>			<b>Feb – Apr: 7,481</b>			<b>May – Jul: 8,755</b>		

### Total Applications Received – Prior Fiscal Years

	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
Original Exam	10,005	10,185	11,098	12,702	13,668
Original Waiver	6,791	7,719	7,858	8,383	8,668
Add Class	4,158	3,854	3,880	4,068	4,146
Qualifier Replacer	2,295	2,259	2,279	2,399	2,458
Home Improvement	7,525	9,522	12,557	12,421	9,796
<b>Total Received</b>	<b>30,774</b>	<b>33,539</b>	<b>37,672</b>	<b>39,973</b>	<b>38,736</b>



The charts below provide the total number of applications processed by the Application units each month and fiscal year. This information is obtained from CSLB’s internal Teale database.

**Total Number of Applications Processed Per Month**

	2017											
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Original Exam	1,328	1,003	1,051	1,040	863	835	932	1,052	1,144	1,541	1,295	1,213
Original Waiver	959	716	701	448	494	662	690	749	813	1,020	789	735
Add Class	326	303	292	221	287	242	342	394	179	333	285	269
Qualifier Replacer	179	258	267	342	207	185	190	264	238	273	261	214
Home Improvement	581	391	552	428	359	377	382	448	499	538	502	302
<b>Total Per Month</b>	<b>3,373</b>	<b>2,671</b>	<b>2,863</b>	<b>2,479</b>	<b>2,210</b>	<b>2,301</b>	<b>2,536</b>	<b>2,907</b>	<b>2,873</b>	<b>3,705</b>	<b>3,132</b>	<b>2,733</b>

**Total Applications Processed – Prior Fiscal Years**

	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
Original Exam	8,304	12,563	16,571	12,622	13,711
Original Waiver	7,714	8,487	9,595	8,536	8,847
Add Class	4,227	4,378	4,134	4,149	3,512
Qualifier Replacer	2,216	2,334	2,544	2,732	2,903
Home Improvement	4,018	3,990	6,880	7,437	5,407
<b>Total Processed</b>	<b>26,479</b>	<b>31,752</b>	<b>39,724</b>	<b>35,476</b>	<b>34,380</b>

Applications are “processed” whenever any of the following actions occur:

- 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 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 transaction, and public information unit documents 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.

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

### Average Weeks to Initial Processing By Month

	2017											
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Original Exam	3.0	3.5	4.0	4.5	5.0	5.0	5.0	5.5	6.5	6.0	5.0	5.0
Original Waiver	2.6	1.6	2.0	2.4	4.1	3.3	3.5	4.1	3.3	4.1	3.1	2.9
Add Class	3.0	1.5	2.0	2.0	1.5	2.0	2.1	2.0	1.5	1.5	1.5	2.0
Qualifier Replacer (Exams & Waiver)	2.5	1.5	1.5	2.0	1.0	1.5	2.0	1.5	1.5	1.5	0.5	2.0
Home Improvement	1.0	0.5	1.5	3.0	1.5	2.0	2.1	2.1	3.0	2.0	2.1	2.0
Renewal	2.5	3.5	2.0	3.3	3.0	3.0	3.5	3.5	1.5	1.5	2.0	2.0
Add New Officer	1.0	2.0	1.0	1.5	2.5	2.0	2.0	2.0	1.5	2.5	4.5	3.0
Address/ Name Change	1.0	1.5	1.0	1.3	2.5	2.0	1.5	2.0	1.5	2.5	4.0	2.0
Bond / Bond Exemption	0.1	0.1	0.1	0.1	0.1	1.0	0.6	2.0	1.6	1.0	1.0	0.7
Workers' Comp / Exempt	1.0	1.0	1.0	1.0	1.0	1.0	1.0	3.7	2.3	2.4	2.9	2.1
Certified License History	1.2	2.0	0.8	0.5	2.1	0.7	0.0	0.1	0.1	0.1	0.9	1.0
Copies of Documents	0.0	0.2	0.3	1.2	0.2	0.0	0.1	0.4	0.0	0.0	1.0	0.2
CORI Review*	4.5	4.4	4.3	1.1	1.4	1.2	2.4	2.2	1.8	2.3	3.3	3.6

\*Outside CSLB Control—DOJ /FBI timeframe



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. This information is obtained from CSLB’s internal Teale database.

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

		2017											
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
<b>ORIGINAL EXAM</b>	Received Date to First Returned for Correction	6.9	6.0	5.4	5.1	4.7	4.9	4.6	4.7	5.0	5.1	5.3	5.0
	Received Date to First Exam	13.9	13.6	13.3	13.7	13.4	13.3	13.3	13.9	13.1	13.9	13.4	13.0
	Last Exam to Issuance	7.0	5.1	7.2	7.6	7.7	8.4	7.4	7.1	7.6	6.4	6.3	6.0
	Received Date to Issuance	23.9	24.4	24.3	25.7	27.3	27.7	28.1	27.4	27.1	26.1	26.4	26.0
<b>QUALIFIER REPLACER EXAM</b>	Received Date to First Returned for Correction	3.7	3.7	2.4	2.7	2.4	2.3	1.4	1.7	1.3	1.7	1.9	1.0
	Received Date to First Exam	10.3	11.9	10.9	10.0	9.1	9.0	9.6	9.7	8.1	9.0	10.9	7.0
	Last Exam to Issuance	3.4	4.6	6.1	3.3	3.7	3.9	3.6	4.4	3.3	2.7	3.3	3.0
	Received Date to Issuance	15.0	17.6	18.9	15.1	17.3	17.3	16.4	16.3	13.9	16.7	17.7	17.0
<b>ORIGINAL WAIVER</b>	Received Date to First Returned for Correction	3.4	3.9	3.1	2.6	2.4	2.7	2.9	2.7	3.2	3.6	3.6	3.0
	Received Date to Issuance	12.3	12.0	12.4	11.4	13.1	12.9	11.9	12.0	11.9	11.0	12.1	11.0
<b>QUALIFIER REPLACER WAIVER</b>	Received Date to First Returned for Correction	3.0	2.6	2.3	1.7	1.3	1.1	1.0	1.3	1.6	1.1	1.3	1.0
	Received Date to Issuance	8.9	6.6	5.6	4.4	4.3	4.7	3.9	5.0	4.1	5.0	3.7	4.0
<b>HOME IMPROVEMENT</b>	Received Date to First Returned for Correction	2.4	1.9	1.1	1.1	1.4	1.4	1.7	1.9	2.1	2.3	1.9	2.0
	Received Date to Issuance	7.4	7.9	7.9	6.7	7.4	7.4	7.6	7.4	7.3	7.4	7.7	9.0



**Disposition of Applications by Fiscal Year—As of July 31, 2017**

Fiscal Year	Number of Apps Received	Processed & Issued	Voided	Pending
2016-17	38,736	17,716	6,548	12,472*

The chart above illustrates the number of applications received in the last fiscal year 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 replacer, and home improvement salesperson applications. This report allows staff to monitor the disposition of applications and to identify any applications that require special attention. This information is obtained from CSLB’s internal Teale database.

\*The reasons an application may be classified as pending include:

- The applicant does not pass the exam, but is still within the 18-month window during which he or she 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, or fees).



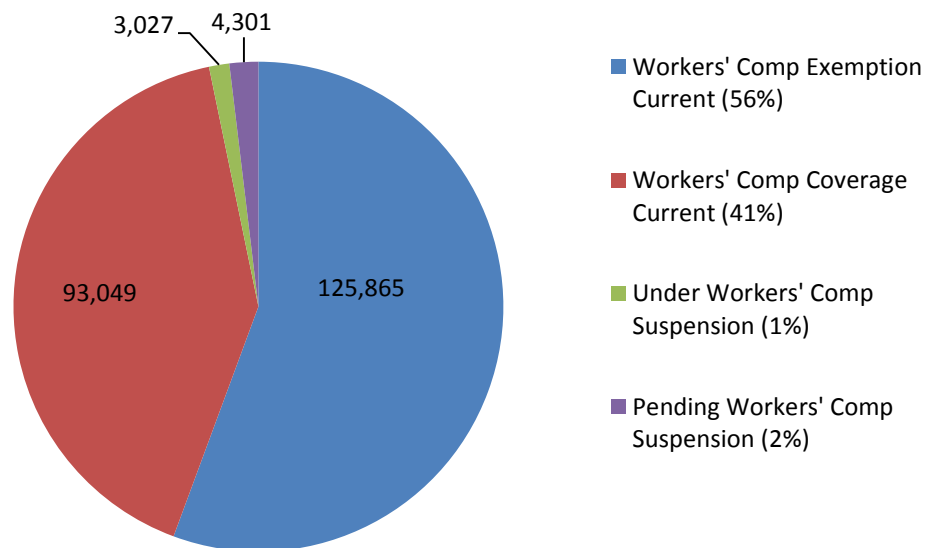


### WORKERS' COMPENSATION RECERTIFICATION

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 his or her 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. This information is obtained from CSLB's internal Teale database.

### Workers' Comp Coverage for Active Licenses - July 31, 2017



**Total Number of Active Licenses: 226,242**

The chart on the following page provides the current workers' compensation coverage (policies and exemptions) on file for active licenses by classification and the percentage of exemptions per classification. This information is obtained from CSLB's internal Teale database.

**Active License Classifications Workers' Comp Status – As of July 31, 2017**

Classification	Exemptions on File	WC Policies on File	Total Policies & Exemptions	% of Total with Exemptions
A General Engineering	5,628	8,804	14,432	39%
B General Building	63,566	37,232	100,798	63%
C-2 Insulation and Acoustical	303	848	1,151	26%
C-4 Boiler Hot Water	215	595	810	27%
C-5 Framing / Rough Carp	495	303	798	62%
C-6 Cabinet-Millwork	2,789	1,833	4,622	60%
C-7 Low Voltage Systems	2,086	2,695	4,781	44%
C-8 Concrete	2,530	3,339	5,869	43%
C-9 Drywall	1,288	1,670	2,958	44%
C10 Electrical	13,987	10,608	24,595	57%
C11 Elevator	38	156	194	20%
C12 Earthwork & Paving	1,017	1,286	2,303	44%
C13 Fencing	682	839	1,521	45%
C15 Flooring	3,758	3,221	6,979	54%
C16 Fire Protection	753	1,332	2,085	36%
C17 Glazing	1,088	1,656	2,744	40%
C20 HVAC	6,323	5,095	11,418	55%
C21 Building Moving Demo	500	1,067	1,567	32%
C22 Asbestos Abatement	3	247	250	1%
C23 Ornamental Metal	421	584	1,005	42%
C27 Landscaping	4,758	6,253	11,011	43%
C28 Lock & Security Equipment	160	199	359	45%
C29 Masonry	1,096	1,343	2,439	45%
C31 Construction Zone	53	214	267	20%
C32 Parking Highway	185	305	490	38%
C33 Painting	8,779	6,431	15,210	58%
C34 Pipeline	176	314	490	36%
C35 Lath & Plaster	677	1,094	1,771	38%
C36 Plumbing	8,791	6,283	15,074	58%
C38 Refrigeration	972	932	1,904	51%
C39 Roofing	0	4,121	4,121	0%
C42 Sanitation	380	569	949	40%
C43 Sheet Metal	436	1038	1,474	30%
C45 Signs	399	463	862	46%
C46 Solar	482	670	1,152	42%
C47 Gen Manufactured House	229	191	420	55%
C50 Reinforcing Steel	69	175	244	28%
C51 Structural Steel	434	986	1,420	31%
C53 Swimming Pool	1,095	1,254	2,349	47%
C54 Tile	3,573	2,627	6,200	58%
C55 Water Conditioning	137	170	307	45%
C57 Well Drilling	340	514	854	40%
C60 Welding	577	421	998	58%
C61 Limited Specialty	7,586	9,207	16,793	45%
ASB Asbestos Cert	328	739	1,067	31%
HAZ Hazardous Cert	563	1,293	1,856	30%



**FINGERPRINTING/CRIMINAL BACKGROUND UNIT**

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 (CORI) 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. 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.

From fiscal year 2005-06 through fiscal year 2011-12, CSLB received 259,712 transmittals from DOJ that included clear records and conviction information. During that time, the Criminal Background Unit (CBU) staff received CORI files for 44,605 applicants, an indication that DOJ and/or the FBI had a criminal conviction(s) on record for that individual. As a result, CBU denied 1,085 applications and issued 814 probationary licenses; 536 applicants appealed their denials.

Below is a breakdown of CBU statistics for the past five fiscal years, as well as the current fiscal year. This information is obtained from CSLB's internal Teale database.

**Criminal Background Unit Statistics**

	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18*	TOTALS
DOJ Records Received	18,270	20,395	28,434	32,323	37,687	2,693	139,802
CORI RAPP Received	3,663	3,768	4,686	6,268	6,473	423	25,281
Denials	67	37	40	52	59	1	256
Appeals	36	23	21	27	35	3	145
Probationary Licenses Issued	71	76	97	72	101	3	417

\*as of July 31, 2017



**EXPERIENCE VERIFICATION UNIT**

Business and Professions Code section 7068(g) and California Code of Regulations 824 requires CSLB to investigate a minimum of 3 percent of applications received to review applicants' claimed work experience.

Since implementation in September 2014, the Experience Verification unit staff has been assigned and reviewed 2,166 applications for experience verification.

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

	2017											
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Withdrawn	1	5	15	11	12	9	9	19	13	11	16	11
Verified	42	44	41	27	18	22	22	20	24	26	20	18
Denied	44	34	30	13	11	14	15	16	14	17	19	12
Appealed	1	2	5	4	0	1	2	1	2	3	0	4
Pending	129	116	75	77	85	71	81	77	84	92	108	110

The chart on the next page provides the breakdown for appeals, denials, withdrawals, experience verification, and pending applications by classification as of July 31, 2017.

**Experience Verification by Classification – As of July 31, 2017**

Classification	Appealed	Withdrawn	Verified	Denied	Pending	Total
A General Engineering	15	35	38	27	8	123
B General Building	75	235	368	322	45	1,045
C-2 Insulation and Acoustical	0	1	2	0	0	3
C-4 Boiler Hot Water	0	0	3	0	0	3
C-5 Framing / Rough Carp	0	1	5	3	0	9
C-6 Cabinet-Millwork	0	2	9	2	2	15
C-7 Low Voltage Systems	0	3	17	2	3	25
C-8 Concrete	0	7	18	11	3	39
C-9 Drywall	2	0	3	9	0	14
C10 Electrical	5	18	104	36	9	172
C11 Elevator	0	0	1	0	0	1
C12 Earthwork & Paving	0	3	8	6	1	18
C13 Fencing	0	0	2	5	1	8
C15 Flooring	1	2	14	9	2	28
C16 Fire Protection	0	2	4	2	0	8
C17 Glazing	0	4	6	4	4	18
C20 HVAC	5	9	53	20	5	92
C21 Building Moving Demo	0	2	3	6	0	11
C22 Asbestos Abatement	0	2	3	1	0	6
C23 Ornamental Metal	0	2	1	0	0	3
C27 Landscaping	3	11	35	25	0	74
C28 Lock & Security Equipment	0	0	4	0	1	5
C29 Masonry	0	1	4	3	3	11
C31 Construction Zone	0	0	0	1	0	1
C32 Parking Highway	0	2	2	0	0	4
C33 Painting	1	7	57	18	0	83
C34 Pipeline	1	0	1	0	0	2
C35 Lath & Plaster	1	0	3	4	0	8
C36 Plumbing	6	13	65	17	7	108
C38 Refrigeration	0	0	1	1	0	2
C39 Roofing	2	7	9	8	2	28
C42 Sanitation	0	4	2	2	0	8
C43 Sheet Metal	0	1	1	0	0	2
C45 Signs	0	0	3	0	2	5
C46 Solar	1	2	8	3	1	15
C47 Gen Manufactured House	0	0	1	1	0	2
C50 Reinforcing Steel	0	0	1	0	0	1
C51 Structural Steel	1	1	4	1	0	7
C53 Swimming Pool	1	4	2	6	2	15
C54 Tile	0	10	18	9	3	40
C55 Water Conditioning	0	0	0	0	0	0
C57 Well Drilling	0	2	5	4	1	12
C60 Welding	0	2	10	1	1	14
C61 Limited Specialty	2	10	46	15	5	78
ASB Asbestos Cert	0	0	0	0	0	0
HAZ Hazardous Cert	0	0	0	0	0	0
<b>Total</b>	<b>122</b>	<b>405</b>	<b>944</b>	<b>584</b>	<b>111</b>	<b>2,166</b>



**LICENSING INFORMATION CENTER (LIC)**

**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.

**Licensing Information Center Call Data by Month**

Inbound Activity	2017											
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Calls Received	15,578	13,324	13,689	13,034	12,395	16,283	16,271	17,408	14,052	15,142	14,300	12,749
Calls Answered	15,247	13,042	13,421	12,754	11,916	14,673	14,046	14,423	12,024	13,088	12,443	10,307
Caller Abandoned	331	192	267	279	460	1,575	2,217	2,874	1,944	1,932	1,390	1,523
Longest Wait Time	03:40	03:18	03:17	03:37	11:25	13:13	19:52	21:07	21:02	23:49	19:45	16:30
Shortest Wait Time	00:15	00:26	00:15	00:19	00:20	01:15	02:20	03:06	04:58	01:36	02:09	02:05
Avg. Wait Time	01:19	01:04	01:10	01:29	01:42	06:12	10:06	12:38	10:23	09:39	06:47	08:14

**Licensing Information Center Call Data - Prior Fiscal Years**

Inbound Activity	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
Calls Received	148,650	148,639	158,096	160,996	155,774	174,890
Calls Answered	122,507	137,027	153,417	153,316	151,852	160,249
Caller Abandoned	26,114	11,581	4,300	7,558	3,815	13,792
Longest Wait Time	22:04	15:06	04:33	09:54	05:33	12:22
Shortest Wait Time	03:32	01:15	00:19	00:31	00:17	01:30
Average Wait Time	09:49	04:49	01:48	04:35	04:07	05:20



## JUDGMENT UNIT

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—Savings to Public

2017												
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
<b>OUTSTANDING LIABILITIES (FROM CALIFORNIA STATE AGENCIES)</b>												
Initial	60	72	70	73	72	56	60	96	67	116	102	77
Suspend	58	38	52	60	53	67	60	50	49	87	55	94
Reinstate	38	31	36	41	43	36	40	38	32	56	54	63
<b>Total</b>	<b>156</b>	<b>141</b>	<b>158</b>	<b>174</b>	<b>168</b>	<b>159</b>	<b>160</b>	<b>184</b>	<b>148</b>	<b>259</b>	<b>211</b>	<b>234</b>
<b>FINAL JUDGMENTS (FROM COURT ACTIONS)</b>												
Initial	76	103	72	66	76	70	61	107	132	92	84	79
Suspend	27	33	27	42	38	34	27	27	21	35	28	44
Reinstate	72	49	88	77	64	74	66	81	61	79	71	73
<b>Total</b>	<b>175</b>	<b>185</b>	<b>187</b>	<b>185</b>	<b>178</b>	<b>178</b>	<b>154</b>	<b>215</b>	<b>214</b>	<b>206</b>	<b>183</b>	<b>196</b>
<b>PAYMENT OF CLAIMS (FROM BOND [SURETY] COMPANIES)</b>												
Initial	142	153	144	129	167	146	166	175	157	162	147	171
Suspend	73	63	54	72	80	80	58	85	60	112	81	97
Reinstate	124	97	109	96	112	107	120	149	110	139	115	119
<b>Total</b>	<b>339</b>	<b>313</b>	<b>307</b>	<b>297</b>	<b>359</b>	<b>333</b>	<b>344</b>	<b>409</b>	<b>327</b>	<b>413</b>	<b>343</b>	<b>387</b>

### Monetary Savings to Public By Fiscal Year

	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18*
Outstanding Liabilities	\$13,281,403	\$16,428,794	\$36,524,909	\$19,531,162	\$23,815,872	\$1,964,882
Final Judgments	\$29,910,713	\$34,016,179	\$46,085,399	\$20,654,797	\$21,109,024	\$2,065,673
Payment of Claims	\$7,333,679	\$9,175,629	\$9,487,306	\$9,630,922	\$8,793,337	\$769,898
<b>Total Monetary Savings</b>	<b>\$37,244,392</b>	<b>\$59,620,602</b>	<b>\$91,825,614</b>	<b>\$49,811,266</b>	<b>\$53,718,233</b>	<b>\$4,800,453</b>

\*As of July 31, 2017



## AGENDA ITEM D-2

Discussion and Possible Action  
Regarding License Reciprocity  
with Other States and the National  
Association of State Contractors  
Licensing Agencies (NASCLA)  
Trade Exams





### **Background**

In 1990, the Legislature passed AB 1340, which allowed the Registrar of the California Contractors State License Board (CSLB) to establish reciprocity agreements with other states.

Business and Professions Code section 7065.4 gives the Registrar the authority to accept the qualifications of an applicant who is licensed as a contractor in a similar classification in another state if that state also accepts the qualifications of a contractor licensed in California and, further, if CSLB determines that the professional qualifications and conditions of good standing for licensure and continued licensure are at least the same or greater than those required in California. The law allows the Registrar to waive the trade exam if the applicant provides written certification from another state that the applicant's license in that state has been in good standing for the previous five years.

California requires a license for all trades of construction. To qualify for a license all applicants must have at least four full years of journey level experience out of the past ten years in the trade for which they are applying, and must take and pass the business/law and trade exams. (C-61 applicants do not have to take a trade exam.)

### **Reciprocity**

CSLB currently has limited reciprocity agreements with three states: Arizona, Nevada, and Utah. If an applicant requests a reciprocity exam waiver, CSLB's practice is to waive the trade portion of the exam. The applicant must still take the business/law exam.

### **Preliminary Research**

Utilizing the National Association of State Contractors Licensing Agencies (NASCLA) 2017 Contractor's State Licensing Information Directory, CSLB staff conducted preliminary research regarding:

1. Do other states have at least one classification with the same scope of work as CSLB?
2. Are experience requirements in other states equal to or greater than CSLB's requirements?
3. Do other states require a trade exam? If so, is it open or closed book?

Initial research found that 28 states have at least one license classification with experience requirements equal to or greater than California's requirements and that require an open-book trade exam (California requires a closed-book exam). Of these 28 states, California has limited reciprocity agreements with three. The most common classifications found across all 50 states were: General Building; Electrical; Plumbing;



and Warm-Air Heating, Ventilating, and Air Conditioning. Seventeen states do not have equivalent experience requirements and/or do not require a trade exam. Finally, four states do not regulate construction at the state level.

On the following page is a summary of these preliminary findings. The 28 states listed in bold have licensing classification experience requirements equal to or greater than those in California.

**Summary of Preliminary Findings**

State	Similar Classification(s)	Equivalent Experience	Trade Exam Required	Exam Type
<b>Alabama</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
Alaska	Yes	No	Yes	Open book
<b>Arizona</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
<b>Arkansas</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
<b>Colorado</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
Connecticut	Yes	Yes	No	N/A
<b>Delaware</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
<b>Florida</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
<b>Georgia</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
Hawaii	Yes	Yes	No	N/A
<b>Idaho</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
Illinois	Construction is not regulated at the state level			
<b>Indiana</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
<b>Iowa</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
Kansas	Construction is not regulated at the state level			
Kentucky	Yes	No	Yes	Open book
<b>Louisiana</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
Maine	Yes	Yes	No	N/A
<b>Maryland</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
Massachusetts	Yes	Yes	No	N/A
Michigan	Yes	No	No	N/A
<b>Minnesota</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
Mississippi	Yes	No	Yes	Open book
Missouri	Construction is not regulated at the state level			
<b>Montana</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
<b>Nebraska</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
<b>Nevada*</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
<b>New Hampshire</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
<b>New Jersey</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
<b>New Mexico</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
New York	Construction is not regulated at the state level			
<b>North Carolina</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
<b>North Dakota</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
<b>Ohio</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
<b>Oklahoma</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
<b>Oregon</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
Pennsylvania	Yes	No	No	N/A
Rhode Island	Yes	Yes	No	N/A
South Carolina	Yes	No	Yes	Open book
<b>South Dakota</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
Tennessee	Yes	No	Yes	Open book
Texas	Yes	No	Yes	Open book
<b>Utah*</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
Vermont	Yes	No	No	N/A
Virginia	Yes	No	No	N/A
<b>Washington</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>
West Virginia	Yes	Yes	No	N/A
Wisconsin	Yes	No	Yes	Open book
<b>Wyoming</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Open book</b>

\*States that currently have limited reciprocity agreements with California



### **NASCLA Accredited Examinations**

NASCLA has created one nationally recognized trade exam – for Commercial General Building Contractors. Of the 28 states with similar classification(s) and equivalent or greater experience requirements than California, nine participate in and accept NASCLA's exam for commercial general building contractors. The states are: Alabama, Arizona, Arkansas, Georgia, Louisiana, Nevada, North Carolina, Oregon, and Utah.

NASCLA is also developing a nationally recognized and accredited trade exam for electricians. NASCLA will offer three open book electrical trade exams through their Electrical Examination Program: 1) Electrical Contractors (Master/Unlimited Electricians); 2) Journeyman Electricians; and 3) Residential Electrical Contractors (Residential Electricians). Through this program, NASCLA hopes to improve the overall quality and validity of trade licensing exams for electricians and to allow electricians to work in participating states without having to take multiple electrical exams. The program is scheduled to launch in late 2017.

NASCLA initiated its efforts to develop an accredited electrician exam with the following associations:

- National Electrical Contractors Association (NECA)
- Independent Electrical Contractors (IEC)
- National Electrical Manufacturers Association (NEMA)
- International Association of Electrical Inspectors (IAEI)
- Western Electrical Contractors Association (WECA)

The Electrical Examination Program consists of three open-book electrical trade examinations: one for electrical contractors (master/unlimited electricians); one for journeyman electricians; and one for residential electrical contractors (residential electricians). The definitions are as follows:

- Electrical Contractors (master/unlimited electricians): one who conducts business in the installation, maintenance and repair of electrical work conforming to applicable standards and codes
- Journeyman Electricians: an individual who has demonstrated capacity in the knowledge and skills needed to properly perform the installation, maintenance, and repair of electrical work conforming to applicable standards and codes
- Residential Electrical Contractors (residential electricians): one who demonstrates competency in performing electrical installations, service, repair, and maintenance typically encouraged in a permanent dwelling unit.



