



THE CALIFORNIA LICENSED CONTRACTOR

FALL 1987

New Officers Elected

At its July meeting, the Contractors State License Board elected John H. Moore as chairman and Stephen H. Lazarian as vice chairman for the 1987-88 fiscal year.

Moore, appointed to the Board in 1986 by Governor George Deukmejian, has served as a member of the Legislative and Licensing Committees of the Board. Moore is founder and president of Electro-Test, Inc. of San Ramon, an independent testing and engineering company. He has worked as an electrician, draftsman, designer, contractor and test engineer over the last 25 years. He is past president of the National Electrical Testing Association, past chairman of the Institute of Electrical and Electronic Engineers, and recipient of the IEEE Centennial Award. He is also a member of the International Association of Electrical Inspectors, the Plant Engineers Association, Society of American Military Engineers, and the Pacific Coast Electrical Association.

Lazarian, who was appointed by the Governor in 1985, has served as chairman of the Administration Committee and as a member of the Public Information Committee. He is an attorney in San



Vice Chairman Lazarian (l.) and Chairman Moore (r.)

Diego and specializes in corporate, real estate, and construction litigation. He is a member of the State Bar of California, the American Bar Association, the San Diego

Bar Association, and the San Diego Trial Lawyers Association. Lazarian is co-owner of Ruby Software and a member of the board of directors of Celluland, Inc.

TIME IS RUNNING OUT...



CONTRACTORS AMNESTY PROGRAM

A public service of this publication. Contractors State License Board, and Department of Consumer Affairs.

**Renewing
your
license?**

**See page 5
for important information.**

**THE CALIFORNIA
LICENSED CONTRACTOR**

*Official Publication of the
California Contractors State License Board*

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FALL 1987

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Department of Consumer Affairs

State of California
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GOVERNOR

Michael A. Kelley
DIRECTOR, CONSUMER AFFAIRS
John F. Maloney
REGISTRAR OF CONTRACTORS

CONTRACTORS STATE LICENSE
BOARD

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Information Officer

*Letters to the editor, articles or information
of interest to contractors, and suggestions for
subject matter in future issues are welcome.*

Chairman's Message

It is with a great deal of enthusiasm that I accept the chairmanship of this Board. I am optimistic about the challenges that the construction industry and the CSLB face.

Construction is California's largest goods-producing industry, generating over 1.4 million jobs and \$118.2 billion in revenue in 1986 alone. This industry also generates over two billion dollars in state income taxes.

Our Board's mission, as stated in the front of the Contractor's License Law and Reference Book is:

"To objectively promote the health, safety and general welfare of the public in matters relating to construction by:

- 1) ensuring that all construction is performed in a safe, competent and professional manner;
- 2) providing resolution to disputes arising from construction activities; and
- 3) providing information for the public in order to make informed choices."

I believe our first challenge is to identify very clearly those areas where we are not meeting the goals of our mission. Our Governor had defined one such area in his Executive Order (D-51-86) regarding the underground economy. Unlicensed contractors were identified as a target of the Governor's Multi-Agency Task Force on the Underground Economy. We intend to place unlicensed activities high in our enforcement priority.

This administration, the Board, the 211,000 licensed contractors in this state, and the public all have a vested interest in achieving the first item of our mission statement. In that sense, we are all in the same boat. In the past, however, we have not always placed our oars in the same direction. Our goal will be to clearly identify our most pressing problems in the first quarter and then all paddle in the same direction during the balance of this fiscal year to effect solutions.

Problems are identified and addressed in our Licensing, Enforcement and Public Information Committees. We seek ways and means to accomplish these Committee directives, once approved by the

full 13-member Board and the Legislative and Budget/Administration Committees. I encourage your participation either individually or through your trade association.

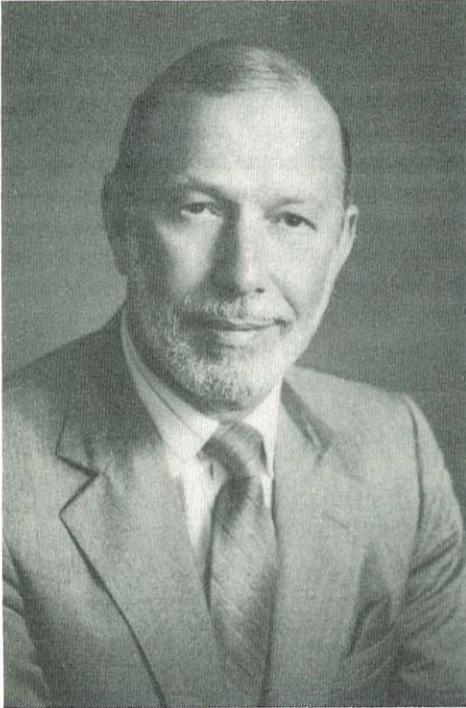
Construction is California's largest goods-producing industry, generating over 1.4 million jobs and \$118.2 billion in revenue in 1986 alone. This industry also generates over two billion dollars in state income taxes.