## AGENDA ITEM D-3

# Testing Program Update

- a. Examination Administration Unit Highlights
- b. Examination Development Unit Highlights
- c. Comparative Study of Pass/Fail Rates of Contractor License Exams in Other States





# 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 (IVR) messages received by CSLB that are related to testing.

#### Number of Examinations Scheduled Per Month September 2016 - August 2017

Sep 2016	Oct	Nov	Dec	Jan 2017	Feb	Mar	Apr	May	Jun	Jul	Aug	Total
4,542	3,821	3,949	3,751	3,960	3,649	4,087	3,396	4,199	3,955	3,501	4,254	<b>47,064</b>

### Test Center Status

CSLB maintains test centers in the following locations:

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

### Examination Administration Unit Staffing

EAU has no vacancies.

#### Number of Examinations Scheduled by Test Center September 2016 – August 2017

Test Center	Number of Examinations Scheduled
Berkeley	5,848
Fresno	2,585
Norwalk	12,052
Oxnard	5,716
Sacramento	5,257
San Bernardino	7,009
San Diego	4,584
San Jose	4,013
<b>Total</b>	<b>47,064</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, guidelines, and CSLB regulations.

**Occupational Analysis and Examination Development Workload**

Licensure examinations involve two ongoing phases: occupational analysis and examination development. This cycle must be completed every five to seven years for each of CSLB’s examinations.

The occupational analysis phase determines what information is relevant to each contractor classification, and in what proportion it should be tested. The cycle starts with interviews of a sample of active California licensees statewide. EDU staff then conducts two workshops with these subject matter experts, along with online surveys about job tasks and relevant knowledge. The result is a validation report that includes an examination outline, which serves as a blueprint for constructing examination versions/forms.

The examination development phase involves numerous workshops 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 released two new examinations in June 2017: C-16 Fire Protection and C-32 Parking and Highway Improvement. A new C-4 Boiler, Hot Water and Steam Fitting examination was released in July 2017, and a new C-53 Swimming Pool examination was released in September 2017.

**Examinations Programs in Progress as of September 1, 2017**

Occupational Analysis	Examination Development
C-21 Building Moving and Demolition	C-2 Insulation and Acoustical
C-42 Sanitation System	C-7 Low Voltage Systems
C-55 Water Conditioning	C-12 Earthwork and Paving
	C-46 Solar
	C-53 Swimming Pool
	C-57 Well Drilling
	HAZ Hazardous Substance Removal

**Examination Development Unit Staffing**

EDU has no vacancies.

**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.



**CSLB**

## TESTING PROGRAM UPDATE

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.

An annual Consumer Satisfaction Survey Report is produced each spring.



# CONTRACTORS STATE LICENSE BOARD

## PASS/FAIL RATES CONTRACTOR EXAM

### Comparative Study of Pass/Fail Rates of Contractors License Exams in Other States

One of the Testing division’s strategic plan objectives is to conduct a study comparing California’s licensing exam pass/fail rate with those of other states. Since California has reciprocity agreements with Arizona, Nevada, and Utah, these states were chosen for the study. The Testing division chose to compare the “B” General Building Trade and the Law and Business exam for fiscal year 2016-17. The results of the study are shown below.

### Examination Passing Rates for Fiscal Year 2016-17

		CALIFORNIA	ARIZONA	NEVADA	UTAH	
<b>“B” TRADE EXAM</b>	<b>Exam Title</b>	General Building	General Residential/General Small Commercial	General Building	General Building	
	<b>Passing Rate</b>	<b>42%</b>	<b>77%</b>	<b>43%</b>	<b>65%</b>	
	<b>Total # of Exams</b>	8,313	354	30	727	
	<b>Exam Type</b>	Closed book	Open book	Open book	Open book	
	<b>Exam Title</b>		General Commercial	Residential & Small Commercial General Building		
	<b>Passing Rate</b>		<b>66%</b>	<b>53%</b>		
	<b>Total # of Exams</b>		219	157		
	<b>Exam Type</b>		Open book	Open book		
	<b>LAW EXAM</b>	<b>Exam Title</b>	Law and Business	Business Management	Contractor Management Survey	Construction Business & Law
		<b>Passing Rate</b>	<b>53%</b>	<b>68%</b>	<b>73%</b>	<b>81%</b>
<b>Total # of Exams</b>		18,647	3,095	998	1,251	
<b>Exam Type</b>		Closed book	Open book	Open book	Open book	

Both Arizona and Nevada have two General Building-related exams, so the pass rates for both exams are included. Except for Nevada’s General Building exam, all of the percentages are assumed to be stable because they are based on a sample of over one hundred.



The pass rate for California's Law and Business as well as the General Building exam (excluding Nevada's General Building exam) is lower than the other three states. This is likely attributable to California's closed book policy; Arizona, Nevada, and Utah all have an open book examination policy.

It is difficult to draw any significant conclusions when comparing these licensing exams across states. Aside from the differences in trade scope and open/closed book policy, other factors enter into an exam's pass rate, including: examination development methods (who writes the questions, who reviews them, and the question format), pass point setting methods as well as the passing score, exam length, exam reliability and validity, experience required to sit for an examination, and frequency of occupational analysis.

### **National Association of State Contractors Licensing Agencies (NASCLA) 2017 Report of States**

For their 2017 annual conference, NASCLA published a Report of States Information, which included various states' overall passing rate for their examination(s). A copy of that section of the report follows.



## *CATEGORY: EXAMS*

*Question: What is the overall passing rate of your exams?*

### **Alabama Electrical Contractors Board**

Electrical Contractor Passing Rate is approximately 57%

Journeyman Electrician Passing Rate is approximately 54%

### **Alabama Board of Heating, Air Conditioning and Refrigeration Contractors**

HVAC - 61%

Refrigeration - 72%

### **Alabama Home Builders Licensure Board**

Business and Law - 68.2%

Skills - 61.4%

### **Arizona Registrar of Contractors**

69%

### **Arkansas Contractors Licensing Board**

88%

### **California Contractors State License Board**

50%

### **District of Columbia Department of Consumer & Regulatory Affairs**

30%

### **Florida Construction Industry Licensing Board**

60%

### **Florida Electrical Contractors' Licensing Board**

55%

### **Idaho Division of Building Safety**

#### **Electrical**

Electrical Journeyman - 59%

Electrical Elevator Specialty - 28%

Electrical Irrigation Sprinkler Specialty - 66%

Electrical Limited Energy Specialty - 70%

Electrical Master - 75%

Electrical MFG. Equipment Specialty - N/A

**Idaho Division of Building Safety (Continued)**

Electrical Ref., Htg, & AC Specialty - 50%  
Electrical Sign Specialty - 46%  
Electrical Specialty Contractor - 100%  
Electrical Well Drill/Water Pump Specialty - 25%  
Electrical Contractor - 100%

**HVAC**

Fuel Gas Piping Specialty - N/A  
Hearth Specialty - 50%  
HVAC Journeyman - 57%  
Waste Oil Heating Specialty - N/A  
HVAC Contractor - 93%

**MFG**

Installers - 100%  
Retailer or Resale Broker - 70%

**Plumbing**

Appliance Journeyman - 50%  
M/H Journeyman - N/A  
PLB Contractor - 80%  
PLB Journeyman -46%  
Water Pump Journeyman - 100%

**Public Works**

Contractor - 98%

**Louisiana State Licensing Board for Contractors**

77%

**Louisiana State Plumbing Board**

60%

**Minnesota Department of Labor & Industry**

35-70% depending on the exam

**Mississippi State Board of Contractors**

60%

**New Mexico Construction Industries & Manufactured Housing Division**

**All Trades**

First Attempt - 63%  
Repeat Attempts - 46%  
Overall - 56%

**North Carolina Landscape Contractors' Licensing Board**

70%

**North Carolina Licensing Board for General Contractors**

54%

**North Carolina State Board of Examiners of Electrical Contractors**

35%

**North Carolina State Board of Examiners of Plumbing, Heating & Fire Sprinkler Contractors**

Depends as we have 19 different licenses.

Our lowest passing rate on a specific exam was 32% and our highest was 94%.

**Oklahoma Construction Industries Board**

Varies per exam between 70% and 75% as set by administrative rule.

**Oregon Construction Contractors Board**

80%

**Rhode Island Contractors' Registration and Licensing Board**

60%

**South Carolina Contractors' Licensing Board**

Average of all the exams is currently 64.83% pass

**South Carolina Residential Builders Commission**

Builders - 54.48%

Electrical - 43.33%

HVAC - 55.36%

Plumbing - 67.39%

Home Inspector - 50.71%

Business & Law - 67.93

**Texas Department of Licensing and Regulation**

Air Conditioning and Refrigeration Contractors - 33.87%

Electricians - 33.82%

Water Well Drillers - 49.12%

Water Well Pump Installers - 69.21%

**Utah Department of Occupational & Professional Licensing**

71.09%

**Virginia Department of Professional and Occupational Regulation**

The passing rate of the examinations varies widely depending on whether you are reviewing individual license examination, examinations required for business entity license, or technical examinations for specific specialties.

The overall statistics for the 2-year period from January 1, 2015 - December 31, 2016 is 30,853 examinations given; 16,683 passed; 54.01% pass rate.

Looking at exams that have been given a minimum of 25 times it ranges from a high of 66% for the contractor business examination to a low of 15% for the home improvement technical examination.

**Washington Department of Labor & Industries**

N/A

**West Virginia Contractors Licensing Board**

70%



## AGENDA ITEM D-4

# 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Licensing and Examination Objectives





### Licensing & Testing Objectives

ITEM	TARGET	DESCRIPTION	STATUS
1.1 Revise Application Package and Related Outreach Material (E)	March 2017	In conjunction with Public Affairs, update package of application materials to decrease confusion, increase compliance, and reduce the time to issue new licenses	Licensing and Public Affairs staff have met to review existing materials and discuss changes
1.2 Conduct Comparative Study of Pass/Fail Rates of Contractor License Exams in Other States (I)	March 2017	Educate and inform Board members and the public about how California pass/fail rates compare with other states	Information included in September 2017 Board packet
1.3 Review CSLB license reciprocity agreements	September 2017	In response to Little Hoover Commission report on barriers to occupational licensing, review existing CSLB license reciprocity agreements and how other states handle CSLB licensees	Information included in September 2017 Board packet
1.4 Review feasibility of process to review license denials	December 2017	In response to Little Hoover Commission report on barriers to occupational licensing, review possibility of establishing an informal process to review license denials	Not yet begun
1.5 Identify Specific Criteria for Examination Waiver and Application Review (B)	May 2018	In conjunction with Enforcement division, develop criteria to review waiver applications that better identify potentially fraudulent submissions (see Objective 3.4)	Staff to draft proposed regulatory changes and meet with legal counsel for initial review of the language
1.6 Research and Implement Measures to Reduce Initial Application Processing Times (E)	July 2018	Examine current processes, procedures, staffing levels, and other issues to identify ways to speed up the time it takes to issue new licenses	The automated sole owner correction letter is complete; staff meeting to discuss review process for partnership applications

# AGENDA ITEM E

## Enforcement





## AGENDA ITEM E-1

# Enforcement Program Update

- a. Consumer Investigation Highlights
- b. Statewide Investigative Fraud Team (SWIFT) Highlights
- c. General Complaint Handling Statistics
- d. Case Management Statistics
- e. Statewide Investigative Fraud Team Statistics





### Enforcement Division Highlights

#### **Unlicensed + Elder Abuse = State Prison**

Starting in June 2014, an Enforcement Representative (ER) from the Valencia Investigative Center (IC) investigated five complaints against non-licensed contractor Eddie John Luna (operating as J & J Handyman and Tree Trimming). Luna entered into contracts with five different homeowners in the Bakersfield area to build walkways, fences, concrete slabs, a pool, a new guest house, an outdoor BBQ, and a new living room. The contracts combined came to \$90,700. Luna gained the confidence and trust of his victims by pretending to be a Christian pastor, and collected \$31,850 from his victims before abandoning all five jobs. Luna did not complete a single project, and performed substandard work when he did any work at all.

After completing the investigations, the ER requested that the Kern County District Attorney's office file charges against Luna for violating Business and Professions Code §7028, contracting without a license; Penal Code (PC) §487, grand theft; PC §532, theft by false pretense; and PC §368, elder abuse. Charges were filed on June 14, 2017. On August 4, 2017, Luna pled guilty to two felony counts of grand theft and elder abuse, and was sentenced to two years in State prison, two years on probation, and payment of \$18,700 in restitution.

#### **Multiple Offender Finally Lands in Jail**

The San Bernardino Investigative Center has received eight separate complaints against Ruben Concepcion and his company, Ruben's Affordable Landscaping. Unsuspecting victims did not realize that Concepcion was misusing the license of a family member and that he generally failed to finish a job. His usual *modus operandi* was to collect a hefty down payment, do a little demolition work, and then abandon the project, often leaving the homeowner's yard in worse shape than before. Concepcion was previously cited in a sting operation and six criminal cases were referred to the San Bernardino District Attorney's office; but Concepcion continued to avoid justice. Missed court dates eventually led to the issuance of a bench warrant for Concepcion's arrest.

On July 21, 2017, Concepcion finally appeared in court to answer for his unlicensed contracting activities. The San Bernardino Deputy District Attorney successfully argued that Concepcion's egregious actions warranted strong action by the court to protect the public. The judge agreed, and remanded Concepcion into custody – with bail set at \$150,000 – until his next court appearance. After 26 days in custody, Concepcion agreed to a plea bargain. He pled “no contest” to charges of contracting without a license, fraudulent use of a false contractor license number, and charging an excessive down payment. He will serve 52 days in jail (with credit for 26 days already served), be placed on probation, and pay \$68,434 in restitution to his victims.



### **Contractor at Sting Is Unlicensed *and* Intoxicated**

Ever since its creation in 1929, the Contractors State License Board (CSLB) has tried to educate consumers about the risks of hiring unlicensed contractors. During their enforcement stings, investigators with CSLB’s Statewide Investigative Fraud Team (SWIFT) routinely see first-hand what homeowners may have to deal with if they hire a non-licensee: active arrest warrants, drug possession, outrageously high bids, and uninsured workers are examples. However, even SWIFT investigators were surprised when an unlicensed contractor appeared at a sting site while intoxicated. When unlicensed painter Edson Thomas showed up in August 2017 at a sting site in St. Helena, investigators noticed he exhibited the symptoms of intoxication while he prepared his \$2,450 bid for paint work. Law enforcement partners from the St. Helena Police Department had watched Thomas drive up to the house, and they stepped in to administer a series of field sobriety tests. The officers determined that Thomas had been driving while under the influence (DUI), and placed him under arrest. Thomas was booked into the Napa County jail, and his car was towed from the scene. Thomas already has four DUIs on his record and will be charged with a felony. CSLB also issued a Notice to Appear for contracting without a license and advertising while unlicensed.



*Field sobriety tests are administered by St. Helena Police*

### **Unlicensed Contractor Sent to Jail**

The owner of a San Mateo apartment building hired Victor Villalpando for a \$185,000 remodeling job in 2013, believing Villalpando’s claim that he had a valid contractor license (it had actually expired two years earlier). Villalpando did demolition work at the jobsite, and then walked off the job a few months later. He never began any of the remodeling work for which he had already been paid \$150,000. The building owners complained to CSLB, the San Francisco IC opened an investigation. The investigation – conducted without Villalpando’s cooperation – established a financial injury of \$444,000. Villalpando was served with an accusation; and his expired license was revoked by default in January 2016. Based on CSLB’s investigation, a criminal complaint was also filed against Villalpando. In April 2017, Villalpando pled guilty to theft by false pretenses and contracting without a license. On July 27, 2017, he was



sentenced to six months in county jail, five years' probation, and payment of restitution. The Probation Department has recommended a restitution amount of \$260,000.

### **Employee Reports Hazardous Tree Trimming**

On July 27, 2017, CSLB received a complaint from an employee of a licensed Penn Valley tree trimming company. The informant reported that one of his coworkers had fallen from a tree at an Auburn jobsite two days earlier and been severely injured. The victim employee had been airlifted to Sutter Roseville Hospital and was reportedly in the ICU. The informant said this was the *second* time in two weeks a coworker had fallen out of that tree and been injured. The informant added that his employer has six employees, who are all paid in cash with no deductions and no workers' compensation insurance. The investigation was handled by Northern SWIFT, with assistance from the Placer County District Attorney's office. When investigators learned that the crew would be returning to finish the Auburn job on August 17, 2017, they arranged to be present at the jobsite. Investigators observed five employees working for the tree company, and the licensee admitted to having multiple employees while having a WC exemption on file with CSLB. Investigators issued a Stop Order, and prepared a criminal complaint for Labor Code 3700.5, failure to maintain WC insurance, and Penal Code 118, perjury.



*One tree injured two workers*

### **DA Says Unlicensed Contracting Is Theft**

Seyindzhat Agayev ("Jay") used a name and license number that did not belong to him to enter into a \$16,800 contract with a San Jose homeowner to remodel a kitchen. Jay's brother and several other workers assisted him on the project. As agreed, the homeowner made progress payments; but stopped the project when he learned the license was suspended. The homeowner filed a complaint with CSLB. The investigation confirmed that Jay had used the licensee's information without permission, and submitted a referral to the Santa Clara County District Attorney. The investigator handling the case requested criminal prosecution for misrepresentation of a license, contracting without a license, and failure to have workers' compensation insurance coverage. The Deputy District Attorney (DDA) prosecuting the case added charges of grand theft (a felony). The DDA has issued arrest warrants for Jay and his brother.





### **Update on Unlicensed Contractor: One Year in Jail**

Staff reported at the June 2017 Board meeting about non-licensee Patrick Otsuki (pictured below). A San Francisco couple believed Otsuki's claim that he was licensed, and hired him to renovate their two-unit residence. Proceeding without a written proposal or estimate, the homeowners paid Otsuki more than \$110,000 during an 18-month period. The homeowners began to question Otsuki's confusing invoices, and contacted CSLB when they discovered Otsuki was not licensed. The San Francisco IC investigated the case, and confirmed the homeowners' allegations. The San Francisco District Attorney's office charged Otsuki with three felonies (grand theft by false pretenses, diversion of funds, and fraudulent use of a license) and two misdemeanors (contracting without a license and illegal advertising).

Update: On March 21, 2017, Patrick Otsuki pled guilty to contracting without a license and grand theft; and on June 1, 2017, he was sentenced to one year in county jail, and placed on probation for five years. Otsuki was ordered to pay full restitution to the homeowners in the amount of \$110,000.



*Non-licensee Patrick Otsuki*

### **CSLB Catches 100 Unlicensed Contractors in Nationwide Enforcement Effort**

Between June 7, 2017 and June 22, 2017, the Statewide Investigative Fraud Team (SWIFT) participated in a nationwide enforcement effort to stop unlicensed contractors. The National Association of State Contractors Licensing Agencies (NASCLA) coordinated the campaign, which was undertaken to heighten consumer awareness about the value of hiring licensed contractors and the risks of using those who are not licensed.

Over a two-week period, SWIFT conducted six undercover stings and 14 sweeps of active construction sites in 11 counties throughout California. One hundred suspected unlicensed contractors may face criminal charges. The operation also led to the issuance of seven administrative citations and 31 Stop Orders.



SWIFT investigators partnered with multiple local law enforcement agencies to conduct operations at homes in Bakersfield (Kern County), Long Beach (Los Angeles County), Monterey (Monterey County), Orange (Orange County), Santee (San Diego County), and Shasta Lake (Shasta County). Sweep operations were conducted at active construction sites in Los Angeles, Orange, Sacramento, San Bernardino, San Diego, San Mateo, Santa Clara, Shasta, and Sonoma Counties.



**CONSUMER FILED COMPLAINT-HANDLING STATISTICS (FY 2016-17)**

**Pending Investigations**

The optimum level of pending complaints for CSLB Enforcement staff is 3,720. As of August 2017, the pending case load was 3,979, with an average Enforcement Representative case assignment of thirty nine. The excessive complaint inventory is the result of nine Enforcement Consumer Service Representative staff vacancies. Chief Deputy Registrar Tonya Corcoran will provide a hiring update during the Personnel, Facilities, and Administration update. Optimum pending case assignments are shown below.

Job Classification	Current Number of Staff	Closure Goal per Month	Preferred Cycle Time (months)	Maximum Case load per ER/CSR	Maximum Number of Cases per Classification
ERs	60	10	4	35	2,100
CSRs	27	20	2	60	1,620
<b>TOTAL</b>					<b>3,720</b>

**Restitution to Financially Injured Persons**

CSLB continues to assist consumers and licensees resolve non-egregious consumer filed complaints against licensees. During fiscal year 2016-17 Enforcement staff settlement efforts resulted in more than \$18 million in restitution to financially-injured parties as depicted in the following chart:

Financial Settlement Amount FY 2016-17	
Investigative Center	\$7,133,716.42
Intake and Mediation Center	\$11,536,209.43
<b>TOTAL RESTITUTION</b>	<b>\$18,669,925.85</b>

**Enforcement Representative Production Goals**

From July 2016 to July 2017, Investigative Center ERs have consistently achieved the Board’s goal of 10 complaint closures per month.



Average Monthly Closures of Consumer Complaints (July 2016-July 2017)

CSLB OFFICE	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Average
Fresno	8	9	10	10	8	10	10	7	13	12	7	8	7	9
San Francisco	12	11	12	16	7	15	12	11	11	10	10	10	10	11
Sacramento (North)	10	10	10	9	7	10	10	11	11	10	10	10	8	10
Sacramento (South)	10	10	9	11	8	7	9	9	11	7	11	11	17	9
Valencia	15	12	13	16	10	11	9	11	11	15	10	12	9	12
Norwalk	10	11	11	10	11	11	11	12	12	11	12	11	11	11
West Covina	11	12	11	13	11	10	7	10	14	11	9	9	8	11
San Bernardino	10	10	11	10	9	11	9	10	10	10	10	8	8	10
San Diego	12	11	11	12	11	12	10	10	10	10	10	11	10	11
SIU	5	7	7	6	5	7	6	11	10	10	5	7	6	7

Complaint-Handling Cycle Time

The Board’s goal is to appropriately disposition all but 100 complaints within 270 days of receipt. As of August 2017, 121 of the 3,979 open complaints exceeded 270 days in age. The following chart tracks the number of aged cases from July 2016-July 2017.

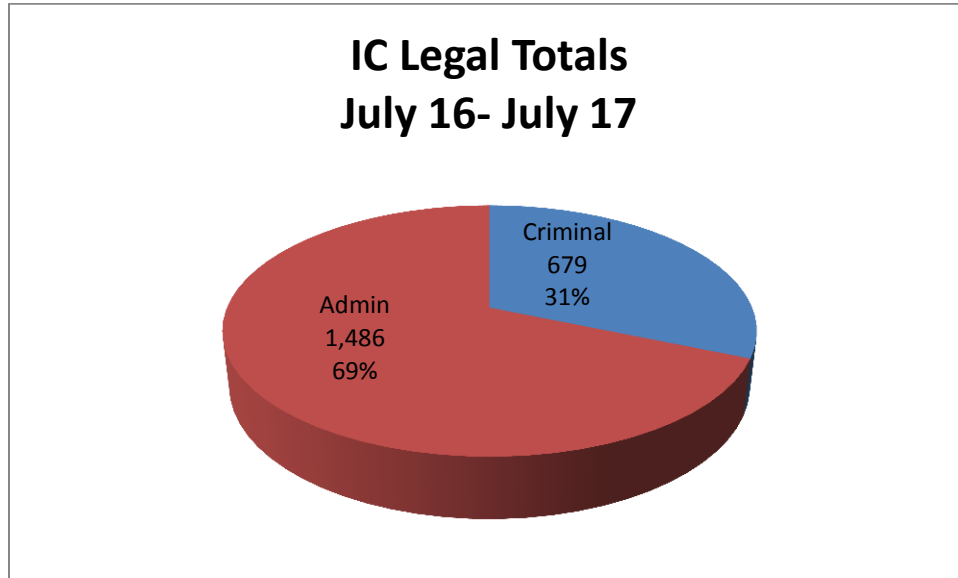
Investigation Exceeding 270 Days in Age July 2016-July 2017

CSLB OFFICE	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
Fresno	7	6	3	5	6	4	1	5	6	7	8	11	13
San Francisco	8	11	17	13	8	7	6	4	3	3	1	1	0
Sacramento (North)	4	3	0	1	2	0	0	0	2	0	2	3	1
Sacramento (South)	9	9	7	8	8	8	9	8	10	3	6	6	10
Valencia	7	5	4	0	5	1	1	2	0	0	8	10	7
Norwalk	22	26	18	13	8	7	0	3	11	9	7	11	17
West Covina	9	15	18	18	8	5	0	5	8	11	22	24	17
San Bernardino	11	9	4	5	9	2	0	3	4	2	6	3	2
San Diego	23	15	12	16	14	7	0	7	6	5	5	6	15
SIU	14	14	11	7	9	7	10	11	19	22	27	35	30
Monthly Totals	114	113	94	86	77	48	27	48	69	62	92	110	112



### Investigative Center Legal Action

From July 2016-July 2017, the Investigation Centers referred 31 percent, or 679 of the 2,165 legal action investigations for criminal prosecution.



### Statewide Investigative Fraud Team

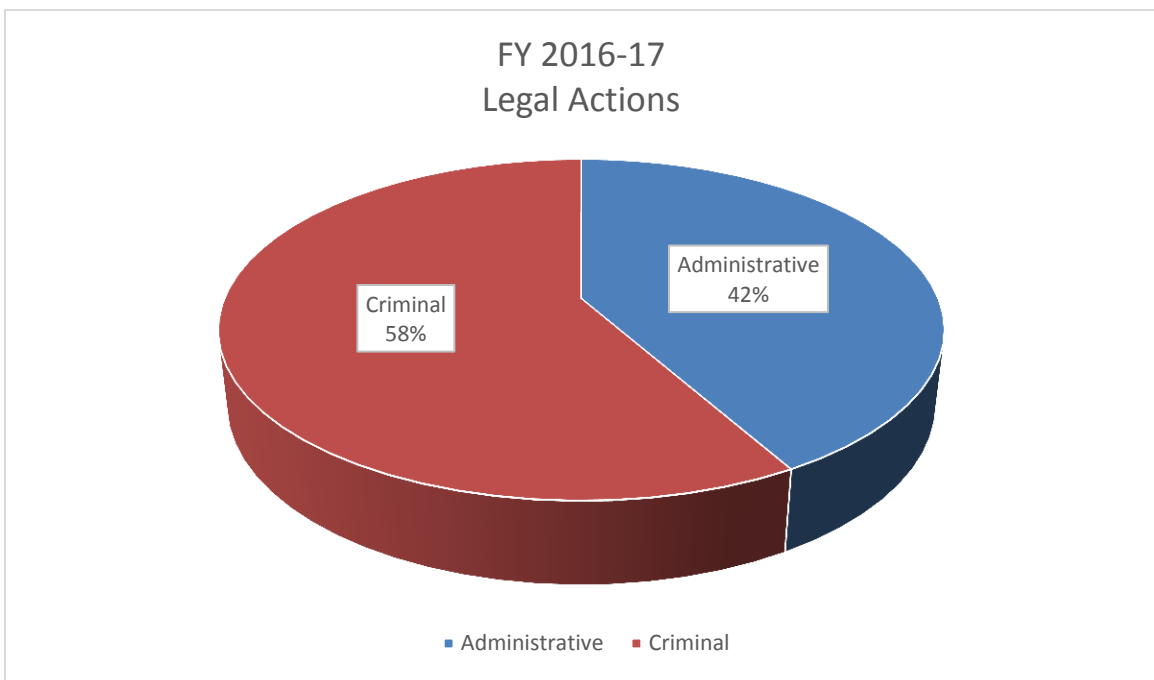
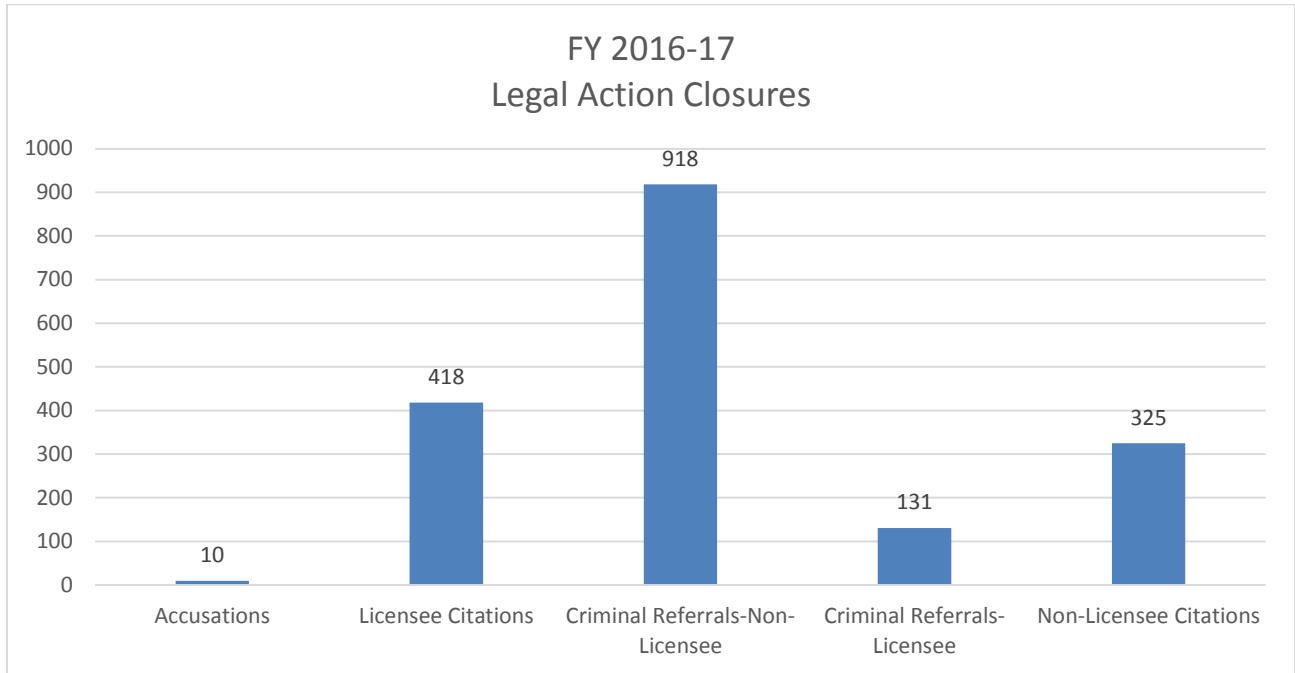
CSLB’s Statewide Investigative Fraud Team (SWIFT) is comprised of Enforcement Representatives (ERs) who enforce license and workers’ compensation insurance requirements at active jobsites and who conduct enforcement sweeps and undercover sting operations targeting unlicensed persons. During fiscal year 2016-17, SWIFT conducted 87 sting operation days and 286 sweep days in partnership with other state and local agencies, law enforcement, and district attorneys.

### Legal Action Closures

For FY 2016-17, SWIFT closed 3,707 cases as a result of stings, sweeps, and leads, of which 1,802 resulted in an administrative or criminal legal action. SWIFT also referred 1,049 cases to local district attorney offices for criminal prosecution during FY 2016-17.



Below is a breakdown of legal action closures.





**Citations**

During fiscal year 2016-17, SWIFT issued 743 citations to licensees and non-licensees, and assessed \$579,950 in citation civil penalties.

**Citation Amounts Assessed**

<b>FY 2016-17 CITATIONS</b>				
	<b>Northern SWIFT</b>	<b>Fresno SWIFT</b>	<b>Southern SWIFT</b>	<b>Totals</b>
July	\$19,750	\$12,500	\$14,500	\$46,750
August	\$34,300	\$1,500	\$13,700	\$49,500
September	\$30,300	\$7,750	\$17,750	\$55,800
October	\$2,250	\$18,200	\$13,000	\$33,450
November	\$19,900	\$8,500	\$3,750	\$32,150
December	\$24,150	\$24,000	\$750	\$48,900
January	\$22,850	\$7,450	\$12,500	\$42,800
February	\$33,000	\$9,500	\$19,500	\$62,000
March	\$12,100	\$6,750	\$35,000	\$53,850
April	\$12,600	\$10,000	\$23,000	\$45,600
May	\$17,700	\$4,500	\$41,750	\$63,950
June	\$10,200	\$750	\$34,250	\$45,200
<b>Totals</b>	<b>\$239,100</b>	<b>\$111,400</b>	<b>\$229,450</b>	<b>\$579,950</b>

**Stop Orders**

A Stop Order is a legal demand to cease all employee labor at a jobsite due to workers' compensation insurance violations until an appropriate policy is received. Failure of a contractor to comply with a Stop Order is a misdemeanor criminal offence, punishable by up to 60 days in county jail or by a fine of up to \$10,000, or both. During fiscal year 2016-17, SWIFT issued 535 Stop Orders to licensed and unlicensed individuals for using employee labor without having a valid workers' compensation policy.

**Labor Enforcement Strike 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 (DLSE), the DIR Division of Occupational Health and Safety (DOSH), and the Employment Development Department (EDD). 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 FY 2016-17.

<b>CATEGORY</b>	<b>RESULT</b>
Number of Contractors Inspected	319
Number of Contractors Out of Compliance	242
Percentage of Contractors Out of Compliance	76%
Total Initial Assessments	\$1,765,486
Inspections that Resulted in CSLB Investigations	150
CSLB-Issued Stop Orders	74

*The results reflect joint LETF inspections. LETF partners include Cal/OSHA, CSLB, DLSE & EDD.*





### Case Management FY 2016-17

CITATIONS ISSUED		
Citation Status	Licensee	Non-Licensee
Issued	1,219	799
Appealed	529	316
Compliance	1,140	467
MANDATORY SETTLEMENT CONFERENCES		
Scheduled		385
Settled		204
ARBITRATION		
Arbitration Cases Initiated		849
Arbitration Decisions Received		647
Licenses Revoked for Non-Compliance		96
Arbitration Savings to the Public - Restitution		\$3,152,499
ACCUSATIONS/STATEMENTS OF ISSUES		
Revocations by Accusation		347
Accusation Restitution Paid to Injured Persons		\$586,142
Statement of Issues (Applicants Denied)		73
Cost Recovery Received		\$385,445
Number of Cases Opened		409
Number of Accusations/Statement of Issues Filed		255
Number of Proposed Decisions Received		95
Number of Stipulations Received		74
Number of Defaults Received		77
Number of Decisions Mailed		379

**EDUCATION AND TRAINING UPDATE**

In response to identified needs and staff requests, the Enforcement division continues to expand the offerings of its highly successful training program. The Enforcement division's training coordinator has partnered with subject matter experts from within and outside CSLB to offer courses that have received uniformly positive reviews from attending staff.

Training classes already completed or planned for calendar year 2017 are listed below.

**2017 Completed Training**

- SWIFT Sting Training
- Career Advancement Training
- CSLB Enforcement Academy (#6)
- SWIFT Sweep Training (Northern and Southern SWIFT units)
- Safety and Security Awareness Training

**2017 Future Training**

- CSLB Enforcement Academy (#7)
- SWIFT Sweep Training (Central SWIFT)
- Career Advancement Training (for all interested CSLB staff)
- Customer Service Training (for all interested CSLB staff)

## AGENDA ITEM E-2

# Update and Discussion on Workers' Compensation Enforcement Strategies, Resources, and Accomplishments





### **Background of Workers' Compensation Pilot Program**

To maintain an active California contractor license, licensees are required to have on file with the Contractors State License Board (CSLB) either a Certificate of Workers' Compensation Insurance or a Certificate of Self-Insurance (issued by the Department of Industrial Relations). With the exception of C-39 (roofing) contractors, a contractor who does not employ anyone subject to the workers' compensation (WC) laws of California may file an exemption request with CSLB and certify that they are not required to carry WC insurance. Research by CSLB staff indicates that a significant number of contractors with a WC exemption on file currently use employees for their work in violation of the exemption. Specifically:

- An analysis of CSLB data in late 2015 showed 53 percent of licensees in the six classifications most likely to require employees have an exemption on file ("A" General Engineering, C-8 Concrete, C-10 Electrical, C-20 HVAC, C-36 Plumbing, and C-46 Solar).
- An analysis of consumer complaints received by CSLB in late 2016 showed that 36 percent of the involved contractors had a WC exemption on file, and the average cost of those contracts was \$47,693. This high dollar amount indicates the performance of extensive work, likely to involve the assistance of workers.
- In response to a Board member request, in March 2016, staff randomly interviewed 20 consumer complainants who had contracts with General Contractors (B classification) with a WC exemption on file, and found that 75 percent employed workers on their jobs.

### **Update on Sacramento County Pilot Project**

In a further effort to address the issue of false WC exemptions, the Enforcement division conducted a proactive pilot project in Sacramento County during the first quarter of 2017. For this project, CSLB identified four license classifications that generally use multiple employees to perform outdoor (readily observable) construction. The targeted classifications and the findings of the pilot project are shown in the chart below.

License Classification	Number of Entities	Number with WC Exemption	Successfully Contacted	Admit to Employees	Ads with Workers	Prior WC Violations
C-8 (Concrete)	252	118	41	25	7	2
C-12 (Earthwork/Paving)	46	26	12	2	1	--
C-27 (Landscaping)	512	238	49	30	8	1
D-49 (Tree Trimming)	107	41	19	14	--	--



The chart shows that contractors that CSLB contacted with a WC exemption on file admitted to a high rate of violations. The highest violation rate was among tree trimmers (D-49), with 74 percent of those contractors determined to be in violation of their WC exemptions. Concrete contractors (C-8) and landscapers (C-27) also admitted to high violation rates of 61 percent each. Overall, 71 of the 121 contractors contacted – or 59 percent – confirmed that they were in violation of their WC exemptions.

### **Tree Trimming Sting Operation**

In June 2017, the Northern Statewide Investigative Fraud Team (SWIFT) scheduled a sting operation targeting tree trimming (D-49) licensees. Two of the three scheduled licensees appeared at the sting and were issued Stop Orders. One licensee was also referred to the district attorney's office for violations of Labor Code (LC) §3700.5 and Business and Professions Code (BPC) §7125.4 for failure to have workers' compensation insurance. The other licensee provided evidence of WC insurance after the sting operation, but informed the undercover Enforcement Representative that he was under-reporting the number of his employees. This case will be referred to the district attorney's office for premium fraud.

Twelve additional licensees who did not appear at the sting operation were invited to come to CSLB Headquarters. Seven of these 12 licensees denied using employee labor, but five admitted to employing workers. Based on their admissions, CSLB canceled the five workers' compensation exemptions. Of the five licensees with canceled exemptions, one filed a new exemption, one canceled his license, and three licenses are pending suspension. CSLB issued advisory notices to all 12 contractors.

### **Future Strategies**

The following strategies are being implemented as options for addressing the continuing issue of WC insurance violations.

#### **Continuing Strategies**

- Assess the Sacramento County pilot project's effectiveness, and, if successful, duplicate this enforcement strategy in other counties with a high number of WC exemptions in targeted classifications.
- Provide data to interested parties, including legislators and industry representatives, to publicize the high number of false exemptions in classifications that require workers. These parties may want to consider proposing legislation to require mandatory WC coverage for additional worker-intensive classifications (similar to the existing requirement for C-39 Roofing contractors).



- Meet with staff at the Bureau of Real Estate to address real estate agents who are were engaged in “house flipping” or represent homeowners that may hire unlicensed or uninsured contractors to perform escrow required repairs.
- Work closely with California building officials to identify “house flippers” who use unlicensed contractors or who do not qualify for the owner/builder exemption.
- Develop strategies with partnering state agencies to perform audits of C-39 roofers who have minimum-coverage policies and are reporting no workers.

### **Future Strategies**

- Meet with State Fund to discuss the ability of CSLB’s Judgment unit to assist with the collection of audit assessments.
- Consider possible adjustments of civil penalties to increase the fine for workers’ compensation violations.
- Consider submitting a legislative proposal to extend from one to two years the statute of limitations for prosecuting violations of LC §3700.5, failure to obtain WC insurance when required. (This would parallel the two-year statute of limitations on prosecution for violations of BPC §7126, as currently used for WC violations by licensees.)

## AGENDA ITEM E-3

# Update and Discussion Regarding CSLB's Solar Enforcement Task Force Activities, Objectives, and Strategies





### Background

The California Solar Energy Industry Association (CAL-SEIA) has noted that their membership installs an average of 12,000 residential solar panel systems per month. The vast majority of solar contractors perform good work and most consumers are pleased with their solar systems. However, over the last few years, as solar installations have become more popular, CSLB has seen an increase in the number of solar-related consumer complaints.

At the September 3, 2015, Board Meeting, the Enforcement division introduced the Solar Task Force, dedicated to identifying and combatting the issues consumers face in the growing solar industry. At that time, these issues included, a general lack of specificity in solar contracts; the exploitation of consumer confidence about solar savings when systems perform below expectations; and complex or often unlawful finance agreements.

Since the inception of the Solar Task Force, CSLB has observed the evolution of a different and increasingly complex type of complaint related to Property Assessed Clean Energy (PACE) financing. In May 2017, the Solar Task Force had 234 open complaints. Seventy of these complaints included PACE financing, of which 50 alleged misrepresentation. The Solar Task Force and solar industry members have noted a shift from solar leases and power purchase agreements (PPA) to PACE financing. In addition, the most egregious of the complaints have involved the targeting of the elderly and those who speak English as a second language, both protected classes under California law.

CSLB has implemented several educational tools for California consumers interested in solar, and staff continue to partner with the California Solar Energy Industry Association (CAL-SEIA) and other state agencies to combat emerging issues in the solar industry. However, CSLB continues to see an increase in solar complaints, as indicated in the chart below.

**CSLB Complaints Received**

YEAR	LICENSEE	NON-LICENSEE	TOTAL	ANNUAL PERCENT INCREASE
2010	59	5	64	-
2011	74	6	80	25%
2012	88	9	97	21%
2013	138	6	144	48%
2014	193	29	222	54%
2015	256	23	279	26%
2016	405	45	450	61%
2017	370	24	394	-
<b>TOTAL</b>			<b>1,730</b>	<b>603% (2010 v. 2016)</b>





### New Strategic Approach

Between January 1, 2017 and June 30, 2017, CSLB received 388 solar-related consumer complaints, a 104 percent increase over the same period last year.

Solar Complaint Statistics (2016 v. 2017)			
	2016	2017	PERCENT CHANGE
January	22	50	127%
February	40	53	33%
March	44	88	100%
April	25	70	180%
May	28	68	143%
June	31	59	90%
<b>TOTAL</b>	190	388	104%

To address the continued increase in solar complaints and to optimize solar complaint handling strategies, on August 21, 2017, Enforcement Supervisor Steve Skogebo was appointed to lead the Solar Task Force. Mr. Skogebo has met with the members of the Solar Task Force and will implement improved tracking tools to aid in identifying emerging trends in the solar complaints that CSLB receives.

Mr. Skogebo is dedicated to working with industry and conducting outreach to achieve the six-month goal of reducing consumer solar complaints by 50 percent. (From January 2017 to June 2017, CSLB received an average of 65 solar complaints per month). Mr. Skogebo plans to implement the following:

- Schedule meetings with stakeholders
- Provide case handling assistance
- Review and analyze statistical information

### Continued Outreach and Enforcement

On September 6, 2017, Registrar David Fogt and CSLB staff hosted an informational roundtable entitled “Solar Energy Systems, Energy Efficiency and Title 24 Requirements.” Participation was wide-reaching with representation from CAL-SEIA, the Electrical and Roofing industries, the California Building Industry Association (CBIA), the California Energy Commission, and the Department of Toxic Substance Control.

The goal of the roundtable was to hear from the participants about trends in the ever-evolving solar industry so CSLB that leadership and staff can stay ahead of the issues that may arise in the future.



At the conclusion of the roundtable, Registrar Fogt identified the following action items:

1. Continue to work with CAL-SEIA and others to identify strategies to reduce the number of consumer complaints CSLB receives.
2. Further discuss what is considered supplemental and incidental work as it relates to a solar installation.
3. Continue to monitor the workforce sufficiency with the assistance of CBIA as the Title 24 requirements approach in 2019 and 2020.

## AGENDA ITEM E-4

# Discussion Regarding Strategies to Address Owner-Builder Construction Permit and Unlicensed Activity Violations

- a. Partnering with Building Officials
- b. Consideration of Possible Amendments to CSLB's Disciplinary Guidelines (Title 16, California Code of Regulations section 871)





# CONTRACTORS STATE LICENSE BOARD

## OWNER-BUILDER CONSTRUCTION VIOLATIONS

Board Member and Butte County Building Official Nancy Springer will lead a discussion on the status of CSLB's collaboration with the California Building Officials (CALBO) and a meeting conducted with Northern California Building Officials September 8, 2017.

CSLB staff have developed the following strategies to address owner-builder construction and unlicensed permit activities without compromising California's need for residential construction.

- Compile a list of collaborating building departments to gauge the board's effectiveness in working with specific building departments to reduce false owner-builder permits and identify unlicensed practice.
- Begin to require, as provided for in Business and Professions Code section 7090, that contractors in violation of permit requirements take and pass a course, approved by the Registrar, in California contractors' state license law or a course related to construction law at an accredited community college.
- Review and possibly update the CALBO/CSLB Memorandum of Understanding, a copy of which follows.



## CALBO/CSLB Guidelines Cover Letter

Dear CALBO Member:

The CALBO Board and the Contractors State License Board (CSLB) are asking that all Building Department personnel join in the effort to fulfill our common goal of establishing a cooperative state/local partnership aimed at identifying and resolving problems created by licensed and unlicensed contractors who:

- Perform shoddy work
- Disregard building codes
- Use deceptive business practices
- Misrepresent their license status, and/or
- Engage in the underground economy

The use of illegal contracting tactics and substandard construction methods can cause considerable harm to the public. Home improvement projects, especially those involving the elderly, are frequently targeted for such activity. The CALBO Board and the CSLB believe that we can make a difference in our communities through focused efforts at building department counters and construction sites. More specifically, by collaborating to identify, discourage, report, and prosecute individuals who are unscrupulous and/or negligent, we can provide greater safeguards to our communities.

The joint efforts that we propose are designed to take place in various stages, including: a study of unlicensed activity and other fraudulent practices found in the Owner/Builder category of permits; a study focusing on violations of the workers' compensation insurance laws by the roofing industry; and finally, establishing and utilizing a common set of guidelines to help the CALBO/CSLB staff work cooperatively to address and remedy the unlawful and unsafe building practices which harm the community. (The studies referenced here are to be conducted by CSLB staff, based on information provided by building departments.)

The CSLB is now providing rapid response to Building Department Referral Forms that report contractors who fail to comply with code requirements, and is making other changes to provide support to building official staff.

A list of the CALBO/CSLB guidelines referenced above is enclosed. Please review the suggested actions, check them against your current procedures, and provide feedback and suggestions through your CALBO liaison.

Thank you for any help and suggestions in this effort.

Sincerely,

CALBO Liaison Committee Members

Stephen P. Sands  
Registrar of Contractors



## CALBO / CSLB Guidelines January 1, 2006



### CALBO GOALS

#### **Building Permits -**

- As a condition of permit issuance, use the CSLB Web site ([www.cslb.ca.gov](http://www.cslb.ca.gov)) to verify that the contractor's license number being used to pull the permit is valid and in good standing.
- Take the steps necessary to assure that the person signing for the permit is the licensee or authorized agent of the licensee.
- If there are license status questions that cannot be answered by reviewing the Web site, use the special CSLB phone number for government agencies to verify licensing information. (See enclosed CSLB contact list for government line phone number.)
- For owner/builder permits, require owner/builder verification in accordance with Health and Safety Code Sections 19830, 19831 and 19832.

#### **Consumer/Contractor Information and Publications -**

- Distribute "Owner/Builder" flyer with every owner/builder permit.
- Make CSLB consumer/contractor publications available.

#### **Enforcement -**

- Provide building inspectors for expert testimony on CSLB cases involving building code violations.
- Act as "eyes and ears" for CSLB: Promptly report suspected violations using the *Building Department Referral Form* that was developed specifically for this purpose, or contact the appropriate CSLB Enforcement Staff noted on the attached list.



## CSLB GOALS

### **Licensing and Consumer Information -**

- Ensure that Building Departments maintain access to the CSLB Web site, the government phone line (see enclosed list), and/or by special contact with CALBO liaison.
- Provide regular consumer information updates to building departments.
- Provide regular updates on relevant laws and regulations to building departments.

### **CSLB Enforcement -**

- When requested by building departments, the CSLB Enforcement Division and/or Office of the Attorney General will provide training sessions on Contractors' License Law. The focus of the training would be the legal action process. In addition, encourage and provide opportunities for building department staff to meet and form cooperative working relationships with Enforcement staff.
- Provide rapid response to complaints filed by local building departments.
- Provide field Enforcement staff to attend building department staff meetings as requested.
- Provide feedback to building department staff on leads provided to CSLB.
- Coordinate with select building departments to review owner/builder permits for active job sites that CSLB investigators can visit to determine whether or not the contractor performing the work is licensed.
- Coordinate with select building departments to review roofing permits for active job sites that CSLB investigators can visit to determine if contractors possess a valid workers' compensation insurance policy.





## AGENDA ITEM E-5

# 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Enforcement Objectives





### Enforcement Objectives

ITEM	TARGET	DESCRIPTION	STATUS
2.1 Formalize Strategy to Identify Licensee Misuse of Workers' Compensation Insurance Requirement Exemption (E)	March 2017	In conjunction with Public Affairs Office, develop an education and enforcement program targeted at licensees who employ workers while having a workers' compensation exemption on-file with CSLB	Please see agenda item E2 for a status update.
2.2 Reduce Legal Action Expenditures While not Compromising Consumer Protection (E)	July 2017	Develop partnerships with prosecutors and other government agencies to leverage resources, and provide a letter of admonishment for lesser offenses.	Legislation is pending (SB 486) to provide CSLB the authority to issue letters of admonishment without a civil penalty assessment for lesser offenses; the bill also authorizes the disclosure of the admonishment on the license record for one year.
2.3 Expand Proactive Enforcement Targets (B)	July 2017	Develop strategies and partnerships to include public works projects and larger contractors in proactive enforcement efforts.	Undercover sting targets have been expanded to larger projects.
2.4 Update Civil Penalties Assessments (E)	December 2017	Review penalty guidelines to determine if they have kept up with inflation and consumer protection requirements.	CSLB has met with the Attorney General's office and has asked to meet with the Office of Administrative Hearings to request support for sustaining larger civil penalties when appropriate.
2.5 Increase C-10 Electrical License Renewals by \$20 to fund Electrician Certification Enforcement	January 2019	Conduct regulatory hearings and IT programming to provide for a \$20 increase on all C-10 Electrical license renewals.	This matter is under consideration by the Information Technology Change Control Board. Also, regulatory hearings are tentatively scheduled for 2018.

# AGENDA ITEM F

## Public Affairs





## AGENDA ITEM F-1

# Public Affairs Program Update

- a. Online Highlights
- b. Video/Digital Services
- c. Social Media
- d. Media Relations Highlights
- e. Publication/Graphic Design Highlights
- f. Industry/Licensee Outreach Highlights
- g. Consumer/Community Outreach Highlights
- h. Employee Relations





# CONTRACTORS STATE LICENSE BOARD

## 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 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; and website and employee Intranet content, including webcasts and video.

### STAFFING UPDATE

PAO is staffed with six full-time positions and one part-time Student Assistant. The Student Assistant position is currently vacant.

### ONLINE HIGHLIGHTS

#### CSLB Website Statistics

Month	Sessions	Users	Page Views	Pages / Session	Avg. Session Duration	Bounce Rate	% New Sessions
<b>September 2016</b>	691,649	312,887	4,634,443	6.70	5:42	23.04%	32.30%
<b>October</b>	667,049	312,201	4,564,788	6.84	5:45	22.54%	34.15%
<b>November</b>	655,047	306,479	4,365,059	6.66	5:37	25.92%	33.87%
<b>December</b>	598,416	268,380	4,091,057	6.84	5:52	22.80%	31.45%
<b>January 2017</b>	740,028	333,487	5,059,165	6.84	5:52	22.83%	33.05%
<b>February</b>	705,514	319,216	4,779,734	6.77	5:47	22.76%	32.31%
<b>March</b>	803,742	343,747	5,419,090	6.74	5:50	21.66%	30.54%
<b>April</b>	727,901	329,593	4,910,084	6.75	5:38	21.67%	32.32%
<b>May</b>	774,640	336,266	5,303,862	6.85	5:48	21.66%	30.69%
<b>June</b>	748,951	325,302	4,969,614	6.64	5:44	22.34%	30.50%
<b>July</b>	699,726	314,905	4,642,647	6.63	5:41	23.09%	31.75%
<b>August</b>	783,922	338,796	5,275,193	6.73	5:49	22.59%	30.66%
<b>12-Month Average</b>	<b>716,382</b>	<b>320,105</b>	<b>4,834,561</b>	<b>6.75</b>	<b>5:44</b>	<b>22.74%</b>	<b>31.97%</b>
<b>12-Month Total</b>	<b>8,596,585</b>	<b>2,886,532</b>	<b>58,014,736</b>	Not Applicable	Not Applicable	Not Applicable	Not Applicable



Types of Devices – By Percentage

Month	All Users			New Users Only		
	Desktop	Mobile	Tablet	Desktop	Mobile	Tablet
September 2016	74.70%	21.73%	3.58%	65.83%	28.92%	5.25%
October	74.52%	21.93%	3.55%	66.35%	28.59%	5.07%
November	76.56%	20.22%	3.22%	70.13%	25.53%	4.34%
December	74.75%	22.00%	3.25%	64.78%	30.24%	4.98%
January 2017	74.92%	21.66%	3.41%	66.30%	28.73%	4.97%
February	74.09%	22.44%	3.46%	65.89%	29.11%	5.00%
March	73.61%	23.00%	3.39%	63.58%	31.27%	5.15%
April	73.91%	22.63%	3.46%	65.88%	29.17%	4.95%
May	73.34%	22.24%	3.42%	64.55%	30.45%	4.99%
June	74.11%	22.60%	3.29%	63.72%	31.23%	5.05%
July	72.60%	23.41%	3.99%	62.14%	32.19%	5.67%
August	73.78%	22.18%	4.04%	63.42%	30.77%	5.81%
12 Month Avg.	74.24%	22.17%	3.51%	65.21%	29.68%	5.10%

Location of Users – May 1 2017 – August 31, 2017

Country	% of Sessions	State	% of Sessions
United States	98.26%	California	86.75%
India	0.55%	Texas	1.83%
Philippines	0.29%	Arizona	0.91%
Canada	0.13%	Nevada	0.74%
Mexico	0.13%	Florida	0.74%
Pakistan	0.04%	Colorado	0.73%
United Kingdom	0.03%	Illinois	0.72%
Australia	0.03%	Oregon	0.61%
Israel	0.03%	New York	0.61%
Russia	0.02%	Virginia	0.54%



**The 25 Most Viewed Pages on CSLB Website – Ranked by Page Views**

*(does not include homepage, or online services pages, including instant license check)*

Page Title	MOST RECENT April – June 2017	Jan. – March 2017	Oct. – Dec. 2016	July – Sept. 2016
Forms and Applications	1	1	1	1
Contractor Home Page	2	2	2	2
Consumer Home Page	3	4	3	3
Licensing Classifications	4	3	4	4
Mechanics Lien Release Forms	5	5	5	5
Contact CSLB	6	6	6	6
Applicant Home Page	7	7	8	8
License Application	8	9	9	9
“B” General Building Contractor	9	8	7	7
Exam Application Info	10	11	11	11
Maintain License	11	10	10	10
Filing a Complaint	12	13	12	12
Before Applying for a License	13	12	13	13
Guides and Publications	14	14	14	14
Examination Study Guides	15	15	15	15
C-61 Limited Specialty	16	16	16	16
About Us FAQs	17	17	18	18
Hire a Contractor	18	18	17	17
Renew Your License	19	19	23	21
“A” General Contractors	20	21	22	23
Contractor Laws	21	20	21	20
C-10 Electrical Contractor	22	23	20	22
Mechanics Liens Industry Bulletin	23	22	19	19
License Experience Requirements	24	25	25	-
Licensing Info Center Calling Tips	25	24	24	25
C-27 Landscaping Contractor	-	-	-	24
Journeyman FAQs	-	-	-	-





**Public Meetings**

• *Board Meetings – Webcasts*

A live webcast was provided for the quarterly Board meeting held in Garden Grove on June 15-16, 2017.



CSLB Quarterly Board Meeting  
June 15, 2017 (Day1)



CSLB Quarterly Board Meeting  
June 16, 2017 (Day 2)

PAO continues to use a lower third graphic display during Board and Committee meeting live streams. The design displays CSLB’s logo, the meeting date, agenda item, and the name and title of each CSLB official. This element makes it easier for viewers to follow along during the meeting and find content in archived videos.

**Live Viewers for Recent Meeting Webcasts**

Date	Event	Live Viewers
September 19, 2016	Quarterly Board Meeting – Day 1	115
September 20, 2016	Quarterly Board Meeting – Day 2	66
October 28, 2016	Committee Meetings	78
November 3, 2016	Committee Meetings	34
December 8, 2016	Quarterly Board Meeting	88
February 10, 2017	Committee Meetings	24
February 17, 2017	Committee Meetings	16
March 17, 2017	Quarterly Board Meeting	132
May 19, 2017	Legislative Committee Meeting	93
June 15, 2017	Quarterly Board Meeting – Day 1	208
June 16, 2017	Quarterly Board Meeting – Day 2	101

**Social Media**

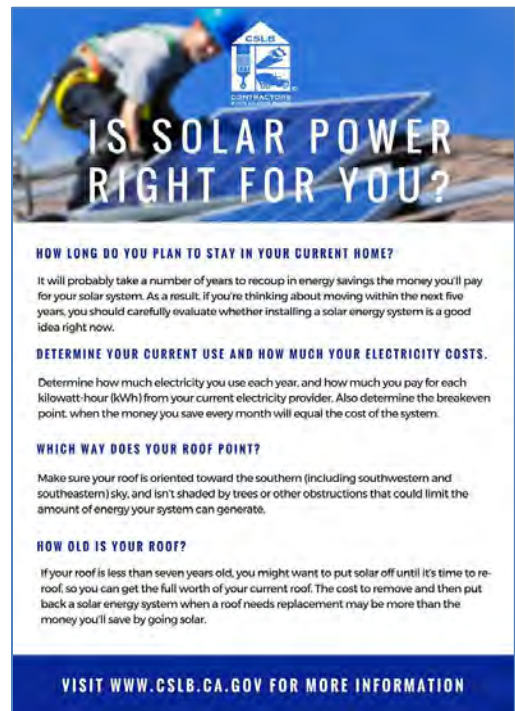
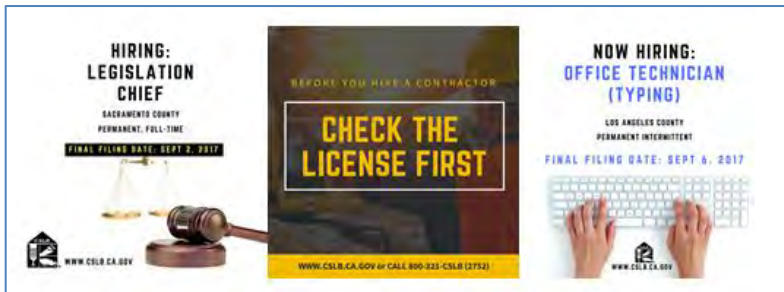
**Followers on CSLB’s Social Media Channels**

Date	Facebook	Twitter	YouTube	Periscope	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	10	14	-	-
November 2016	2,909	2,123	600	62	59	12	7
Sept. 7, 2017	3,189	2,383	686	46	105	81	9

CSLB continues to use a variety of infographics to post information and engage audiences on the board’s social media pages. The use of infographics has increased CSLB’s social media engagement by 67.5 percent in comparison to posts without graphics.

More detailed infographics have been created to assist consumers, contractors, and job applicants. PAO staff introduced the hashtag #SolarSunday to share information and tips that consumers should consider when converting to solar energy sources. A visual resource was also created to help CSLB job applicants who are not familiar with the state application process.

Below are examples of infographics recently posted on Facebook, Twitter, Instagram, and LinkedIn.





**HOW TO GET A JOB WITH CSLB**

**FIND A JOB THAT INTERESTS YOU**  
Check job announcements or search for jobs that may interest you. You can browse through job posts on CSLB's Job Announcement page or search for specific criteria on [jobs.ca.gov](http://jobs.ca.gov).

**MAKE SURE YOU ARE ELIGIBLE**  
Make sure you review the "Class Specifications" for the job you are interested in. Before you apply, make sure you meet the minimum qualifications and can complete the typical tasks associated with the job.

**CREATE A CALCAREER ACCOUNT**  
Visit [jobs.ca.gov](http://jobs.ca.gov) to create a CalCareer Account. This account will give you access to take exams, store different versions of applications, save your resume, apply for vacancies, and track your application status.

**TAKE ASSESSMENT**  
Most positions within CSLB require you to take an assessment to prove eligibility. Certain assessments are only available periodically, so you can check DCA's Examination Announcement page to see when certain exams are open. Once you pass the assessment, you will be given a ranking and put on an eligibility list.

**APPLY!**  
Make sure you complete an Application Form (STD 478) and submit all required documents either online or by mail, whichever is accepted for the specific job. Make sure your Job Application Package Checklist is complete, and submit your application.

[WWW.CSLB.CA.GOV](http://WWW.CSLB.CA.GOV)

### Instagram Growth

CSLB continues to use Instagram (IG) as a visual tool to connect with followers. As the significance of images on the Internet grows in conjunction with the use of smartphones, CSLB continues to expand the use of social media platforms and to communicate in as many ways as possible.

CSLB Instagram posts received an average of 137 "impressions" per week.







### Facebook Growth

Between August 10, 2017 and September 6, 2017, CSLB “reached” 18,872 people on its Facebook page.

- 67 percent of those who “react” to CSLB on Facebook are male; 31 percent female.
- 57 percent of CSLB’s Facebook fans are between the ages of 35 and 54.
- Most viewed posts:
  - Legislative Chief Job Vacancy #FindAJobFriday- 8.4K reach

08/18/2017  
4:34 pm



#FindAJobFriday Under the general direction of the Chief Deputy Re

- Labor Commission Misclassification Lawsuit - 6.6K reach

08/14/2017  
3:51 pm



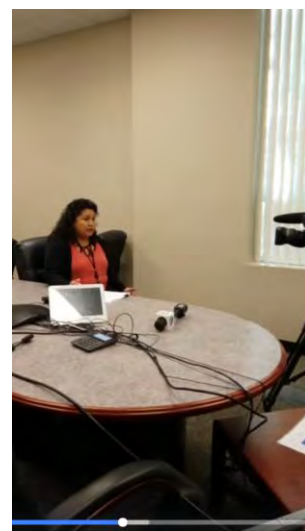
The Labor Commissioner's Office has filed a lawsuit against Calcret

- Check The License First Infographic - 1.5K reach

09/06/2017  
10:12 am

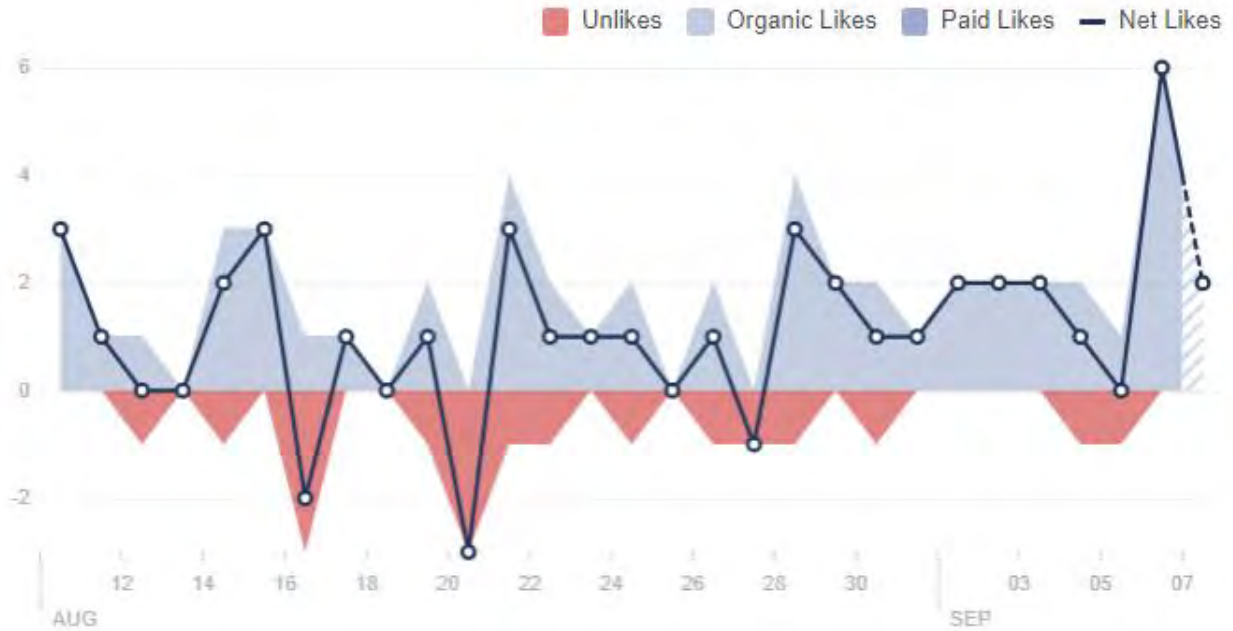


CSLB shared three Facebook Live videos between August 10, 2017 and September 6, 2017. Two videos highlighted CSLB outreach efforts during the Wall Fire, and the third featured an interview with Univision and a CSLB Enforcement Representative regarding solar power. The Wall Fire videos received a combined total of 1,648 views, and the Univision interview video received 639 total views.





The following chart shows the net growth per day from August 10, 2017 to September 6, 2017, 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.



### Twitter Growth

Between April 27, 2017 and May 24, 2017, CSLB gained 1,187 impressions on Twitter, an increase of 24.2 percent. CSLB currently has 2,383 followers on Twitter, an increase of 161 followers since the June 2017 Board meeting.

- 53 percent of CSLB Twitter followers are male; 47 percent female.
  - The number of female followers has increased by 14 percent since the June 2017 Board meeting.
- Tweets receive an average of 24.8K impressions (views) per month.
- Top tweets:
  - #FindAJobFriday- CSLB Job Posts and Infographic – 1.7K impressions



**CA Contractors Board @CSLB**  
 Take a look at CSLB's Job Announcements & check out the following tips that will help you land a job within our department!!!  
 #FindAJobFri [pic.twitter.com/NNACiTesQm](http://pic.twitter.com/NNACiTesQm)



- Labor Commissioner’s Office Classification Lawsuit – 1.69K impressions  
**CA Contractors Board @CSLB**  
The Labor Commissioner’s Office has filed a lawsuit against Calcrete Construction, Inc. seeking \$6,300,338 for...  
<http://fb.me/xwwjnEyH>

### Periscope Growth

CSLB currently uses Periscope to stream live videos before Board meetings and during outreach events. A link to the live stream can be sent out via social media and is available for viewers for 24 hours. Periscope allows viewers to send “hearts” (likes) to the broadcaster by tapping on the mobile screen as a form of appreciation. Viewers can also send comments and questions during the broadcast. CSLB has a total of 455 likes on its Periscope channel.

CSLB shared a Periscope video while conducting outreach for victims of the Wall Fire. This video received 65 views.



### YouTube Growth

CSLB’s YouTube Channel received 1,630 views between August 9, 2017 and September 5, 2017, an average of 58 visitors per day. Viewers watched a combined total of 5,460 minutes of video. CSLB gained 56 followers on YouTube, growing from 629 to 685 since the June 2017 Board Meeting.

- CSLB has a total of **234,265** views since the page was created in 2009.
- **93** percent of CSLB YouTube viewers are male; 7 percent female.
  - The percentage of male followers has increased by 8 percent since the last June 2017 Board meeting.
- 43 percent of viewers find CSLB videos through “suggested videos” on YouTube, 20 percent from external links, 17 percent from YouTube search, and 20 percent use other methods.



**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 September 7, 2017, CSLB had 278 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 their choice of four types of CSLB email alerts:

- *California Licensed Contractor* newsletters
- News Releases/Consumer Alerts
- Industry Bulletins
- Public Meeting Notices/Agendas

PAO added a CSLB Job Openings category in May 2016, and an email containing all current CSLB job openings is sent out on a weekly basis.

The total subscriber database currently stands at 26,915, which includes 302 new accounts since the Board’s June 2017 meeting.

<b>Date</b>	<b>Industry Bulletins</b>	<b>Meeting Notices</b>	<b>CLC Newsletter</b>	<b>News Releases</b>	<b>Job Openings</b>
<b>May 2010</b>	185	187	103	277	-
<b>May 2011</b>	2,390	1,531	3,141	2,361	-
<b>May 2012</b>	4,387	2,879	5,212	4,015	-
<b>May 2013</b>	5,089	3,341	5,975	4,660	-
<b>May 2014</b>	6,027	4,017	6,947	5,538	-
<b>May 2015</b>	6,459	4,273	7,293	5,852	-
<b>May 2016</b>	6,866	4,479	7,575	6,096	17
<b>May 2017</b>	7,410	4,573	7,857	6,468	305
<b>Sept. 1, 2017</b>	7,505	4,615	7,907	6,539	349



PAO also utilizes a database consisting of email addresses voluntarily submitted on license applications and renewal forms. That database now consists of addresses for 146,400 licensees, which brings the combined database to 173,315 addresses.

**MEDIA RELATIONS HIGHLIGHTS**

**Media Calls**

Between January 1, 2017 and August 31, 2017, PAO staff responded to 146 media inquiries, providing information and/or interviews to a variety of media outlets.

The following chart breaks down these calls by month:

<b>Month</b>	<b># of Media Inquiries</b>
<b>January 2017</b>	15
<b>February</b>	32
<b>March</b>	18
<b>April</b>	17
<b>May</b>	18
<b>June</b>	12
<b>July</b>	17
<b>August</b>	17
<b>Total (2017)</b>	<b>146</b>
<b>Total (FY-16-17)</b>	<b>191</b>

**Media Events**

Since the June 2017 Board meeting, CSLB has conducted coordinated outreach efforts for victims of wildfires in Butte, Los Angeles, Mariposa, and Trinity Counties. This outreach included a media event held in Butte County on July 14, 2017. During that event CSLB staff placed warning signs throughout an area ravaged by the Wall Fire. PAO also assisted the Enforcement division with coordinating staffing for five Local Assistance Centers opened by the Governor’s Office of Emergency Services in Butte (2), Mariposa (2), and Trinity Counties.

**News Releases**

PAO continued its policy of aggressively distributing news releases to the media, especially to publicize enforcement actions and undercover sting operations. Between June 1, 2017 and August 31, 2017, PAO distributed 12 news releases.

<b>Release Date</b>	<b># of Media Inquiries</b>
<b>June 1, 2017</b>	Contractors State License Board Releases Materials from Berkeley Balcony Collapse Investigation
<b>June 22, 2017</b>	San Diego County Undercover Sting Reunites CSLB with Revoked





	Licensee
<b>June 26, 2017</b>	Contractors State License Board Stings and Sweeps Shasta County Unlicensed Contractors
<b>June 27, 2017</b>	Online Bulletin Boards Help CSLB Pin Down Unlicensed Contractors in Bakersfield
<b>June 27, 2017</b>	CSLB Monterey Undercover Sting Operation Highlights Risks of Hiring Unlicensed Contractors
<b>June 28, 2017</b>	Contractors State License Board Catches One Hundred in Statewide Series of Unlicensed Contractor Stings and Sweeps
<b>June 29, 2017</b>	Contractors State License Board Stings and Sweeps Shasta County Unlicensed Contractors
<b>June 29, 2017</b>	CSLB Nets 29 Unlicensed Contractors During Double Sting Operations in Los Angeles and Orange Counties
<b>July 14, 2017</b>	Contractors Board Warns Butte County Wildfire Victims about Risks of Hiring Unlicensed Contractors
<b>July 19, 2017</b>	Red Flags in Online Ads Helps CSLB Target Unlicensed Contractors for Merced County Undercover Sting
<b>August 23, 2017</b>	Fresno Undercover Sting Leads to Warning for Homeowners Considering Home Improvement Projects
<b>August 31, 2017</b>	CSLB Investigators Stop Unlicensed Workers in Oceanside



**PUBLICATION/GRAPHIC DESIGN HIGHLIGHTS**

The following is an update of publication (print and online) and graphic design projects either completed or in progress since the June 2017 Board meeting.

**Completed**

- June 15-16, 2017, 2017 Board Meeting Packet
- A Consumer Guide to Filing Construction Complaints Brochure
- Building A Career as a Licensed Contractor Brochure
- September 29, 2017 Board Meeting Packet

**In Production**

- What Seniors Should Know before Hiring a Contractor Brochure

**In Development**

- Consumer Publication
- Contractor Publication
- Applicant Publication
- Building Official Information Guide
- 2018 *California Contractors License Law & Reference Book*

**INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS**

**California Licensed Contractor Newsletter**

No newsletters have been issued since the June 2017 Board meeting. A new issue 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 7,500 people and interested parties. Distribution includes those who signed-up to receive the bulletins through CSLB’s Email Alert System. Between June 1, 2017 and September 1, 2017, PAO distributed one industry bulletin.

Release Date	Bulletin Title
July 28, 2017	CSLB Outlines Tools for Deterring Equipment Thieves



**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 can protect themselves when hiring a contractor. Seniors are a vulnerable audience, often preyed upon by unlicensed or unscrupulous contractors.

Sessions feature expert speakers from many local, state, and federal agencies, who present broader topics, including identity theft, auto repair fraud, Medicare fraud, foreign lotteries, and mail fraud.

The following seminars have been conducted and/or scheduled for August 2017 through November 2017:

<b>Date</b>	<b>Location</b>	<b>Legislative / Community Partner(s)</b>
<b>August 4, 2017</b>	Red Bluff	U.S. Rep. Doug LaMalfa Sen. Jim Nielsen Asm. James Gallagher
<b>August 14, 2017</b>	San Ramon	U.S. Rep. Eric Swalwell
<b>August 15, 2017</b>	Newhall	Sen. Scott Wilk Asm. Dante Acosta
<b>August 16, 2017</b>	Lancaster	Sen. Scott Wilk
<b>August 17, 2017</b>	Rowland Heights	Sen. Josh Newman
<b>August 18, 2017 AM</b>	Diamond Bar	Sen. Josh Newman
<b>August 18, 2017 PM</b>	Corona	Asm. Sabrina Cervantes
<b>August 21, 2017</b>	San Jose	Sen. Bob Wieckowski Asm. Evan Low
<b>August 25, 2017 AM</b>	Carmichael	Asm. Ken Cooley
<b>August 25, 2017 PM</b>	Rio Vista	Asm. Jim Frazier
<b>September 8, 2017</b>	Redondo Beach	Asm. Al Muratsuchi
<b>September 12, 2017</b>	Moreno Valley	Sen. Richard Roth
<b>September 13, 2017</b>	Mead Valley	Sen. Richard Roth
<b>September 18, 2017</b>	Elk Grove	U.S. Rep. Ami Bera
<b>September 19, 2017</b>	Arvin	Asm. Rudy Salas
<b>September 20, 2017</b>	Mecca	Asm. Eduardo Garcia
<b>September 21, 2017</b>	Blythe	Asm. Eduardo Garcia
<b>September 22, 2017</b>	Upland	Senior Medicare Patrol – no legislator
<b>September 25, 2017</b>	East Palo Alto	Sen. Jerry Hill Asm. Marc Berman



<b>September 26, 2017</b>	South Pasadena	Asm. Chris Holden
<b>September 27, 2017</b>	Avenal	Asm. Rudy Salas
<b>September 28, 2017</b>	Bakersfield	Asm. Rudy Salas
<b>September 30, 2017</b>	Redwood City	Asm. Kevin Mullin
<b>October 2, 2017</b>	McFarland	Asm. Rudy Salas
<b>October 3, 2017</b>	Walnut	Asm. Phillip Chen
<b>October 4, 2017</b>	San Diego	Asm. Todd Gloria
<b>October 5, 2017</b>	Perris	Sen. Richard Roth
<b>October 6, 2017</b>	Los Angeles	Sen. Holly Mitchell
<b>October 18, 2017</b>	San Diego	U.S. Rep. Scott Peters Asm. Toni Atkins
<b>October 19, 2017</b>	Santa Clarita	No legislator
<b>October 20, 2017</b>	Menifee	No legislator
<b>October 23, 2017</b>	Carson	Asm. Mike Gipson
<b>October 26, 2017</b>	Buena Park	Asm. Sharon Quirk Silva
<b>October 27, 2017</b>	Carson	Asm. Mike Gipson
<b>November 2, 2017</b>	Clovis	Asm. Jim Patterson
<b>November 16, 2017</b>	Hanford	Asm. Rudy Salas
<b>November 29, 2017</b>	Whittier	Sen. Tony Mendoza

**Consumer Scam Stopper<sup>SM</sup> Seminars**

From June 2017 through August 2017, CSLB staff spoke/staffed booths for the following organizations/events and conducted Consumer Scam Stopper<sup>SM</sup> seminars:

<b>Date</b>	<b>Location</b>	<b>Organization / Event</b>
<b>June 2, 2017</b>	Roseville	Natl. Assn. of Retired & Veteran Railway Employees
<b>June 7, 2017</b>	Roseville	Placer County Elder Abuse Awareness event
<b>June 14, 2017</b>	Richmond	Consumer Scam Stopper Sons in Retirement
<b>June 20, 2017</b>	Los Angeles	Dept. of Business Oversight Industry Workshop
<b>June 21, 2017</b>	Hercules	City of Hercules Senior Fraud & Scam seminar
<b>June 24, 2017</b>	Norwalk	Norwalk Senior Center Health Fair
<b>July 11, 2017</b>	Riverside	Consumer Scam Stopper Seventh Day Adventist Conference
<b>July 13, 2017</b>	Danville	Asm. Catherine Baker Fraud event
<b>July 14, 2017</b>	Clovis	Millennium Housing Resource Fair
<b>July 20, 2017</b>	Pasadena	LA County Dept. of Consumer & Business Affairs Community Town Hall & Resource Fair
<b>July 21-23, 2017</b>	Fresno	Fresno Home Show



<b>August 2, 2017</b>	Moraga	Consumer Scam Stopper Sons in Retirement
<b>August 4, 2017</b>	San Mateo	Asm. Kevin Mullin Resource Fair
<b>August 17, 2017</b>	Baldwin Park	Consumer Scam Stopper Baldwin Park Senior Center
<b>August 19, 2017</b>	Panorama City	Asm. Adrin Nazarian's 37 <sup>th</sup> Annual Govt. Day
<b>August 19, 2017</b>	San Diego	Sen. Toni Atkins Back to School Kickoff and Health Fair
<b>August 25-27, 2017</b>	Anaheim	Anaheim Home & Garden Show

## 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 also is kept current with the latest forms, policies, reports, and other information used by CSLB staff around the state.

Recent articles include announcement of CSLB's new Chief Deputy Registrar, Tonya Corcoran, updates on California wildfire outreach, newly implemented policies, employee safety training, and CSLB's recently retired staff who were acknowledged for their dedicated state service.

#### **New Online System Set to Speed Up Workers' Compensation Policy Processing Times**

08.04.2017

Next week, CSLB is scheduled to launch Phase 1 of a new online system that should speed up the time it takes to process workers' compensation policy certificates.

For those of you who don't know, all active licensees must either certify that they have no employees, or provide CSLB with a Certificate of Workers' Compensation Insurance or a Certification of Self-Insurance if they do have employees.



Processing certificates can be a time consuming process. When the forms have an incorrect business or contractor name, an incorrect policy number, or an invalid signature, they must be sent back and then resubmitted to CSLB.

#### **From Student Assistant to Chief Deputy Registrar**

07.25.2017

CSLB's newest executive has built a long and rewarding career working at the Department of Consumer Affairs. **Tonya Corcoran** began working for the department in 1989 as a student assistant. She's worked her way up the career ladder, serving California consumers in varying capacities, including time as a cashier, licensing technician, and bureau chief.



Now, as CSLB's new Chief Deputy Registrar, Tonya has a clear sense of how critical each position and unit is to better protect consumers and support the construction industry in California.

#### **CSLB Sets Employees Up for Safety**

08.04.2017

Over the last two weeks, 130 CSLB staff members attended one of six sessions of an Employee Safety seminar at CSLB's headquarters and Norwalk offices. The training was organized by **Doug Galbraith** from CSLB's Enforcement division. **J.R. Williams**, a former member of the U.S. Army, CHP patrol sergeant, and SWAT team leader, presented the seminar. Mr. Williams stressed the importance of overall personal safety and awareness training and building habits that will keep you prepared under any circumstance.



The safety seminar addressed how to be prepared for possible critical instances that could occur in the workplace. Topics included evaluating personal and workplace safety/security,

violence and emergency preparedness, how to deal with suspicious packages, active shooter incidents, and more.

#### **CSLB Staff Quickly Responds to Help Victims of Butte County Wildfire**

07.20.17

As the summer wildfire season picks up, CSLB staff has already been pressed into duty, assisting those whose homes have either been destroyed or damaged. This past week, CSLB staff responded to the **Wall Fire** in Butte County.

During the week of July 10, 2017, staff from HQ Case Management and both Sacramento Investigative Centers pulled tours in a Local Assistance Center (LAC) set up in Oroville by the Governor's Office of Emergency Service. Those who worked at the LAC included: **Bryce Allwardt, Shaun Baland, Tom Jager, Brian Melvin, Danica Storms, Judie Svabik, Justin Wickersham, and Dawn Willis.**





## AGENDA ITEM F-2

# 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Public Affairs Objectives





### Public Affairs Objectives

ITEM	TARGET	DESCRIPTION	STATUS
4.1 Develop Solar Outreach Material (I)	March 2017	Create CSLB website page to link consumers to most reliable solar-related information, supplemented by newly created CSLB material	Completed
4.2 Complete Flagship Consumer Publication (E)	July 2017	Update of <i>What You Should Know Before You Hire a Licensed Contractor</i> booklet	Approved by legal; currently in final layout and production; expected completion November 2017
4.3 Complete Flagship Publication for Journeymen/Applicants (E)	October 2017	Update and redesign of <i>Blueprint for Becoming a California Licensed Contractor</i> targeted toward journeymen, applicants, and licensees	Reviewing with Licensing staff; expected completion February 2018
4.4 Complete Flagship Contractor Publication – for Licensees (E)	December 2017	Creation of new publication targeted toward licensees	Finishing internal reviews; legal review will follow; expected completion April 2018
4.5 Develop New License Application Video (E)	December 2017	Update website video reviewing how to complete license application	Developing script
4.6 Develop Orientation Videos for New Staff/Board Members (I)	June 2018	Produce series of videos to be used as part of efforts to introduce staff and Board members to CSLB (see Administrative Objective 6.3)	Developing script
4.7 Develop Schedule for Opt-In, “Find a Contractor” Website Feature (E)	June 2018	Work with IT to develop a web-based feature that enables consumers to obtain a list of available licensed contractors in specific license classifications for specific geographic locations	Working with IT on development of new feature
4.8 Expand Consumer Scam Stopper Outreach Program (B)	June 2018	Look for opportunities to expand CSLB’s face-to-face outreach to groups other than seniors	In progress



# AGENDA ITEM G

## Executive





## AGENDA ITEM G-1

# Review and Possible Approval of June 15-16, 2017, Board Meeting Minutes





# CONTRACTORS STATE LICENSE BOARD

## BOARD MEETING MINUTES

### DAY 1

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

Board Chair Agustin Beltran called the meeting of the Contractors State License Board (CSLB) to order at 1:00 p.m. on Thursday, June 15, 2017, at the Hyatt Regency Orange County, 11999 Harbor Blvd., Garden Grove, CA 92840.

Board member Marlo Richardson led the Board in the Pledge of Allegiance. A quorum was established.

#### Board Members Present

Agustin Beltran, Chair  
Kevin Albanese, Vice Chair  
Marlo Richardson, Secretary  
Linda Clifford  
David De La Torre  
Susan Granzella

Pastor Herrera Jr.  
Ed Lang  
Michael Layton  
Paul Schifino  
Johnny Simpson  
Nancy Springer

#### Board Members Excused

David Dias  
Joan Hancock  
Frank Schetter

#### Staff Present

David Fogt, Registrar  
Jessie Flores, Deputy Chief of Enforcement  
Rick Lopes, Chief of Public Affairs  
Sonya Logman, DCA Public Relations  
Dawn Willis, Enforcement Representative  
Mike Melliza, Chief of Administration

Kristy Schieldge, DCA Legal Counsel  
Aaron Schultz, Executive Staff  
Missy Vickery, Enforcement Deputy  
Stacey Paul, Budget Analyst  
Laura Zuniga, Chief of Licensing  
Ashley Caldwell, Information Officer

#### Public Visitors

Gal Bigaleizn  
Jolie Busch  
Philo Kamono  
Brandon Lopez  
Richard Markuson

Rick Pires  
Jim Reeds  
Paul Rozario  
Jeremy Schwartz  
Phillip Vermuelen



Board Chair Augie Beltran congratulated David Fogt on his selection as CSLB Registrar, and thanked him for his prior work as CSLB's Enforcement Chief.

Augie Beltran announced the March 14, 2017, passing of Don Burns, former Executive Director of the California Pool & Spa Association, and noted his decades-long involvement in state politics and attendance at CSLB Board meetings. Mr. Burns was an active advocate for the pool industry and strong supporter of CSLB's mission to protect consumers.

Mr. Beltran noted that this was Paul Schifino's final Board meeting and presented a plaque to commemorate his commitment to the California construction industry, CSLB, and California consumers. Mr. Schifino thanked CSLB staff and Board members for their guidance, and thanked Board members for their dedication in protecting California consumers and for the experience in serving the Board.

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

Brandon Lopez, Assistant Director for the Center for Contractor Compliance, commented on the role of his non-profit organization in ensuring that contractors comply with regulations, citing workers' compensation requirements as an example. Mr. Lopez stated that his agency looks forward to continuing to work with CSLB and offered assistance in any efforts to increase enforcement in public works construction.

**C. UPDATE REGARDING OPTIONS FOR INCREASING THE EXEMPT PAY LEVEL FOR THE CSLB REGISTRAR**

Linda Clifford updated the Board about the work of the two-person advisory committee, which also includes Susan Granzella, to research and present options for increasing the exempt pay level for the CSLB registrar. She reported on the research conducted to date and successful meetings with the Department of Consumer Affairs (DCA). Additional advisory committee meetings will be held and findings presented at the September 2017 Board meeting.

**D. LEGISLATION**

**1. Review and Possible Approval of May 19, 2017, Legislative Committee Meeting Summary Report**

Legislative Committee Chair Nancy Springer thanked Board members David Dias and Ed Lang for their efforts in establishing a quorum during the May 19, 2017, Legislative Committee meeting, and thanked acting Chief of Legislation Laura Zuniga and her staff for their role in producing materials for Legislative Committee meetings.



Ms. Springer noted a typographical error on page 18 of the May 19, 2017, Legislative Committee Meeting Summary Report: “John Hancock” should read “Joan Hancock.”

**MOTION:** To approve, as amended, the May 17, 2017, Legislative Committee Meeting Summary Report.

Linda Clifford moved; David De La Torre seconded. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter				✓	
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**2. Review, Discussion, and Possible Action on 2017-18 Proposed Legislation**

**a. AB 710 – Board Meetings in Rural Areas (Wood)**

Acting Chief of Legislation Laura Zuniga presented this item. This bill would require Boards within the Department of Consumer Affairs to meet at least once every other year in rural California.

**MOTION:** To adopt the Legislative Committee recommended “watch” position on AB 710. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				

David Dias					✓
Susan Granzella	✓				
Joan Hancock					✓
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter					✓
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**b. AB 996 – CSLB Website – Workers’ Compensation Information (Cunningham)**

Acting Chief of Legislation Laura Zuniga presented this item. This bill requires additional information be disclosed on the CSLB website regarding the processing of workers’ compensation certifications.

**MOTION:** To adopt the Legislative Committee recommended “watch” position on AB 996. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias					✓
Susan Granzella	✓				
Joan Hancock					✓
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter					✓
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				



**c. AB 1005 – Fine Relief – Order of Abatement (Calderon)**

Acting Chief of Legislation presented this bill, which requires that all non-health boards within the Department of Consumer Affairs, when issuing a citation with a fine, to provide the cited individual a 30-day period to abate the behavior that led to the citation. Ms. Zuniga noted that the bill was held in Appropriations Committee on the suspense file and is no longer active for 2017. Staff recommends tabling the bill.

**MOTION:** To table Board action on AB 1005. Linda Clifford moved; Ed Lang seconded. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter				✓	
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**d. AB 1070 – Solar Energy System Contract: Complaint Disclosure (Gonzalez)**

Acting Chief of Legislation presented this bill, which requires CSLB to create and provide a solar energy system disclosure contract.

Board Member Comment:

Board member Pastor Herrera Jr. requested clarification on the statement in the staff bill analysis: “This new disclosure standard could discourage settlement of complaints, since all complaints would be disclosed.” Laura Zuniga explained that the bill proposed a new standard for disclosing complaints against only solar energy contractors, which would lead to the disclosure of all solar contractor-related complaints regardless of their outcome. Ms. Zuniga noted that she has expressed concerns to both the bill’s author and the legislative committee that the proposed bill would treat licensees differently and suggested that a single standard for all licensees might be preferable. Mr. Herrera Jr.





requested an explanation as to why this language would affect the settlement of complaints. Ms. Zuniga responded that currently some complaints are settled because of the limits on disclosure, and that this bill would lead to the disclosure of more complaints related to solar as compared to all other complaints, decreasing the incentive to settle. Mr. Herrera Jr. suggested that greater transparency regarding the nature of complaints would benefit both contractors and consumers.

Staff Comment:

Laura Zuniga noted that she recommended to the author’s office that the authority to investigate these complaints should rest with CSLB, not DCA, since the department does not have authority to regulate in this area. CSLB Legal Counsel Kristy Schieldge agreed, adding that DCA is not currently staffed to address such issues.

Board Member Comment:

Board member Linda Clifford asked why the Legislative Committee recommended a “watch” position rather than an “oppose” position. Laura Zuniga explained that last year the Board supported similar legislation without controversy and because the Board is interested in increasing disclosure regarding solar complaints, the Committee recommended a “watch” position because of the technical issues identified.

Board member Linda Clifford said that she would support the bill if amended to delegate complaint authority to CSLB instead of DCA.

**MOTION:** To “support” AB 1070, if amended as follows:

- Authority to receive and resolve solar-related complaints remains with CSLB, not DCA.

Linda Clifford moved; David De La Torre seconded. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				

Frank Schetter				✓	
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**e. AB 1162 – Electrical Contractors – Building Permits Apps (Bocanegra)**

Ms. Zuniga introduced this bill, which requires licensed C-10 Electrical contractors to certify, when applying for a building permit that they are in compliance with electrician certification requirements.

**MOTION:** To adopt the Legislative Committee recommended “watch” position for AB 1162. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter				✓	
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**f. AB 1190 – Department of Consumer Affairs BreEZe System – Quarterly Disclosures (Oberholte)**

Laura Zuniga presented this item, which requires DCA to post information online about the BreEZe IT system on a quarterly basis.

Board Member Comment:

Board member Susan Granzella requested clarification regarding the purpose of the bill, as there is no final filing date or milestones included. Laura Zuniga explained that the



purpose of the bill is to provide public awareness about the status of phase three boards, including CSLB, that continue to help finance the cost of BreEZe.

Susan Granzella asked about the deadline for completing the cost-benefit analysis of CSLB’s participation in BreEZe. Ms. Zuniga responded that the “as is” processes should be completed by July 2018.

**MOTION:** To adopt the Legislative Committee recommended “watch” position. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter				✓	
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**g. AB 1278 – Final Judgements – License Suspensions (Low)**

Ms. Zuniga presented this item, which makes changes to CSLB’s current process for suspending licenses related to unsatisfied final judgments. She recommended an amendment to the bill to clarify that CSLB will not suspend a license until receiving a final judgment, which would ensure the exhaustion of the appeal process before CSLB suspends a license. The second provision of the bill requires that, in instances when CSLB suspends a license because of a final judgment, that it also suspends the license of those associated with the first license during the time the violation occurred but who disassociated before the judgment was entered. Legal Counsel Kristy Schieldge expressed concern that the bill creates ambiguity and vagueness as to what constitutes a final judgment, and recommended the Board support an amendment specifying that the final judgment should only be implemented after all opportunities to rebut the suspension have occurred. This would protect CSLB from liability exposure for jobs lost because of a premature suspension of a license.



**Public Comment:**

Kenneth Grossbart requested clarification as to what proof would be sufficient to meet the provision, “that a license suspension shall be removed if the licensee provides proof that the judgment is under appeal by a court of competent jurisdiction.” Ms. Zuniga explained that the technical aspects of the bill will be reviewed as it proceeds, and offered to speak with Mr. Grossbart after the meeting to answer any further questions.

**MOTION:** To adopt the Legislative Committee recommended “support, if amended” AB 1278 as follows:

- Eliminate conflict between final judgment and evidence of appeal.

The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter				✓	
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**h. AB 1357 – Home Inspectors – Roof Inspections (Chu)**

Acting Chief of Legislation introduced this item. This bill allows C-39 Roofing licensees to perform repairs resulting from a roof inspection.

**Board Member Comment:**

Pastor Herrera Jr. sought clarification about the purpose of the bill. Ms. Zuniga explained that it seeks to eliminate potential conflicts of interest between those performing inspections and those performing repairs.

**MOTION:** To adopt the Legislative Committee recommended “watch” position for AB 1357. The motion carried unanimously, 12–0.



NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter				✓	
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**i. SB 27 – Military Service – License Fee Waiver (Morrell)**

Ms. Zuniga presented this item, which would require boards to waive the initial license fee for honorably discharged members of the armed services, and recommended the Board table action on the bill, as it was held in the Senate Appropriations Committee.

**MOTION:** To table Board action on SB 27. Paul Schifino moved; Ed Lang seconded. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter				✓	
Paul Schifino	✓				

Johnny Simpson	✓				
Nancy Springer	✓				

**j. SB 486 – CSLB Letter of Admonishment (Monning)**

Ms. Zuniga introduced this item, which is CLSB’s sponsored legislation authorizing the issuance of a letter of admonishment and explained that no action is required, as the Board voted to support SB 486 at the March 2017 Board meeting.

**k. SB 715 – Removal of Board Members (Newman)**

Laura Zuniga presented this item, which includes the failure to attend board meetings as a cause for removing a board member from office.

**MOTION:** To adopt the Legislative Committee recommended “watch” position on SB 715. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter				✓	
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**I. SB 721 – Deck and Balcony Inspections (Hill)**

Acting Chief of Legislation Laura Zuniga presented this item, which requires that certain residential structures undergo building inspections, and recommended the Board table the item as the bill has been held in Committee

**MOTION:** To table Board action on SB 721. Paul Schifino moved; David De La Torre seconded. The motion carried unanimously, 12–0.



NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter				✓	
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**m. SB 800 – License Assignments – Asset Sale (Business, Professions and Economic Development Committee)**


Ms. Zuniga presented this item. This bill makes a few technical changes to the contractors’ state license law, which the Board approved at the December 2016 Board meeting.

Board Member Comment:

Board member Kevin Albanese requested clarification about the bill’s effect. Legal Counsel Kristy Schieldge responded that there may have been a mistake in drafting existing law, as it should not allow for the acquisition of a license through an asset sale.

**MOTION:** To adopt the Legislative Committee recommended “support” position for SB 800. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				

	<b>CSLB</b>	<b>BOARD MEETING MINUTES</b>				
Ed Lang	✓					
Michael Layton	✓					
Marlo Richardson	✓					
Frank Schetter					✓	
Paul Schifino	✓					
Johnny Simpson	✓					
Nancy Springer	✓					

**3. Review, Discussion, and Possible Action to Recommend to the Board the Initiation of a Rulemaking to Amend Title 16, California Code of Regulations (16 CCR) Sections 853, 858.1, 858.2, 869, 869.9, and 872 (Renewal Application Form, Blanket Performance and Payment Bond Requirements, Application for Approval of Blanket Performance and Payment Bond, Criteria for Rehabilitation, Criteria to Aid in Determining Earliest Date a Denied Applicant May Reapply for Licensure, and Disclosure of General Liability Insurance)**

Staff Comment:

Laura Zuniga explained that this item was discussed at the May 2017 Legislative Committee meeting. She suggested that the proposed change found within CCR 853, subsection a, “. . . for each licensee for which the Board has an email address of record, the Board may send a notice regarding the license expiration and the renewal form to the email of record” should be revisited as not all licensees have an email address on record with CSLB. Ms. Zuniga clarified that the email notification would supplement the mailed notification and that CSLB Information Technology (IT) staff are exploring methods for email distribution. Staff will present the results at the next Legislative Committee meeting and then present them to the full Board for review.

Board Member Comment:

Board member Paul Schifino suggested that notifications be sent—via mail and email—to all staff associated with a license, not just the qualifying individual, and that the email aspect should be performed as a courtesy, and not required through regulation. Legal Counsel Kristy Schieldge agreed, noting that current regulations do not require distribution of notices via email.

**MOTION:** To approve the proposed regulatory text amendments to 16 CCR sections 853, 858.1, 858.2, 869, 869.9, and 872, and

1. Direct staff to submit the text to the director of the Department of Consumer Affairs and the Business and Consumer Services Housing Agency for review; and





- 2. If no adverse comments are received, authorize the Registrar to take all necessary steps in the rule-making process, make any non-substantive changes to the package, and set the matter for hearing.

Kevin Albanese moved; Pastor Herrera Jr. seconded. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter				✓	
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**4. Update and Discussion on Implementation of SB 1039 (Hill, 2016) – Fee Increase**

Legislative Committee Chair Nancy Springer updated the Board about the implementation of SB 1039, which authorized a CSLB fee increase, and reported that implementation is on track for the July 1, 2017, increase.

**5. Update and Discussion on Implementation of SB 465 (Hill, 2016) – Study and Report Requirement**

Legislative Committee Chair Nancy Springer provided the Board an updated timeline for meeting the requirements of SB 465, which include a submission to the Legislature of a CSLB-produced report by January 1, 2018. Ms. Springer reported that mini-stakeholder meetings with the main supporters and main opponents of SB 465 will be conducted June 2017 through August 2017.

**E. LICENSING**



Licensing Committee Chair Susuan Granzella thanked Chief of Licensing Laura Zuniga for her additional work as acting Chief of Legislation while the position remains vacant.

## **1. Licensing Program Update**

Chief of Licensing Laura Zuniga provided the Licensing program update and noted an increase in the following categories as compared to the same time in the prior fiscal year:

- Applications received per year (original applications for contractor's license and total applications)
- Applications processed per month
- Licenses issued
- Renewal rate
- HIS registration

Ms. Zuniga noted that while the average weeks to initial processing has increased since the March 2017 Board Meeting, this does not always reflect the total length of time it takes to process applications, but merely when staff begin to process the document.

Laura Zuniga reviewed the workers' compensation coverage for active licensees, and provided a breakdown of workers' compensation status per classification. In response to a request from Board member Pastor Herrera Jr., she provided an historical comparison of workers' compensation coverage by classification, and noted that the data has remained fairly consistent.

Ms. Zuniga noted that the Licensing Information Center receives approximately 13,000 calls per month, and attributed the longer wait times to the backlog in processing workers' compensation certificates and staff shortages in the unit. To help alleviate wait times some staff in other units are being redirected to answer incoming calls, and a new "call-back" feature has been implemented that allows callers to leave a message and receive a call back within 24-hours when call wait times are high.

Laura Zuniga also reviewed statistics for the Criminal Background Unit, noting the total denial rate remains low, and provided statistics on outstanding liabilities and funds returned to consumers.

### Board Member Comment:

Board member Marlo Richardson asked about the circumstances under which an application is voided. Ms. Zuniga explained that in cases where an application is submitted to CSLB, returned to the applicant for correction, and the requested information is not returned to CSLB within a given time period the application becomes void.



Board member Ed Lang asked if increased Licensing Information Center call-wait times are attributed to calls regarding Judgments. Ms. Zuniga responded that judgment-related calls are infrequent in that unit.

## **2. Discussion Regarding Processing of Renewals and Compliance with Workers' Compensation Insurance or Recertification (Exemption) Requirements**

Chief of Licensing Laura Zuniga reviewed changes being made to decrease the workers' compensation recertification backlog. Among the improvements will be creation of a liability certificate "smart form" to decrease the number of certifications returned for correction and to allow electronic updates of certificates.

### Board Member Comment:

Board member Kevin Albanese expressed concern with lapses in licensure because of delays in CSLB processing times for workers' compensation certificates despite timely submissions, and urged that processing workers' compensation certifications be a top priority for the Board. Ms. Zuniga responded that in most cases delinquent certificates are submitted roughly 30 days after coverage expires and that approximately one quarter of tardy certificate submissions are returned for correction, both of which contribute to the number of workers' compensation-related license suspensions.

Board member Nancy Springer noted that building permit requests are also affected by delays in workers' compensation processing times, as requests are rejected if liability coverage is not current, which can halt commercial and residential projects. Ms. Springer suggested establishing a "hot line" for building officials to check licenses for workers' compensation coverage. Mr. Albanese asked if any recent changes led to the backlog in workers' compensation processing. Ms. Zuniga identified staff shortages in the unit and the four-month lag to fill vacancies as the main causes of the backlog.

Board member Pastor Herrera Jr. asked about ways to even out the high number of certificates received during January, April, June, and October, so that processing remains consistent throughout the year. Laura Zuniga explained that overtime will be offered to staff before expected peak periods as well as during those peak times.

### Public Comment:

Phil Vermuelen expressed concern that a significant number of contractors avoid the liability certificate processing backlog by filing a false exemption from workers' compensation coverage. He suggested making workers' compensation mandatory for all licensees.

Board Chair Augie Beltran requested that mandatory workers' compensation be discussed at the next Legislative Committee meeting.

**3. Discussion Regarding Methods of Service of Notice When Contacting Licensees and Applicants Regarding CSLB Licensing and Enforcement Matters**

This issue was discussed under the previous agenda item.

**4. Discussion Regarding the State's Bark Beetle Infestation and State Actions Taken to Address Licensure Issues and the Removal of Infected Trees**

Registrar David Fogt provided background information on the bark beetle infestation and noted that the extension of Governor Davis' 2003 Proclamation of a State of Emergency on the bark beetle is currently under consideration. The Department of Forestry estimates that over 100 million infected trees need to be removed and there are approximately 32,000 CSLB licensees authorized to perform this work. Currently, the Department of Forestry has five proposals to mitigate this public safety danger. Mr. Fogt explained that CSLB will continue to partner with the Business, Consumer Services, and Housing Agency in providing needed information to the Governor's Office.

**5. Testing Program Update**

Chief of Licensing Laura Zuniga revised the number of exams scheduled per month and for each of the eight testing centers from May 2016 to April 2017, and reviewed the occupational analysis and exam development progress as of June 1, 2017. She also announced the launch of two new exams: the Law and Business exam and C-54 (Ceramic and Mosaic Tile). The vacancy in the Examination Development Unit will be advertised soon.

**Board Member Comment:**

Board member Nancy Springer asked how often exams are updated. Ms. Zuniga replied that exams are updated every five-to-seven years and that the process to update exams takes approximately one year. She also offered to provide Ms. Springer with a list of dates showing when exams were last updated.

**F. ENFORCEMENT**

Enforcement Committee Chair Marlo Richardson noted that the recruitment process to fill the Enforcement Chief vacancy is currently underway.

**1. Enforcement Program Update**

Deputy Chief of Enforcement Jessie Flores reported on the arrest of CSLB's "most wanted" unlicensed contractor Adan Rivas as well as efforts to catch and prosecute a family-operated group of transient scammers allegedly preying on the elderly throughout the western United States.



Nevada State Contractors Board Director of Investigations Paul Rozario reported on the millions of dollars of untaxed earnings the transients have taken from elderly homeowners and provided an overview of the nature of their scam tactics and operations. Chief of Public Affairs Rick Lopes presented a video documenting the traveler scams and CSLB joint efforts with the NSCB to combat the illegal activity.

Board Member Comment:

Board Chair Kevin Albanese commended Enforcement staff for addressing deceitful responsible managing officer-for-hire practices. Board member Paul Schifino asked about the number of licenses an individual may qualify for and if CSLB makes sure that this is enforced. Laura Zuniga replied that an individual may qualify for up to three licenses in a year, with few exceptions, and that CSLB does verify the number of licenses a qualifying individual is associated with upon the issuance of licenses, or when staff receives requests for designation as a qualifying individual for a license.

Jessie Flores reported that the Statewide Investigative Fraud Team (SWIFT) staff investigated 14 Santa Clara jobsites on June 17, 2017, which led to several Enforcement actions. He also noted a slight increase in caseload for Enforcement Representatives in the Investigative Centers, though it remains manageable, and reported on successful settlements with licensees and the monthly case closures for Enforcement Representatives in the Intake and Mediation unit. Mr. Flores explained that CSLB Enforcement is focused on prosecuting egregious contractors and noted that 33 percent of cases are referred to the district attorneys for criminal prosecution.

Mr. Flores also reported that CSLB has saved \$2.5 million in legal costs by resolving cases internally, and recommended expanding the mandatory settlement conference program, which is currently active in Sacramento and Norwalk, to other counties.

Mr. Flores thanked Doug Galbraith and other CSLB staff for developing the Enforcement training series to equip staff with the necessary knowledge to expedite and efficiently process cases.

**2. Update and Discussion on Workers' Compensation Enforcement Strategies, Resources and Accomplishments**

Enforcement Manager Missy Vickrey noted the high percentage of licensees filing exemptions from workers' compensation insurance requirements and that over half of the licensees in the six classifications that typically require multiple workers filed for an exemption. Enforcement staff have made efforts to educate non-compliant contractors, urging them to obtain a workers' compensation policy. Ms. Vickrey reviewed information gathered from Enforcement research and statistics that reveal the low workers' compensation compliance rate for licensed general building and tree trimming contractors, and reviewed Enforcement efforts to reduce non-compliance.

Board Member Comment:



Board member Pastor Herrera Jr. commended Enforcement staff for their work in response to Board member-requested workers' compensation information, suggested that additional funds be dedicated to the workers' compensation enforcement pilot program, and asked how Board members can assist. Registrar David Fogt explained that allocating resources to the pilot program may require the approval of overtime to expand the program statewide as well as working with the Department of Industrial Relations to maximize resources. Staff will provide a further update on the workers' compensation pilot program at the next Enforcement Committee meeting.

### **3. Update and Discussion on Consumer Satisfaction Survey**

Chief of Licensing Laura Zuniga presented the results of the annual consumer satisfaction survey. She noted a 21 percent response rate, which mirrors past response rates, and a 2 percent increase in the agreement rate for the question, "I was treated courteously by the CSLB's representative(s)." Ms. Zuniga also reported that the majority of complaints were filed by non-industry consumers.

## **G. PUBLIC AFFAIRS**

### **1. Public Affairs Program Update**

Chief of Public Affairs Rick Lopes provided the Public Affairs update. He noted increases in the number of CSLB website users and presented a newly designed chart, identifying the 25 most viewed pages on the CSLB website by quarter for the previous four quarters. Mr. Lopes reported on the growth of CSLB's presence on social media platforms and noted that the use of more graphics has increased user interaction.

Mr. Lopes noted that PAO staff has responded to 130 media inquiries since November 2016 and highlighted three news releases issued since the March 2017 Board meeting – one related to the arrests of transient criminals in a multi-state operation and two related to the conclusion of CSLB's investigation into the collapse of a balcony at a Berkeley apartment complex, which led to the revocation of the general contractor's license.

Chief Lopes reported that three industry bulletins were issued since the March 2017 Board meeting and reviewed the current publication production schedule, noting progress on the flagship consumer, contractor, and license applicant publications.

Mr. Lopes announced the dates of upcoming Senior Scam Stopper<sup>SM</sup> seminars and welcomed Board member participation in future seminars. He also reviewed the schedule for upcoming Consumer Scam Stopper<sup>SM</sup> seminars.

#### Board Member Comment:

Board member Marlo Richardson asked about any "live posts" on CSLB social media outlets. Mr. Lopes responded that CSLB has broadcast via Facebook Live and that PAO



will be more active with “live” posts now that the unit is equipped with new mobile phones.

**H. EXECUTIVE**

**1. Review and Possible Approval of March 13-14, 2017, and March 30, 2017 Board Meeting Minutes**

Legal Counsel Kristy Schieldge noted an error on the first page of the March 30, 2017, Board Meeting Minutes: “Norine Marks” should be added to the “public visitors” section.

**MOTION:** To approve, as amended, the March 13-14, 2017 and March 30, 2017 Board meeting minutes. David De La Torre moved; Linda Clifford seconded. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter				✓	
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

**2. Personnel, Facilities, and Administration Update**

Chief of Administration Mike Melliza noted that Personnel staff completed 31 transactions during the third quarter of fiscal year 2016-17, which included external recruitments and internal promotions. He also reported that the series of Career Consulting classes have been successful in providing staff with information about how to utilize the CalHR website and opportunities for upward mobility. Enforcement Representative I and II exams were administered in April 2017 and June 2017, and are expected to be held again in November and/or December 2017. Mr. Melliza noted that the Sacramento headquarters lease renewal is on target, with a projected completion date of December 2018, and that the requested fleet replacements—if approved by the Department of General Services—will be delivered in winter of 2017.





Board Member Comment:

Board member Linda Clifford asked if the forklift will be purchased and new warehouse security cage installed at the Sacramento headquarters office, to which Mr. Melliza replied, yes.

Board Chair Augie Beltran asked if Enforcement Representative candidates come from colleges, as they could be a viable source for increasing qualified candidate pools. Mr. Melliza explained that currently CSLB follows the state-prescribed process for recruitment by posting vacancies to the CSLB website and social media outlets, and acknowledged Mr. Beltran's suggestion to advertise vacancies via colleges.

Board member Pastor Herrera Jr. asked if any of the applications received came from outlets like LinkedIn. Public Affairs staff Ashley Caldwell noted that while LinkedIn is a source of applicant interaction, currently it is not possible to track the relationship between incoming applications and LinkedIn. Mr. Melliza said he would contact DCA to see if that information is available.

**3. Information Technology Update**

Laura Zuniga presented the Information Technology update and noted the release of 10 smart forms—designed to reduce the error rate in application submission—and the development of nine additional forms. She also reported that the fee increase will take effect July 1, 2017, and that the legislatively mandated contractor search via ZIP Code feature on the website will be implemented by January 1, 2019. Ms. Zuniga projected that the “as-is” business process for a potential online licensing application, will be completed in late 2018, and she reviewed the top interactive voice response system requests by the number of calls received and subject request.

**4. Budget Update**

Budget Analyst Stacey Paul provided the budget expenditures through April 2017, and reported that 77 percent of the budget had been spent. She noted a 1.5 percent increase in total revenue from the same time last year. Ms. Paul said that the additional revenue from the fee increase will provide the CSLB with a healthy reserve of 2.4 months in budget year 2018-19. Additionally, she reported that the Construction Management Education Account (CMEA) fund condition continues its slow growth and that CSLB may be able to begin disbursing grant awards to schools in fiscal year 2018-19. Lastly, Ms. Paul provided a statistical summary of CSLB operations and noted that an increase in applications received has resulted in a 20 percent increase in the number of original licenses issued compared to the same time last year.

Board Member Comment:

Board member Linda Clifford suggested pursuing CMEA grant disbursements to schools earlier than 2019. Ms. Paul responded that if the growth in the account continues CMEA grant disbursements could occur earlier than 2019.





5. Update, Discussion, and Possible Action on 2016-18 Strategic Plan

Registrar David Fogt noted changes to the Licensing and Public Affairs strategic plan as follows:

Licensing and Testing

New target dates:

- Item 1.3 (review CSLB license reciprocity agreements) – September 2017
- Item 1.4 (review feasibility of process to review license denials) – December 2017
- Item 1.5 (identify specific criteria for examination waiver and application review) – May 2018

Public Affairs

Amended target dates:

- Item 4.2 (complete flagship consumer publication) – July 2017 (previously June 2017)
- Item 4.3 (complete flagship contractor publication for journeymen/applicants) – October 2017 (previously September 2017)
- May 4.4 (complete flagship contractor publication for licensees) – December 2017 (previously November 2017)

**MOTION:** To amend the target dates for items 1.3, 1.4, and 1.5 on the Licensing & Testing strategic plan and for items 4.2, 4.3, and 4.4 on the Public Affairs strategic plan. Kevin Albanese moved; Pastor Herrera Jr. seconded. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter				✓	
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				



**6. Registrar’s Report**

Registrar David Fogt provided the tentative schedule for upcoming board meetings:

- September 2017 – Monterey, CA
- December 2017 – San Jose, CA

Legal Counsel Kristy Schieldge requested that the September Board meeting not be scheduled during the week of September 11, 2017. Board Chair Augie Beltran acknowledged the request.

David Fogt commended Laura Zuniga and Rick Lopes for their efforts in preparing for the Board meeting in the midst of upper leadership vacancies.

**7. Election of 2017-18 Board Officers**

Board Chair Augie Beltran explained that during the March 2017 Board meeting David Dias and Ed Lang were elected to the Nomination Committee to nominate Board members for officer positions.

Board member Lang reviewed the Board Officer Election process and presented the following nominations:

- Board Chair – Kevin J. Albanese
- Board Vice Chair – Marlo Richardson
- Secretary – Johnny Simpson

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

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				

Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter				✓	
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

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

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter				✓	
Paul Schifino	✓				
Johnny Simpson	✓				
Nancy Springer	✓				

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

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				

Ed Lang	✓					
Michael Layton	✓					
Marlo Richardson	✓					
Frank Schetter					✓	
Paul Schifino	✓					
Johnny Simpson	✓					
Nancy Springer	✓					

The Board recessed at 4:25 pm.



# CONTRACTORS STATE LICENSE BOARD

## BOARD MEETING MINUTES

### DAY 2

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

Board Chair Augie Beltran called the meeting of the Contractors State License Board (CSLB) to order at 8:00 a.m. on Friday, June 16, 2017, at the Hyatt Regency Orange County, 11999 Harbor Blvd., Garden Grove, CA 92840. Mr. Beltran welcomed the Nevada State Contractors Board (NSCB) members and staff. A quorum was established and excused absences for David Dias and Joan Hancock noted.

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

Brandon Lopez, on behalf of the Center of Contractor Compliance, offered to share the center's contractor database of southern California contractors as a resource for CSLB Enforcement investigations related to workers' compensation violations. Mr. Lopez noted that the Department of Industrial Relations and Department of Labor already utilize this technology, and suggested the system would benefit CSLB's Enforcement efforts.

Patrick Mahoney, President of West Coast Arborist, expressed concern about the increased number of accidents and lack of a prevailing wage within the California tree-trimming industry. He noted that landscapers—unqualified to perform tree-trimming work—are increasing the frequency of tree trimming-related accidents, and diluting the higher tree-trimming wage, which is driven by the industry's accident rate. Mr. Mahoney suggested that CSLB separate the tree-trimming classification from that of landscaping to reduce the rate of tree-related accidents.

#### **C. JOINT DISCUSSION WITH NEVADA STATE CONTRACTORS BOARD (NSCB)**

An open discussion followed between CSLB and NSCB. Topics covered were:

1. Joint Discussion with Nevada State Contractors Board
  - a. Board Member Composition
  - b. Budget
  - c. License Population
  - d. License Fee Schedule
  - e. Criminal Background Checks
  - f. Insurance Requirements
  - g. Reciprocity with Other States
  - h. Consumer Restitution Programs



- 2. Discussion Regarding Construction Industry Economics
  - a. California Housing Construction Statistics
  - b. Nevada Housing Construction Statistics
  - c. Increasing Housing Costs and Supply Shortage
  - d. Skilled Workforce Development and Construction Education Opportunities
  
- 3. Discussion Regarding California Little Hoover Commission’s Report: Jobs for Californians: Strategies to Ease Occupational Licensing Barriers (October 2016)
  - a. Overview of Report
  - b. Reciprocity Opportunities with Other States
  - c. Options for Removing Barriers to Licensure
  - 4. Discussion Regarding Requirements for Reporting of or Studying Civil Judgments, Arbitration Awards or Settlements
  
- 5. Emerging Industry and Enforcement Trends
  - a. Discussion Concerning Solar Construction and Related Enforcement Trends
  - b. Discussion Regarding Unlicensed Activity and the Practice of “House-Flipping”

D. Adjournment

**MOTION:** To adjourn the June 15-16, 2017, CSLB Board meeting. David De La Torre moved; Linda Clifford seconded. The motion carried unanimously, 12–0.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Kevin J. Albanese	✓				
Augie Beltran	✓				
Linda Clifford	✓				
David De La Torre	✓				
David Dias				✓	
Susan Granzella	✓				
Joan Hancock				✓	
Pastor Herrera Jr.	✓				
Ed Lang	✓				
Michael Layton	✓				
Marlo Richardson	✓				
Frank Schetter	✓				

Johnny Simpson	✓				
Nancy Springer	✓				

Board Chair Augie Beltran adjourned the meeting at approximately 10:05 a.m.

\_\_\_\_\_  
Kevin J. Albanese, Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
David R. Fogt, Registrar

\_\_\_\_\_  
Date





## AGENDA ITEM G-2

# Discussion and Possible Action Regarding Options for Increasing the Exempt Pay Level for the CSLB Registrar





### **Background**

At the March 2017 Board meeting, Ricardo DeLaCruz, Personnel Officer for the Department of Consumer Affairs (DCA), provided an overview of the process to increase the Registrar exempt level and pay, as well as salary comparisons for executive officers at other DCA boards and bureaus.

The Board selected Linda Clifford and Susan Granzella to serve as a two-person advisory committee to research and present options to the full Board for increasing the exempt pay level for the CSLB registrar.

At the June 2017 Board meeting, Linda Clifford updated the Board about the work of the two-person advisory committee. She reported on the research conducted to date and successful meetings with DCA. She also reported that additional advisory committee meetings would be held and findings presented at the September 2017 Board meeting.

On September 1, 2017, Linda Clifford and Susan Granzella held an advisory committee with Nicole Le from DCA, who will review the process and the committee's recommendation at the September 2017 Board meeting.

**Committee Recommendation:** That the Board approve a change in the exempt pay level for the CSLB Registrar from Level F to Level C.



## CONTRACTORS STATE LICENSE BOARD

9821 Business Park Drive, Sacramento, CA 95827  
Mailing Address: P.O. Box 26000, Sacramento, CA 95826  
800.321.CSLB (2752) | [www.cslb.ca.gov](http://www.cslb.ca.gov) | [CheckTheLicenseFirst.com](#)

STATE OF CALIFORNIA  
Governor Edmund G. Brown Jr.

Date: September 29, 2017  
To: CSLB Board Members  
From: Appointed Advisory Committee  
Susan Granzella, Board Member  
Linda Clifford, Board Member

### **Subject: Recommendation for Registrar Exempt Pay Level Change**

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#### **Purpose:**

To request that the Contractors State License Board (CSLB) members review the history of the Registrar of Contractors (Registrar) exempt pay level, and CSLB's structure and accomplishments during the past 20 years to determine whether or not to approve a change to the Registrar exempt pay level.

#### **Background:**

The Registrar's exempt pay level was last changed in 1997. Over the past 20 years, significant changes have occurred within the construction industry and, consequently, with the responsibilities of CSLB.

The advisory committee has spent several months collecting data and reviewing the current organizational structure of CSLB. Based on compelling data collection and an extensive review of CSLB's structure and operations, the advisory committee recommends that the Registrar's exempt pay level be changed from Level F to Level C.

Following are supporting documents for the committee's recommendation:

1. Exempt Level Increase Process Chart
2. July 2017 Exempt Salary Chart
3. CSLB Career Executive Assignment (CEA) Organizational Overview
4. Variable Compensation – CEA Salary Levels
5. Personnel Management Liaisons (PML) - Changes to the CEA Program
6. Registrar/Executive Directors Salary Comparison Chart
7. CSLB Annual Budget Summary Chart
8. CSLB Licensing Classifications Summary
9. Top 20 Expanded Services Chart

Other factors the advisory committee considered:

1. Registrar recruitment statistics
  - o 2001 – 6 eligible candidates
  - o 2014 – 3 eligible candidates/1 declined to interview
  - o 2017 – 3 eligible candidates

Recommendation for Registrar Exempt Pay Level Change  
September 29, 2017

2. Registrar salary compaction with CEA positions within CSLB
3. Registrar's Unique Administrative and Disciplinary Authority
  - a. Disciplinary Actions
  - b. Judgment Suspensions
  - c. Cash Deposits
  - d. Cite and Fine

**Committee Recommendation:** That the Board approve a change in the exempt pay level for the CSLB Registrar from Level F to Level C.

Attachments

## Exempt Level Increase Process

The Board evaluates the current exempt level designation against mitigating factors, such as changes in the following: staffing, licensee population, regulations, responsibilities, and any other factors that have changed the role of the current exempt level.



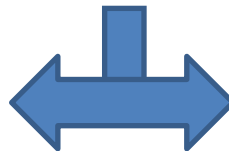
Through a vote in open session, the Board may request an exempt level increase.



The Board submits a written request that identifies the new exempt level, in addition to any substantiation that supports the level increase to the Department of Consumer Affairs (DCA), Office of Human Resources (OHR).



The DCA, OHR prepares all necessary documents in addition to including the Board's written request for consideration by the Business, Consumer Services, and Housing Agency (Agency), the Office of the Governor, and the California Department of Human Resources (CalHR).



Agency, CalHR, and/or the Governor's Office may deny, modify, or seek additional clarification on the request submitted. The DCA, OHR communicates any updates to the Board and provides next steps.

Agency, CalHR, & the Governor's Office approve or modify the request.



The DCA, OHR communicates new level information to Board Chair.



The DCA, OHR shall work with the Board on resubmitting request with additional or clarifying information.



# Exempt Salary Chart July 2017

EXEMPT CATEGORY	LEVEL DEFINITIONS	SALARIES IN STATUTE		CalHR ESTABLISHED EXEMPT SALARIES		
		Monthly Salary	Annual Salary	Monthly Min.	Monthly Max.	Annual Min. / Annual Max.
A	Cabinet	\$13,706	\$164,474	\$12,741	\$16,822	\$201,869
	All others at level A			\$12,741	\$14,194	\$170,327
B	Tier II Dept. Director	\$12,855	\$154,265	\$13,343	\$14,430	\$173,160
	All others at level B			\$11,952	\$13,316	\$159,794
C	Chair - Major Boards	\$12,288	\$147,460	\$11,425	\$12,726	\$152,718
	Member - Major Boards	\$11,910	\$142,920	\$11,071	\$12,335	\$148,025
D	Major Chief Deputy (CEA-C equivalent)			\$10,925	\$12,168	\$146,016
E	Tier I Dept. Director	\$11,343	\$136,114	\$12,707	\$13,743	\$164,914
	All others at level E			\$10,545	\$11,746	\$140,949
F	CEA-C equivalent			\$10,320	\$11,498	\$137,979
G	Executive Officers - Major Boards			\$10,054	\$11,200	\$134,397
	Chair - Medium Boards	\$10,776	\$129,310	\$10,018	\$11,157	\$133,885
H	Major Dept. Deputy Director			\$9,839	\$10,962	\$131,539
	Small Dept. Deputy Director & Member - Medium Boards	\$10,398	\$124,775	\$9,666	\$10,764	\$129,168
I	Assistant Agency Secretary I			\$9,371	\$10,445	\$125,337
J	Assistant Director (Line Program)			\$8,942	\$9,960	\$119,521
K	Assistant Agency Secretary II			\$8,529	\$9,501	\$114,017
L	CEA-A equivalent			\$8,132	\$9,058	\$108,701
M	SSM III equivalent			\$7,752	\$8,635	\$103,621
N	SSM II / III equivalent			\$7,396	\$8,240	\$98,879
O	SSM II equivalent			\$7,053	\$7,856	\$94,274

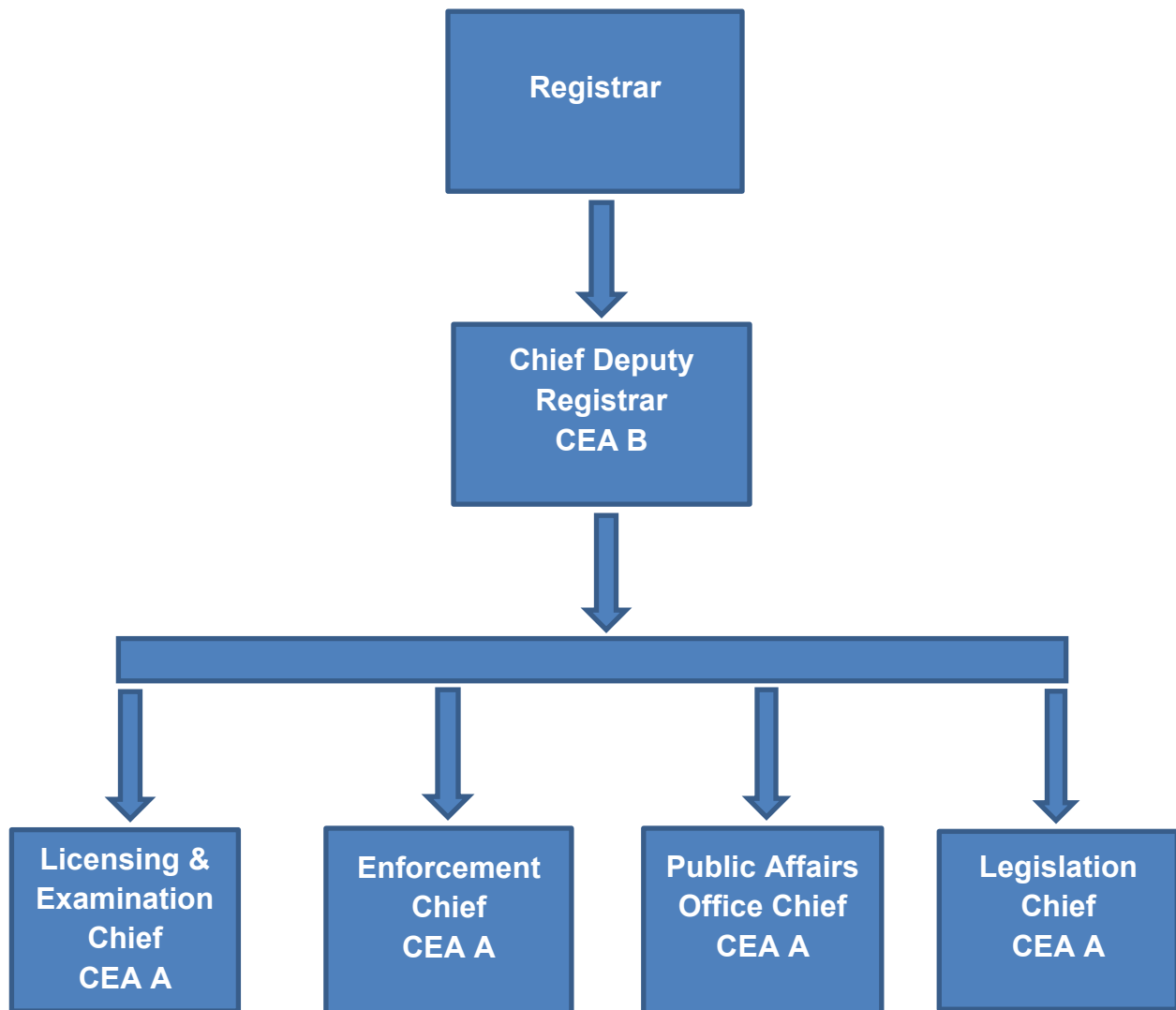
Adapted from CalHR's Exempt Salary Schedule (rev. October 2016)  
Salary Ranges are Approximate

## Career Executive Assignment Organizational Overview

### Contractors State License Board

Career Executive Assignments (CEAs) are state employees in high-level managerial positions. CEAs develop and implement policy, and they serve in the top levels in an organization. There are three levels of CEA (A, B, and C). The levels are typically based on the size of the organization, the CEA organizational level, and the functional role of the CEA.

The CSLB has five CEAs serving in various positions as illustrated below:



**CAREER EXECUTIVE ASSIGNMENT (CEA) SALARY LEVELS**

The CEA salary range is \$6,913 - \$15,885.

CEAs shall normally receive a salary rate within the approved CEA level as provided below:

Level A: \$6,913 - \$9,937

Level B: \$9,625 - \$11,465

Level C: \$10,688 - \$12,136

Restricted Zone: \$12,137 - \$15,885

The Civil Service Pay Scales designates a single salary range for all CEA levels, \$6,913 - \$15,885, to provide delegated departments discretion to establish salaries above the approved levels within a salary cap established by the California Department of Human Resources (CalHR).

Departments that have current CEA Delegation Agreements have authority to administer their CEA pay program within the salary cap established by CalHR in accordance with the CEA Delegation Program. Delegated departments must not exceed their salary cap at any time and are expected to exercise sound personnel and fiscal management practices for their CEA pay program.

Non-delegated departments are only authorized to provide a salary rate within the approved CEA level as listed above. Non-delegated departments may not authorize a salary rate higher than the maximum salary of the approved CEA level without prior approval from CalHR. CalHR retains authority for salary exceptions for non-delegated departments.

For non-delegated departments, after the initial appointment and the first twelve (12) months of service in a CEA position, a CEA may be granted a five (5) percent salary increase up to the maximum of the CEA level. The annual salary movement for CEAs at non-delegated departments shall not exceed a maximum of five (5) percent in any twelve (12) months up to the maximum of the CEA level (which is consistent with rank-and-file classifications having the ability to move via a Merit Salary Adjustment). All exceptions to exceed the five percent (5%) salary movement at non-delegated departments shall be submitted to CalHR for prior approval.

For all departments, in instances where a CEA reports to another CEA within the same level (e.g., a CEA B reporting to another CEA B), departments are expected to monitor the salary relationships and ensure that any and all compaction issues are avoided.

Additional information regarding CEA Levels can be found in the "CEA Level Guidelines Worksheet" on page six of the CEA Position Request (CalHR 881).



**California Department of Human Resources  
Memorandum**

**TO: Personnel Management Liaisons (PML)**

<b>SUBJECT:</b> Changes to the Career Executive Assignment (CEA) Program	<b>REFERENCE NUMBER:</b> 2013-027
<b>DATE ISSUED:</b> 08/16/13	<b>SUPERSEDES:</b> 2008-012

This memorandum should be forwarded to:

**Personnel Officers  
Personnel Transactions Supervisors  
Labor Relations Officers**

FROM: Personnel Management Division  
Phone: (916) 323-8495  
Fax: (916) 327-1886

The purpose of this memorandum is to provide notification of changes to the State's Career Executive Assignment (CEA) program. These changes will consolidate the existing CEA levels and salary ranges to provide departments more flexibility in managing their CEA program.

Effective July 31, 2013, the California Department of Human Resources (CalHR) will institute the new CEA levels and salary ranges detailed in this PML.

**Salary Ranges:**

The current CEA levels will be consolidated from five levels to three with a minimum monthly salary of \$6,173 and a maximum monthly salary of \$10,836. The salary range is extended to \$13,782 for a few high-level positions requiring licensure as a physician, attorney, or engineer.

<b>Old Level</b>	<b>&amp; Salary Ranges</b>	<b>New Level</b>	<b>&amp; Salary Ranges</b>
Level 1	\$6,173–\$8,073	Level A	\$6,173–\$8,874
Level 2	\$7,815–\$8,874		
Level 3	\$8,594–\$9,760	Level B	\$8,594–\$10,237
Level 4	\$9,018–\$10,237		
Level 5	\$9,544–\$10,836	Level C	\$9,544–\$10,836

CEAs currently allocated to Levels 1 and 2 will be amended and assigned to the new Level A; CEAs currently allocated to Levels 3 and 4 will be amended and assigned to the new Level B; and CEAs currently allocated to Level 5 will be amended and assigned to the new Level C.

The Civil Service Pay Scales will continue to designate a single salary range for all CEA levels, \$6,173–\$13,782, to provide departments the flexibility, and CalHR the discretion, to establish salaries above the specified maximum salary range of the approved CEA level when exceptions to the salary range are approved.

Each of the new CEA levels has a defined salary range that shall not be exceeded without the prior approval of CalHR. Departments are only authorized to provide a salary within the established salary range of the approved CEA level. Salaries may only exceed the salary range of the approved CEA level with the prior approval of CalHR.

Thus, a CEA A shall not be assigned a salary more than \$8,874; a CEA B shall not be assigned a salary more than \$10,237; and a CEA C shall not be assigned a salary more than \$10,836, without prior CalHR approval.

After the initial appointment and the first twelve (12) months of service in a CEA position, a CEA may be granted a five percent (5%) salary increase up to the maximum of the salary range. The annual salary movement for CEAs shall not exceed a maximum of five percent (5%) in any twelve (12) months up to the maximum of the range (which is consistent with rank and file classifications having the ability to move via a Merit Salary Adjustment). All exceptions to exceed the five percent (5%) salary movement in any twelve (12) months shall be submitted to CalHR for prior approval.

CalHR anticipates that this consolidation will create instances where a CEA is reporting to another CEA (previously allocated at a higher level) at the same level (e.g., a CEA 3 reporting to a CEA 4 will result in a CEA B reporting to a CEA B). In this instance, departments are expected to monitor the salary relationships and ensure that any and all compaction issues are avoided.

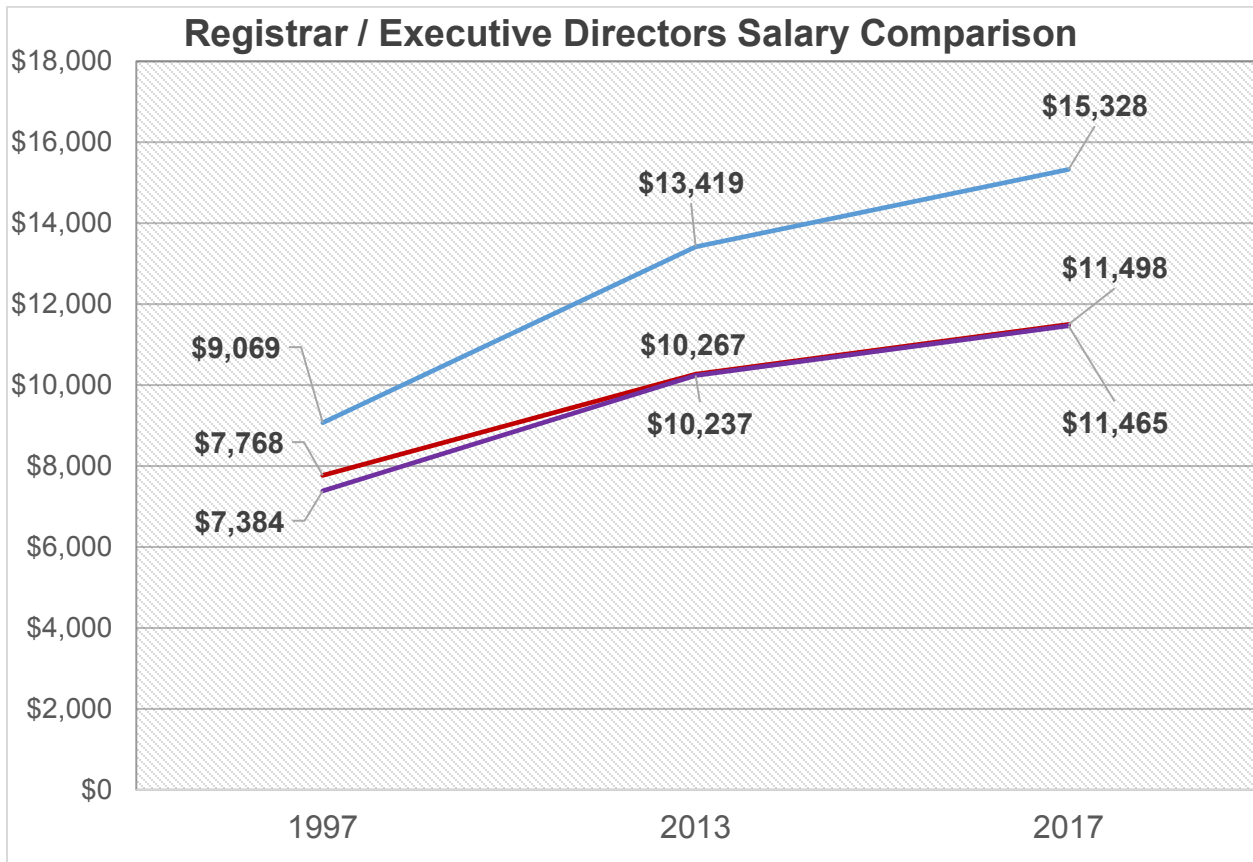
#### **CEA Level Criteria and Guidelines Worksheet:**

The attached CEA Level Guidelines have been created to assist departments when planning to establish a new CEA or making changes to existing CEAs. At this time, departments shall continue to submit all requests for new and changes to existing CEAs to CalHR for review and approval to [CEA@CalHR.ca.gov](mailto:CEA@CalHR.ca.gov) using the existing CEA Position Request form.

Consistent with this PML, the Civil Service Pay Scales, Section 8 (Variable Compensation), have been revised to reflect the consolidated CEA program discussed herein.

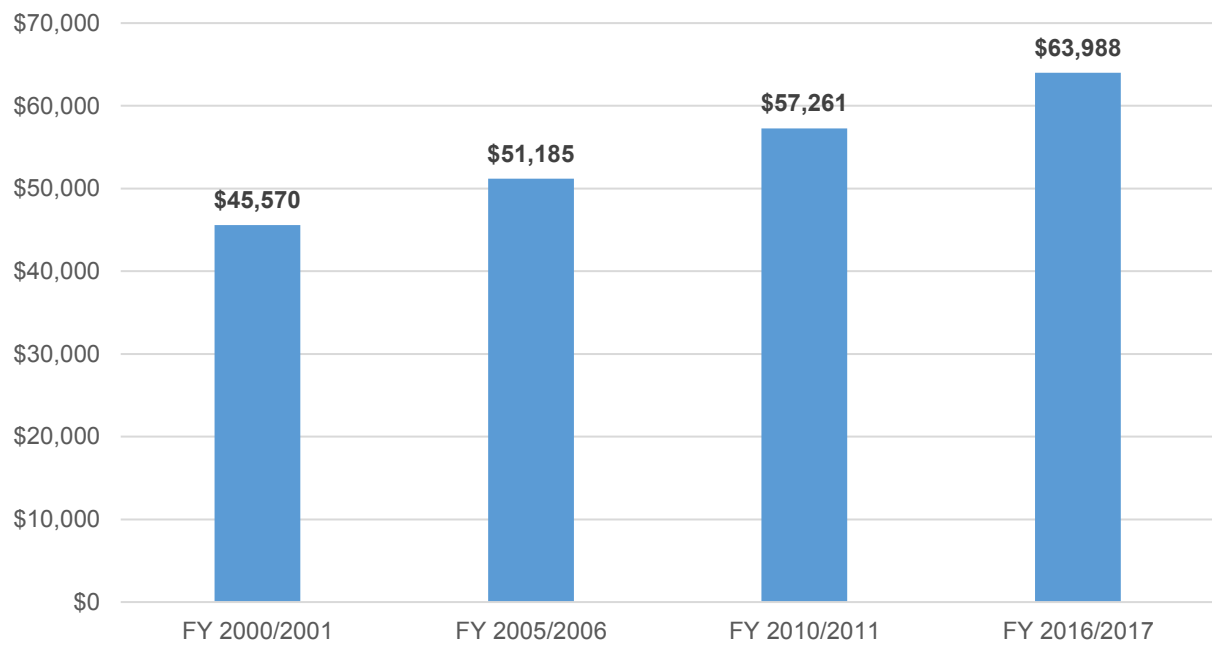
Departments should contact their PMD Analyst with questions related to this PML.

/s/ Rosemary E. Sidley  
Personnel Management Division

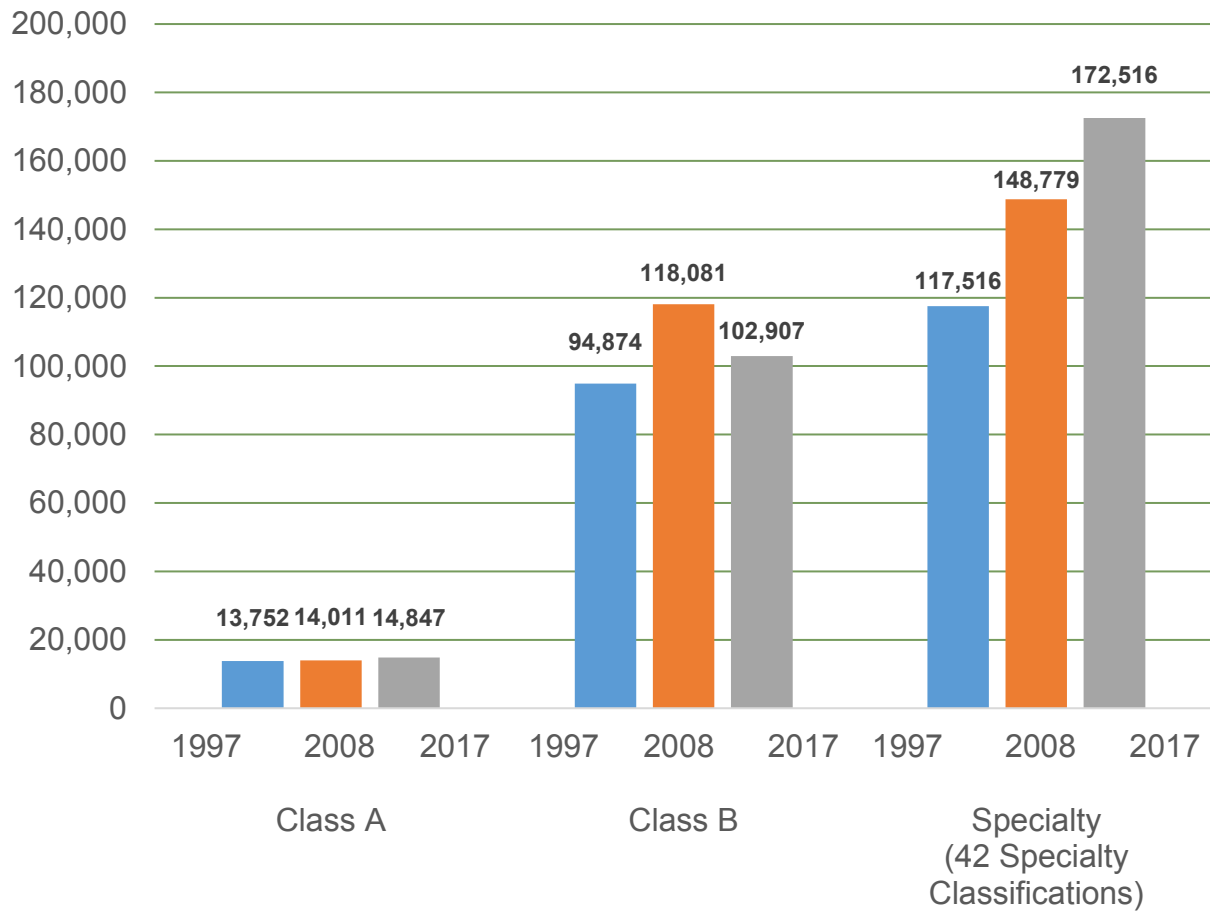


- Registrar
- Chief Deputy Registrar
- Comparable State Departments

### CSLB Annual Budget Summary (Dollars in Millions)



### CSLB Licenses Per Classifications Summary



## CSLB Top 20 Expanded Services

YEAR IMPLEMENTED		EXPANDED SERVICES
1	1999	<b>Senior Scam Stopper and Consumer Scam Stopper Seminars.</b> CSLB in cooperation with legislators, state and local agencies, law enforcement, district attorneys, and community-based organizations hold seminars designed to educate and protect California consumers.
2	2001	<b>Mediation Program.</b> CSLB conducted a comprehensive review of the Mediation Program that resulted in process and procedure improvements. This program, through mediation and negotiation, yielded \$18 million in restitution in 2016.
3	2003	<b>Arbitration Program Improvement.</b> CSLB began to contract with an arbitration provider to assist the public in resolving financial disputes with non-egregious complaints. This has helped recover over \$2 million annually to the public.
4	2005	<b>Applicant Fingerprinting Requirements.</b> CSLB implements fingerprinting requirements.
5	2005	<b>Economic and Employment Enforcement Coalition.</b> CSLB teams with the U.S. Department of Labor and other State agencies to perform proactive undercover sweeps of active construction sites throughout California.
6	2005-2009	<b>Expanding Testing Capacity.</b> CSLB expands the capacity of testing centers throughout California. This program almost doubled the testing capacity from 120 seats in 2005 to 239 seats by 2009.
7	2006	<b>Building Permit Enforcement.</b> CSLB partners with over 120 building officials throughout California to enforce building code requirements.
8	2006	<b>Disaster Response Team.</b> CSLB began partnership with Governor's Office of Emergency Services to respond and assist Californians during the recovery process after natural disasters, including wildfires, floods, and earthquakes.

*Continued on the next page.*

## CSLB Top 20 Expanded Services

YEAR IMPLEMENTED		EXPANDED SERVICES
9	2007	<b>State Contractors Official Regulatory Exams (SCORE).</b> CSLB develops SCORE, a reliable and user-friendly exam administration system that automates exam processes and increases exam security.
10	2007	<b>Memoranda of Understanding with other State Agencies.</b> CSLB formalizes its partnering efforts with other State agencies to share records, databases, and proactive enforcement operations.
11	2010	<b>Public Works Unit.</b> CSLB creates unit dedicated to providing resources and important information to awarding agencies and labor compliance programs on public works projects.
12	2011	<b>Partnering Agency Count Task Force (PACT).</b> CSLB joins forces with District Attorneys from 19 counties to launch PACT, a concerted effort to issue Stop Orders to employers and contractors not carrying workers' compensation insurance
13	2011	<b>Addressing Elder Abuse.</b> CSLB adds a voluntary check box "65 and Older" on the complaint form to help protect elderly consumers.
14	2012	<b>Limited Liability Companies (LLCs).</b> CSLB begins to issue contractor licenses to LLCs.
15	2012	<b>Labor Enforcement Task Force (LETF).</b> CSLB joins LETF to combat the underground economy by participating in multi-agency sweeps of construction sites to verify employee wages, check compliance with license, insurance, tax, and job safety regulations.
16	2013	<b>Unsafe Digging Program.</b> CSLB partners with Pacific Gas & Electric Company to prevent contractors from striking gas lines and jeopardizing public safety.
17	2013	<b>Building Permit Compliance.</b> CSLB develops permit complaint form with input from building officials, industry groups, and partner agencies to address building permit compliance.

*Continued on the next page.*

## CSLB Top 20 Expanded Services

YEAR IMPLEMENTED		EXPANDED SERVICES
18	2015	<b>Service and Repair Task Force.</b> Establishes program dedicated to combating unscrupulous business practices and to informing, educating, and enforcing existing contractor laws.
19	2015	<b>Multi-State Partnerships.</b> CSLB partners with other states to conduct multi-state undercover operations, provide training, and share best practices.
20	2015	<b>Solar Task Force/Solar Industry Enforcement.</b> CSLB creates task force to understand current and emerging trends and address complaints involving solar power installations.



## AGENDA ITEM G-3

# Personnel, Facilities and Administration Update

- a. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Administrative Objectives





# CONTRACTORS STATE LICENSE BOARD

## ADMINISTRATION UPDATE

### PERSONNEL UPDATE

During the fourth quarter of fiscal year 2016-17, CSLB Personnel staff completed 30 recruitment transactions, which included the addition of eight new employees from other state agencies and six employees new to state service. Within CSLB, ten employees were promoted and six transferred to different units.

#### Total Number of Recruitments per Quarter - Fiscal Year 2016-17

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Transfers within CSLB	5	3	2	6
From other State Agencies	8	6	7	8
New to State Service	2	4	3	6
Promotions	13	14	16	10
T&D Assignments	1	0	1	0
Students	0	0	1	0
Retired Annuitants	0	1	1	0
<b>Total per Quarter</b>	<b>29</b>	<b>28</b>	<b>31</b>	<b>30</b>

#### Total Number of Recruitments per Quarter Fiscal Year – 2015-16

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Transfers within CSLB	2	3	5	0
From other State Agencies	4	8	10	4
New to State Service	9	7	11	7
Promotions	7	5	6	11
T&D Assignments	0	2	1	2
Students	1	2	0	0
Retired Annuitants	0	0	1	0
<b>Received per Quarter</b>	<b>23</b>	<b>27</b>	<b>34</b>	<b>24</b>



In June 2017, the Personnel unit hosted another session of the Career Consulting class. The course covers how to apply for jobs on the new CalHR jobs website, complete an application package, and prepare for an interview, as well as how to maximize one's potential in state service. The Career Consulting class was open to all CSLB employees located at Sacramento headquarters and in Northern California field offices. Additional sessions will be scheduled for staff in the Southern California field offices.

The Personnel unit coordinated two ergonomic evaluation sessions in July and August 2017. The July session was held in the Norwalk office, and the August session at headquarters in Sacramento. Currently, Personnel staff are preparing for this year's open enrollment period, which will occur September 11 through October 6, 2017.

To address items 6.4 and 6.5 of the CSLB Strategic Plan, the Personnel unit is seeking to contract with CPS HR Consulting (a joint powers public agency) to conduct a review of staffing, classification, and recruitment/retention issues within CSLB's Enforcement Representative I/II and Enforcement Supervisor I/II classifications. CPS HR Consulting is in the process of finalizing a scope of work that meets CSLB's business requirements. Once CSLB approves the scope of work, CSLB/DCA can move forward with the contract process.

**Total Vacancies per Month by Fiscal Year**

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 2016-17	48	43	44	45	43	39	45.5	41.5	38.5	38.5	42	45
FY 2015-16	37	37	39	45	40	42	39	39	39	41.5	40	43

Fourth quarter vacancies in fiscal year 2016-17 are higher than the same period in the previous fiscal year. Because of this, CSLB management met with DCA's Office of Human Resources to identify difficulties with and to minimize delays in the recruitment process. Effective September 1, 2017 new procedures were put in place to reduce candidate eligibility issues. These steps have improved the recruitment process and a reduction in the number CSLB's overall job vacancies is expected.

**Examinations**

The Enforcement Representative I examination was administered on June 3, 2017 in Southern California and on June 10, 2017 in Sacramento. DCA and CalHR offer several other examinations throughout the year as shown in the table on the following page:



**ENFORCEMENT**

Consumer Services Representative	Last exam administered in:	August 2017 (administered in Sacramento and Norwalk)
Enforcement Representative I	Last exam administered in: Tentative exam date:	June 2017 January 2018
Enforcement Representative II	Last exam administered in: Tentative exam date:	April 2017 October 2017
Enforcement Supervisor I/II	Last exam administered in: Tentative exam date:	August 2016 November 2017

**INFORMATION TECHNOLOGY**

Assistant/Associate/Staff Information Systems Analyst (CalHR)	Continuous
Systems Software Specialist I/II/III (CalHR)	Continuous

**LICENSING AND EXAMINATIONS**

Personnel Selection Consultant I/II	Last exam administered in: Tentative exam date:	June 2017 TBD
Test Validation & Development Specialist I/II	Last exam administered in: Tentative exam date:	June 2017 TBD

**ALL CSLB**

Information Officer I, <i>Specialist</i> (CalHR)	Continuous	
Management Services Technician (CalHR)	Continuous	
Office Services Supervisor II (CalHR)	TBD	
Office Technician (CalHR)	Continuous	
Office Assistant (CalHR)	Continuous	
Program Technician (CalHR)	Last exam administered in: Tentative exam date:	May 2017 August 2017
Program Technician II (CalHR)	Last exam administered in: Tentative exam date:	May 2017 September 2017
Program Technician III (CalHR)	Last exam administered in: Tentative exam date:	May 2017 October 2017
Supervising Program Technician III (CalHR)	Continuous	
Associate Governmental Program Analyst/ Staff Services Analyst (CalHR)	Continuous	
Staff Services Analyst Transfer Exam	Tentative exam dates:	March/June Sept./December
Staff Services Manager I/II/III (CalHR)	Continuous	

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

**San Bernardino** – The contractor continues to finish all the minor details of the work required to complete the remodeling and expansion of this space. This includes, touch-up paint, installing window blinds, installing additional key card readers, completing the modular furniture, and bolting down file cabinets. The Department of General Services space planner is preparing a list of all pending items on this project before final sign off.

Projected Completion Date: **September 2017**

**San Diego** – The lessor is soliciting three competitive bids for modifications in the Testing and Investigation suites. These modifications include new carpet and paint for the Investigation Center and modular modifications, an additional side window, and new carpet and paint for the Testing Center.

Projected Completion Date: **January 2018**

**Sacramento Headquarters** – The lessor is in negotiations with the Department of General Services and is also soliciting competitive bids for modifications for the lease renewal. The proposed upgrades/modifications include a new security kiosk in the front lobby, a new card reader system, replacement of all current projectors, a new media room, a new secured cage in the warehouse for modular furniture, and new paint and carpet.

Projected Completion Date: **December 2018**

**Oxnard** – The Department of General Services space planner is preparing new floor plans for approval by CSLB, which will include new carpet and paint in the Enforcement and Testing suites. The Testing suite will receive new key card access, along with 12 storage cubes.

Projected Completion Date: **December 2017**



**San Francisco** – The final floor plans have been approved. The Department of General Services space planner is submitting the plans to the fire marshal. The lessor is requesting three competitive bids for the upgrades/modifications, which will include paint touch-up, a new sink and garbage disposal, new cabinets, and an electrical vehicle charging station.

Projected Completion Date: **September 2018**

**Valencia** – The final floor plans have been approved. The modifications for the office will include a second exit door, new paint and carpet, an addition of state seal/DCA signage to the front door, an addition of corner guards to the walls, cleaning and waxing of the flooring, and a request for five state vehicle parking stalls.

Projected Completion Date: **January 2018**

**Fresno** – The Department of General Services space planner is preparing new floor plans for CSLB approval. The leasing officer will negotiate the lease and request a few minor changes, which include touch-up paint, installation of plates on all doors, corner guards throughout the office, an exhaust fan in the break room, and installation of storage cubes in the Testing suite.

Projected Completion Date: **September 2018**

## **Contracts and Procurement**

### Contracts in Process:

- Request For Proposal (RFP) conducted for a three-year contract for statewide arbitration services. A notice of “Intent to Award” was posted and sent to the vendor on August 30, 2017
- California Highway Patrol (CHP) contract to provide security services for various meetings, and testing offices was sent to CHP for signature

### Procurements in Process:

- Purchase of office furniture for the Norwalk office
- Purchase of an air conditioner unit for the San Jose data room
- Purchase of ergonomic equipment for CSLB headquarters office

### Executed Contracts/Procurement:

- Cal-HR contract to provide evaluations for possible new peace officers
- Maintenance contract for headquarters and field office mail machines
- A replacement battery for the warehouse’s existing forklift

**Fleet**

The Department of General Services approved CSLB's fleet acquisition plan (FAP). DCA approved the purchase orders, which were sent to the vendors. The vehicles will be delivered in the winter of 2017.

- 3 Ford Fusions (1 – West Covina IC, 1 – Norwalk IC, 1 – Fresno SWIFT)
- 6 Chevrolet Impalas (1 – San Bernardino, 2 – Sacramento IC South, 1 – Norwalk IC, 2 – Norwalk SWIFT)

**DCA Commends CSLB's Business Services Unit**

The Business Service Unit received commendations from the Department of Consumer Affairs for exceeding statewide goals to contract with target-group businesses. Executive orders from the Governor mandate that all California government entities use a specific proportion of contractors identified as "small businesses" and/or owned by disabled veterans. CSLB exceeded both targets for fiscal year 2016-17 and was publicly acknowledged by DCA for its efforts.



# CONTRACTORS STATE LICENSE BOARD

## 2016-18 STRATEGIC PLAN UPDATE

### Administration Objectives

ITEM	TARGET	DESCRIPTION	STATUS
6.1 Develop Succession Planning, Mentoring, and Upward Mobility Program for Staff (E)	June 2017	Assess job requirements and skills of existing employees and seek to fill the gaps between needs and skills with targeted training and development activities	Completed
6.2 Assess/Enhance Security and Safety Procedures for All CSLB Facilities (I)	June 2017	Examine the security and safety of all CSLB facilities to identify and enhance areas that require improvements	Completed
6.3 Enhance Onboarding and Orientation Program for New Staff, Managers, and Board Members (I)	June 2018	Increase communication and foster cohesive mission-oriented work culture	In progress Administration Division working with CSLB's Public Affairs Office to develop an Onboarding Video for new employees.  Onboarding tools and checklists will also be added to the CSLB intranet for new employees and hiring managers.
6.4 Research and Implement a Special Investigator Classification Series (E)	June 2018	Examine feasibility of establishing new classification to improve recruitment and retention of Enforcement staff	In progress CSLB pursuing a contract with CPS HR Consulting to conduct study and make recommendations.
6.5 Pursue Salary Differentials in Regions with Higher Living Costs (E)	June 2018	Define and pursue opportunities to pay competitive wages in high cost of living sections of the state to improve recruitment and reduce employee vacancies in these areas	In progress CSLB pursuing a contract with CPS HR Consulting to conduct study and make recommendations.
6.6 Determine Requirements and Procure Equipment for Full Service Broadcast Studio (I)	June 2018	In conjunction with Public Affairs Office, identify and purchase necessary equipment needed for video/audio production (timing is dependent on CSLB Headquarters building lease negotiations)	In progress DCA, DGS, and CSLB are currently working together to identify all facility modifications and equipment required to complete a Full Service Broadcast Studio.



## Information Technology Update

- a. 2016-18 Strategic Plan Update; Discussion and Possible Action on 2017-18 Information Technology Objectives





### **Completion of Department of Consumer Affairs BreEZe Project**

Originally all boards and bureaus were to migrate to BreEZe, DCA’s automated licensing and enforcement system, in three releases. To date 18 of the DCA boards and bureaus (Release 1 and Release 2) have migrated to BreEZe. The remaining boards and bureaus (Release 3), which includes CSLB, are working with DCA to move forward with planning the automation of their business needs and/or modernization of their legacy systems.

In collaboration with the Department of Consumer Affairs, CSLB is developing a modernization project plan, the first step of which is to assess organizational readiness regarding the availability of staff and the impact on other work of redirecting staff to work on this project. A number of key IT staff plan to retire by the end of 2017, and the recruitment and training of new staff will need to occur before the modernization project can begin and a timeline for project tasks developed. Management will also utilize prior workload statistics and current staffing levels to determine benchmarks for the project.

As part of the modernization project, CSLB is also analyzing business requirements. The business requirements will be used to determine the best solution/automated system. CSLB is not required to migrate to BreEZe unless it best meets the board’s business requirements and is cost beneficial.

To date, 112 business processes have been identified, each of which must go through the “as-is” and “to-be” three-step documentation process, which consists of:

- 1) Business Process Narrative
- 2) Business Process Use-Cases (Test Cases)
- 3) Business Process Diagram

As of September 2017, all three steps of the “as-is” documentation for 46 business processes has been completed; the remaining processes are in different phases of completion.

The “as-is” process phase is expected to conclude by September 2018. We anticipate starting documentation for the “to-be” process in October 2018, with an anticipated completion date of December 2019.

### **Business Needs Assessment Status as of September 2017**

TOTAL PROCESSES	TOTAL COMPLETED	TOTAL IN-PROCESS	TOTAL NOT STARTED
"As-Is": 109	45	35	29
"To-Be": 109	0	0	0



## **Online Smart Forms**

Since the beginning of 2017, CSLB launched 22 online easy-fill “smart-forms.” These interactive forms are ADA compliant and should help contractors and applicants successfully complete forms before submission. This will reduce the number of incomplete/inaccurate forms CSLB returns for correction and resubmission. Use of CSLB interactive smart forms has steadily increased and, since January 2017, CSLB has received over 10,000 interactive form submissions. Below is a list of the available online interactive smart forms.

- Application for Original Contractor License
- Certification of Work Experience
- Owner-Builder B-General Building Construction Project Experience
- Section 4-Additional Personnel
- Disclosure Statement Regarding Criminal Plea/Conviction
- Application for Original Contractor License - Examination Waiver (7065)
- Request for License Number Reissuance
- Application for Replacing the Qualifying Individual
- Application for Additional Classification
- Application for Joint Venture License
- Application for Asbestos Certification
- Application for Hazardous Substance Removal and Remedial Actions Certification
- Application for Registration as a Home Improvement Salesperson
- Contractor Notification of Home Improvement Salesperson Employment
- Contractor Notification of Home Improvement Salesperson Employment Cessation
- Application to Inactivate Contractor's License
- Application to Add New Personnel to Existing Corporate or Limited Liability Company License
- Application to Report Change of Title for Current Officer or Personnel of Existing Corporate or Limited Liability Company License
- Application to Add a New Limited Partner to an Existing Partnership License
- Application to Change Contractor Business Name or Address (No Fee) Order Wall Certificate or Pocket License (\$12 Each)
- Application to Change Home Improvement Salesperson Address (No Fee) Order Pocket Registration Card (\$12 Each)
- Liability Insurance - Workers' Compensation

## **Workers' Compensation Easy-Fill Form – Two Phase Online Submission Project**

On August 7, 2017, Information Technology staff along with Workers' Compensation unit staff implemented a workers' compensation (WC) certification online easy-fill submission tool to allow licensed insurance brokers to complete and submit WC certificate information through CSLB's website. The completed easy-fill form prints at CSLB and is scanned into the Imaging Workflow Automation System (IWAS) for



processing in the WC unit. The user can also print the completed form and submit it through the U.S. mail, in lieu of electronic submission. As of August 2017, 164 certificates have been submitted using this new process.

The second phase of this project was released September 6, 2017. The easy-fill form will be converted into an input form that, when submitted online, will automatically update CSLB's internal TEALE licensing/database system, thus instantly updating the contractor license record in regard to workers' compensation information.

### **Successful Implementation of Fee Increase Project – SB 1039**

IT and Licensing staff successfully implemented the July 1, 2017, fee increase. All respective licensing forms, e-Payment kiosk programs, CSLB webpages, and TEALE licensing applications were updated.



### **Interactive Voice Response (IVR) System**

CSLB's IVR is an interactive, self-directed telephone system that provides valuable information to consumers, contractors, and others. It allows callers to request forms or pamphlets that are sent to them immediately, check a license status and history, and check the status of an application. The IVR also provides consumers with information about how to file complaints, as well as how to become a licensed contractor. In addition, the IVR gives callers the option to speak to call center agents in Sacramento or Norwalk.

The IVR system offers dozens of possible menu options. Following is a list of the top 20 IVR requests from June 1, 2017 through August 31, 2017.



# Top 20 IVR Requests - June 1, 2017 – August 31, 2017

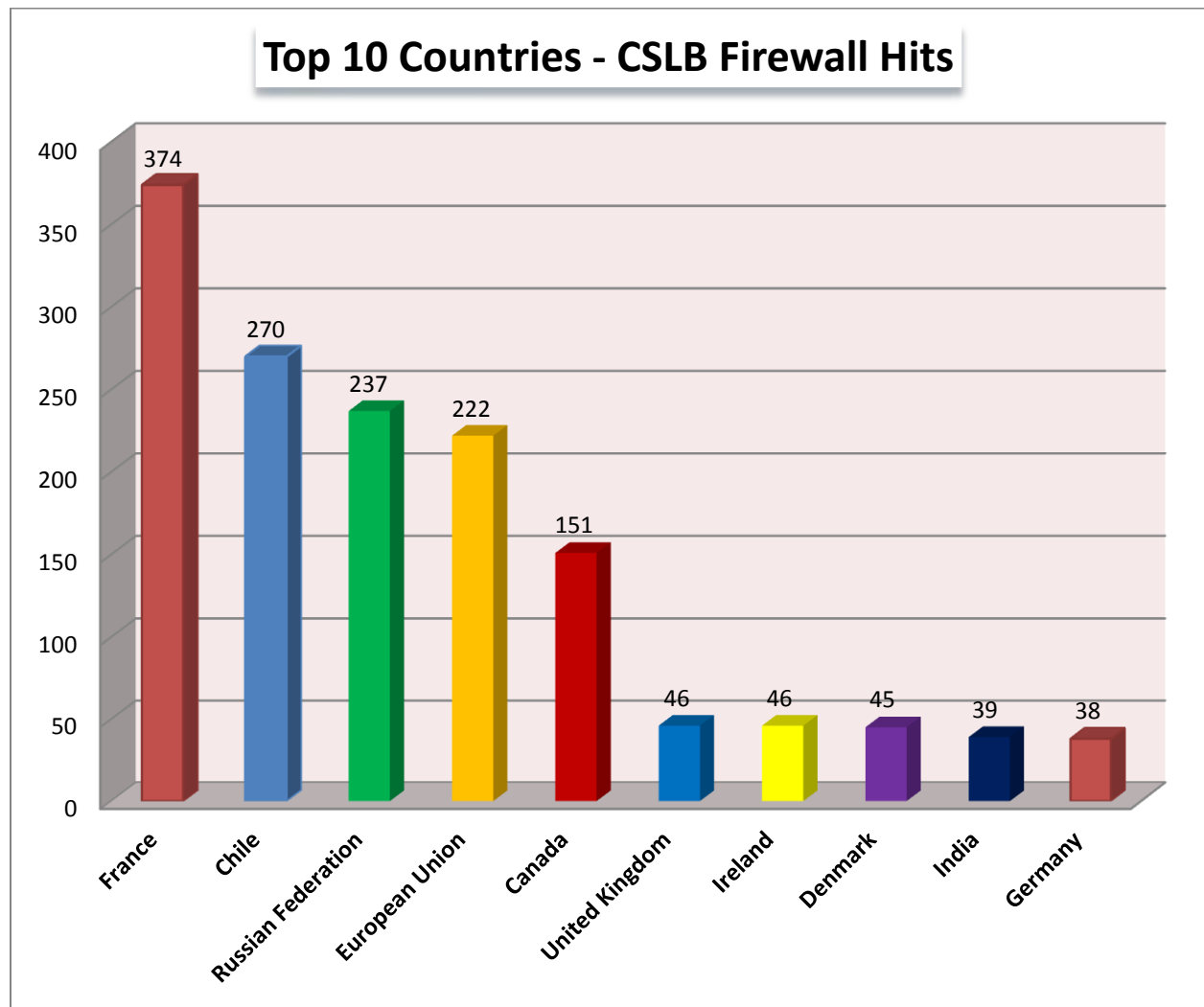
IVR Statistics	Jun 2017	Jul 2017	Aug 2017	Total
IVR calls received	37,465	35,156	37,923	110,544
Monthly average				36,848
Top 20 IVR Requests				3 Month Totals
Contractor or Want to Become Contractor	17,966	16,926	17,857	52,749
Info on Maintaining or Changing License	11,259	10,746	11,192	33,197
Contractor's License Check	9,846	8,906	9,548	28,300
Contractor License Application	4,507	4,221	4,521	13,249
License Number Not Known	4,395	3,873	4,307	12,575
About License Renewal	3,806	3,648	3,907	11,361
Hire or Problem with Contractor	3,781	3,568	3,977	11,326
About Making Changes to License	3,645	3,587	3,705	10,937
About Continuing Requirements	2,687	2,457	2,395	7,539
For Changes to Existing Licenses	2,264	2,235	2,278	6,777
Reschedule Exam Date	1,833	1,831	1,995	5,659
License Requirements	1,841	1,826	1,936	5,603
Info on Problems with Contractor	1,869	1,787	1,933	5,589
General Application & Examination Info	1,691	1,518	1,674	4,883
For Changing the Business Structure of an Existing	1,215	1,164	1,240	3,619
Info about Bond or Workers' Comp Requirements	1,306	1,130	966	3,402
To Fax Forms, or To Order Forms by Mail	1,097	1051	1,174	3,322
Info about Workers' Comp Requirements	914	792	625	2,331
License Complaint Information	771	727	765	2,263
For Adding Classifications, Certifications or Chan	725	685	695	2,105



### Enterprise IT Security – Firewall Hits

CSLB’s IT staff maintains high security for the Board’s information technology networks, systems, and applications. Using various technologies, CSLB proactively blocks/denies unauthorized attempts to breach its systems from all sources, including those emanating from foreign countries.

The chart below shows the top 10 foreign countries from which users have attempted to access CSLB systems and applications between January 1, 2017 and August 31, 2017, all of which were successfully denied. CSLB’s IT security systems have successfully safeguarded CSLB information assets, and no unauthorized attempts to penetrate the system have succeeded.





### Information Technology Objectives

ITEM	TARGET	DESCRIPTION	STATUS
5.1 Implement ePayment Expansion to San Bernardino Office (E)	May 2017	Establish ePayment in San Bernardino after completion of building improvements	Completed in August 2017
5.2 Upgrade Investigator Cell Phones and Acquire Tablets (I)	Cell Phones: December 2016 Tablets: December 2017	Provide investigators working in field with equipment that improves usability, increases their use of electronic documentation, and offers more effective access to information (may be affected by cell phone refresh date)	Completed - All cell phones have been upgraded.  In Progress - CSLB launched a pilot tablet and mobile printing project for Enforcement in early September 2017. Staff will evaluate the pilot project in the field before moving forward.
5.3 Conduct Needs Assessment (Business Requirements Gathering) to Determine Requirements for New Licensing/Enforcement Computer System, Which Includes the Current Imaging and Workflow Automated System (IWAS) (I)	February 2018	Work with various CSLB units, including Cashiering, Testing, Licensing, and Enforcement to ensure current and future computer needs are met. Also, examine available solutions to replace system currently used to scan all incoming license-related paperwork into CSLB's computer system	To date, 109 business processes have been identified. "As-is" and "to-be" processes continue to be mapped and documented to build business requirements for a new Licensing and Enforcement System.  Estimated completion for the "as-is" process documentation is September 2018; estimated completion of the "to-be" process documentation is December 2019
5.4 Implement Online Application for Home Improvement Salesperson (I)	June 2018	Create system to allow applicants to submit applications, registration renewals, and to associate-disassociate online (may be affected by Teale)	Not yet begun
5.5 Implement Online ePayment System (E)	September 2018	Expand ePayment system, currently only available in CSLB offices, by allowing 16 payment types to be made online by credit card	Not yet begun
5.6 Implement SCORE 2.0 Programming (E)	December 2018	Conduct cost benefit analysis to determine requirements for a new/upgraded exam development and administration system	Not yet begun



# AGENDA ITEM G-5

## Budget Update





# CONTRACTORS STATE LICENSE BOARD

## BUDGET UPDATE

### ❖ Fiscal Year 2016-17 CSLB Budget and Expenditures

Through the end of fiscal year (FY) 2016-17 (June 30, 2017), CSLB spent or encumbered \$59.7 million, roughly 94 percent of its FY 2016-17 budget. This chart details the final CSLB FY 2016-17 budget, including final expenditures.

EXPENDITURE DESCRIPTION	FY 2016-17 FINAL BUDGET	FY 2016-17 FINAL EXPENSES	BALANCE	% OF BUDGET REMAINING
<b>PERSONNEL SERVICES</b>				
Salary & Wages (Staff)	24,439,000	22,332,126	2,106,874	8.6%
Board Members	16,000	13,700	2,300	14.4%
Temp Help	860,000	646,318	213,682	24.8%
Exam Proctor	41,000	171,981	-130,981	-319.5%
Overtime	146,000	120,046	25,954	17.8%
Staff Benefits	11,580,000	10,949,790	630,210	5.4%
<b>TOTALS, PERSONNEL</b>	<b>37,082,000</b>	<b>34,233,961</b>	<b>2,848,039</b>	<b>7.7%</b>
<b>OPERATING EXPENSES AND EQUIPMENT (OE&amp;E)</b>				
Operating Expenses	17,923,000	19,118,311	-1,195,311	-6.7%
Exams	436,000	289,292	146,708	33.6%
Enforcement	8,547,000	6,656,107	1,890,893	22.1%
<b>TOTALS, OE&amp;E</b>	<b>26,906,000</b>	<b>26,063,710</b>	<b>842,290</b>	<b>3.1%</b>
<b>TOTALS</b>	<b>63,988,000</b>	<b>60,297,671</b>	<b>3,690,329</b>	<b>5.8%</b>
Scheduled Reimbursements	-353,000	-203,964	-149,036	
Unscheduled Reimbursements		-402,175	402,175	
<b>TOTALS, NET REIMBURSEMENTS</b>	<b>63,635,000</b>	<b>59,691,532</b>	<b>3,943,468</b>	<b>6.2%</b>

### ❖ Revenue

CSLB received the following revenue amounts for FY 2016-17:

Revenue Category	FY 2016-17 FINAL	Percentage of Revenue	Change from prior year (06/30/2016)*
Duplicate License/Wall Certificate Fees	\$116,237	0.2%	0.1%
New License and Application Fees	\$12,589,647	21.0%	8.3%
License and Registration Renewal Fees	\$42,431,810	70.6%	3.1%
Delinquent Renewal Fees	\$2,510,607	4.2%	1.1%
Interest	\$116,625	0.2%	0.0%
Penalty Assessments	\$2,175,887	3.6%	12.6%
Misc. Revenue	\$136,788	0.2%	7.4%
<b>Total</b>	<b>\$60,077,601</b>	<b>100.00%</b>	<b>4.5%</b>

\* License & Registrations Renewals Fees are based on a 2-year cycle (comparative data is from FY 2014-15, a peak renewal year).



❖ **Fiscal Year 2017-18 CSLB Preliminary Budget**

The chart below identifies the preliminary FY 2017-18 CSLB budget included in the 2017 Budget Bill (AB 97, Chapter 14, Statutes of 2017).

EXPENDITURE DESCRIPTION	FY 2017-18 Approved Preliminary Budget
<b>PERSONNEL SERVICES</b>	
Salary & Wages (Staff)	24,145,000
Board Members	16,000
Temp Help	860,000
Exam Proctor	41,000
Overtime	146,000
Staff Benefits	11,588,000
<b>TOTALS, PERSONNEL</b>	<b>36,796,000</b>
<b>OPERATING EXPENSES AND EQUIPMENT</b>	
Operating Expenses	18,587,000
Exams	436,000
Enforcement	8,719,000
<b>TOTALS, OE&amp;E</b>	<b>27,742,000</b>
<b>TOTALS</b>	<b>64,538,000</b>
Scheduled Reimbursements	-353,000
Unscheduled Reimbursements	
<b>TOTALS, NET REIMBURSEMENTS</b>	<b>64,185,000</b>



❖ **CSLB Fund Condition**

Below is the fund condition for the Contractors' License Fund, which shows the final FY 2016-17 reserve (\$16 million – approximately 3 months' reserve), along with the projected reversion amounts for current year (CY) 2017-18 through budget year (BY) 2019-20.

	<b>Final FY 2016-17</b>	<b>Projected CY 2017-18</b>	<b>Projected BY 2018-19</b>	<b>Projected BY+1 2019-20</b>
<b>Beginning Balance</b>	\$19,040	\$16,181	\$12,439	\$11,799
Prior Year Adjustment	-\$69	\$0	\$0	\$0
<b>Adjusted Beginning Balance</b>	<b>\$18,971</b>	<b>\$16,181</b>	<b>\$12,439</b>	<b>\$11,799</b>
<b>Revenues and Transfers</b>				
Revenue	\$60,078	\$63,650	\$66,990	\$64,872
<b>Totals, Resources</b>	<b>\$79,049</b>	<b>\$79,831</b>	<b>\$79,429</b>	<b>\$76,671</b>
<b>Expenditures</b>				
Disbursements:				
Program Expenditures (State Operations)	\$59,662	\$64,185	\$64,506	\$64,828
Statewide Pro Rata (State Operations)	\$3,124	\$3,124	\$3,124	\$3,124
Financial Info System Charges (Fi\$Cal)	\$81	\$83		
<b>Total Expenditures</b>	<b>\$62,867</b>	<b>\$67,392</b>	<b>\$67,630</b>	<b>\$67,952</b>
<b>Fund Balance</b>				
Reserve for economic uncertainties	<b>\$16,181</b>	<b>\$12,439</b>	<b>\$11,799</b>	<b>\$8,719</b>
<b>Months in Reserve</b>	2.9	2.2	2.1	2.0

Notes:

- 1) All dollars in thousands.
- 2) Revenue assumes 1.5% renewal license fee growth, based on prior 2-year cycle.
- 3) Expenditures in FY 2017-18 based on budgeted authority and then assume growth projected at 0.5% starting in FY 2018-19, and then ongoing.
- 4) Assumes workload and revenue projections are realized for FY 2017-18 and FY 2018-19.



❖ **CSLB Annual Reporting to the Legislature**

This list is for informational purposes only and includes the annual reports required of CSLB by the Legislature.

Due Date	Report Description
August	<b>Annual Testing Cost Report</b> Pursuant to Sections 139 (c) and (d) of the B&P Code
September	<b>Annual Performance Based Budgeting</b> Statistical reporting of Enforcement & Licensing Workload, Baseline, and Targets
September	<b>Annual Report to Finance &amp; Legislature</b> Statistical reporting for approved BCP for Subsequent Arrest positions in FY 2014-15
October	<b>Annual Enforcement Report to Legislature</b> Pursuant to Section 7017.3 of the B&P Code

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

Below is the CMEA fund condition, which shows the final FY 2016-17 reserve (\$249,000 – approximately 19 months’ reserve), along with the projected reversion amounts for current year (CY) 2017-18 through budget year (BY) 2019-20:

	Final FY 2016-17	Projected CY 2017-18	Projected BY 2018-19	Projected BY+1 2019-20
<b>Beginning Balance</b>	\$ 161	\$ 249	\$ 344	\$ 284
Prior Year Adjustment	-\$1	\$0	\$0	\$0
<b>Adjusted Beginning Balance</b>	<b>\$ 160</b>	<b>\$ 249</b>	<b>\$ 344</b>	<b>\$ 284</b>
<b>Revenues and Transfers</b>				
Revenue	\$89	\$95	\$100	\$100
<b>Totals, Resources</b>	<b>\$ 249</b>	<b>\$ 344</b>	<b>\$ 444</b>	<b>\$ 384</b>
<b>Expenditures</b>				
Disbursements:				
Program Expenditures (State Operations)	\$0	\$0	\$10	\$10
Local Assistance Grant Disbursements	\$0		\$150	\$150
<b>Total Expenditures</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 160</b>	<b>\$ 160</b>
<b>Fund Balance</b>				
Reserve for economic uncertainties	<b>\$ 249</b>	<b>\$ 344</b>	<b>\$ 284</b>	<b>\$ 224</b>
<b>Months in Reserve</b>	18.7	25.8	21.3	16.8

Notes:

- 1) All dollars in thousands.



# CONTRACTORS STATE LICENSE BOARD

## STATISTICS SUMMARY

### Applications Received

	2013-14	2014-15	2015-16	2016-17
July	2,850	2,805	3,398	3,513
August	3,084	3,004	3,419	3,749
September	2,682	3,207	2,955	3,668
October	2,719	3,177	3,484	3,844
November	2,435	2,542	3,143	3,080
December	2,315	2,944	3,058	3,260
January	2,832	2,958	2,862	3,282
February	3,030	3,568	4,027	3,087
March	3,025	3,978	3,952	4,059
April	3,987	3,878	4,045	4,081
May	3,153	3,615	3,916	4,188
June	3,102	3,861	3,184	3,489
<b>Total</b>	<b>35,214</b>	<b>39,537</b>	<b>41,443</b>	<b>43,300</b>
			<i>% Change from Prior FY</i>	4.5%

### Original Applications Received

	2013-14	2014-15	2015-16	2016-17
July	1,546	1,450	1,593	1,618
August	1,505	1,399	1,631	1,811
September	1,424	1,562	1,351	1,692
October	1,420	1,588	1,596	1,842
November	1,276	1,204	1,490	1,374
December	1,224	1,441	1,400	1,453
January	1,497	1,479	1,297	1,584
February	1,579	1,749	2,035	1,090
March	1,653	1,957	2,041	1,938
April	1,743	1,729	1,941	1,969
May	1,523	1,664	1,956	1,935
June	1,483	1,725	1,460	1,761
<b>Total</b>	<b>17,873</b>	<b>18,947</b>	<b>19,791</b>	<b>20,067</b>
			<i>% Change from Prior FY</i>	1.4%
			<i>% of Apps Rcvd are Original Apps</i>	46.0%



**Original Licenses Issued**

	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
July	1,008	1,248	1,155	1,245
August	845	1,275	1,098	1,334
September	1,023	1,036	1,030	1,329
October	970	1,247	954	1,403
November	759	724	866	1,407
December	812	887	965	1,036
January	971	1,225	904	1,241
February	819	1,078	888	1,072
March	921	1,139	1,185	1,423
April	971	971	1,386	1,111
May	975	940	1,201	1,390
June	1,123	1,191	1,163	1,376
<b>Total</b>	<b>11,197</b>	<b>12,961</b>	<b>12,795</b>	<b>15,367</b>
			<i>% Change from Prior FY</i>	20.1%
			<i>% Licenses Issued of Original Apps Rcvd</i>	77.0%

**Licenses Renewed**

		<i>PEAK</i>		<i>PEAK</i>
	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
July	11,751	10,079	11,584	10,394
August	9,313	11,505	8,611	11,069
September	8,016	11,584	10,292	9,215
October	8,481	8,448	8,501	9,842
November	8,674	6,467	6,881	7,618
December	8,672	11,886	11,885	9,147
January	10,279	9,847	7,206	8,958
February	10,294	8,045	11,381	8,800
March	9,305	12,291	11,911	12,317
April	13,174	10,647	10,029	11,853
May	10,756	8,226	9,888	11,673
June	8,274	11,256	10,238	9,393
<b>Total</b>	<b>116,989</b>	<b>120,281</b>	<b>118,407</b>	<b>120,279</b>
			<i>% Change from Peak FY 2014-15</i>	0.0%



**Original HIS Registrations Issued**

	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
July	328	520	894	350
August	323	605	658	581
September	300	497	624	391
October	287	635	533	552
November	280	583	580	428
December	274	476	596	359
January	287	410	499	377
February	344	497	614	382
March	251	703	587	448
April	453	638	733	499
May	437	690	564	538
June	426	626	555	502
<b>Total</b>	<b>3,990</b>	<b>6,880</b>	<b>7,437</b>	<b>5,407</b>
			<i>% Change from Prior FY</i>	<i>-27.3%</i>

**HIS Registrations Renewed**

	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
July	150	158	167	188
August	150	147	140	271
September	101	187	133	252
October	152	158	152	257
November	143	117	111	168
December	124	143	175	285
January	140	179	89	235
February	140	87	200	196
March	179	197	159	561
April	155	242	292	354
May	197	160	200	394
June	146	154	249	296
<b>Total</b>	<b>1,777</b>	<b>1,929</b>	<b>2,067</b>	<b>3,457</b>
			<i>% Change from Prior FY</i>	<i>67.2%</i>





**License Population by Status**

	<b>June 2015</b>	<b>June 2016</b>	<b>June 2017</b>
Active	222,720	223,263	226,723
Inactive	61,245	59,505	57,550
<b>Subtotal</b>	<b>283,965</b>	<b>282,768</b>	<b>284,273</b>
Other*	481,475	493,228	504,592
Expired	411,897	421,004	429,326
Expired % of Other	85.5%	85.4%	85.1%
<b>Grand Total</b>	<b>765,440</b>	<b>775,996</b>	<b>788,865</b>

\* Other - includes the following license status categories: cancelled, cancelled due to death, expired no longer renewable, revoked.

**HIS Registration Population by Status**

	<b>June 2015</b>	<b>June 2016</b>	<b>June 2017</b>
Active	12,884	15,375	17,463
Other*	92,302	69,862	72,801
<b>Total</b>	<b>105,186</b>	<b>85,237</b>	<b>90,264</b>

\* Other - includes the following license status categories: cancelled, cancelled due to death, expired no longer renewable, revoked.

**Complaints By Fiscal Year**

	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Received	18,203	19,722	18,685	18,875
Reopened	786	820	821	971
Closed	18,875	20,016	19,736	19,390
Pending (As of June 30)	3,893	4,458	4,258	4,734

**CSLB Position Vacancies**

	<b>June 2016</b>	<b>June 2017</b>
Administration	3.0	6.0
Executive/Public Affairs	1.0	1.0
IT	2.0	1.0
Licensing/Testing	9.0	9.0
Enforcement	25.0	28.0
<b>Total</b>	<b>40.0</b>	<b>45.0</b>



## Registrar's Report

- a. Tentative 2017-18 Board Meeting Schedule
  - December 7, 2017  
San Francisco





# AGENDA ITEM H

Adjournment