Our 1987-88 direction will focus on better and faster consumer /contractor service. It will also include a focused enforcement and public information effort against the unlicensed contractor. We will move in this direction by forging a closer liaison with the industry, administration and legislature. We will simplify processes whenever we can and will seek more efficient operations through automation and industry self-help. Because enforcement is a "people solving people problems," we will strive to recruit and train to high standards and accountability.

Where do we start? The CSLB sponsored an "Unlicensed Contractor Workshop" at its last board meeting to address this problem. Through active participation by contractor associations, individual contractors, board members and staff, our intent was to provide a forum to discuss how to best address this issue and look for viable solutions. It is through this process that we can hear about your concerns. I encourage your active participation at committee and board meetings.

Sincerely,
John H. Moore
Chairman

New Board Member



The Senate Rules Committee of the State Legislature appointed James L. Frayne of Sacramento as a member of the Contractors State License Board on June 3 1987.

Frayne replaces John Fiddymnt, whose term expired. Frayne is the president of Frayne & Associates, a Governmental Affairs and Association Management Consulting Firm. From 1967-1986, Frayne was the executive and legislative director for the California Trial Lawyers Association.

Frayne presently serves on the Commission of the Californias, a state agency, as an ad hoc member of the California Senate Select Committee on Licensed and Designated Sports, as a member of Consumer Federation of California, Common Cause, Northern California Peace Officers Association, and is a member and founding president of the National Association of Trial Lawyer Executives.

Frayne is a former chairman and commissioner for the California State Athletic Commission. He was a member of the California Senate Advisory Coalition on State Court Reform, the Assembly Select Committee on Medical Malpractice, the Governor's Task Force on Drunk Driving, and was a member of the Sacramento County Grand Jury (1985-1986).

To The Industry

by Jack Maloney, Registrar

Whose Responsibility Is It Anyway?

Frequently, licensed contractors are confused over whose responsibility it is to keep their licenses current. Many of the 21,000 telephone calls that the CSLB answers every month are from contractors who are puzzled because their licenses were suspended, cancelled, or otherwise not in good standing. As a licensed contractor, you have a business to run and have very little time for paperwork or to keep up with the latest rules and laws affecting you. The question arises: whose responsibility is it to keep your license current and in good standing?

To answer the question, contractors are responsible for keeping their licenses in good standing. Although it's the contractor's responsibility, I, as the registrar, think that we can and should help you with that responsibility. To help you maintain your license, I have compiled some frequently asked questions and answers.

How long is a license valid?

A new contractor's license is issued for a two-year period and expires two years from the last day of the month in which it was issued. A renewal application is mailed 90 days in advance and must be returned to the CSLB before the expiration date. *A word of caution: don't wait until the expiration date to submit your renewal application. The CSLB processes over 8,500 renewal applications per month. It can take several weeks to process a renewal application, which could temporarily leave you without a current valid contractors license.* If a contractor fails to renew a license within three years after expiration, the license cannot be renewed and the contractor must submit a new application and pass the examination. The Board is considering a proposal to extend the renewal period from two to four years.

Does an inactive license need to be renewed?

Yes. Until January 1, 1988, inactive licenses must be renewed every two years for a \$50 fee. On and after January 1, 1988, inactive renewals will be renewed for four years for a \$75 fee. A renewal application will be sent to the

address on our records. An inactive license must be renewed on each established renewal date by submitting the renewal application and paying the inactive renewal fee of \$50. Effective January 1, 1988, the inactive renewal fee will be \$75.

Should I advise the CSLB about address changes?

Most people assume that it is sufficient to notify the post office about a new address. The Contractors License Law requires that address changes be reported within 90 days. If you've moved, submit the form in this issue as soon as possible. If we don't have your current address and the forwarding request has expired at the post office, your renewal application will be returned to us.

If I have a partnership or corporation and an inactive individual license, do I need to renew my individual license?

Yes. The inactive individual license must be renewed or it could be cancelled.

Under what conditions is a license usually cancelled?

Licenses usually are cancelled under the following circumstances:

- *Individual license--death of a sole owner;
- *Partnership license--death of or disassociation of a partner;
- *Corporation license--merger, dissolution, or surrender of the right to do business in California;
- *Joint-venture license--cancellation, revocation, or withdrawal of any of its entity licenses.

Although these conditions cancel a license, all except a corporation license may request a *continuance* of the license. (Corporation licenses are not permitted continuances but any individual may replace any of the corporate offices and/or the qualifying person as long as the corporate member remains the same.) A continuance is authorization to continue in business under a license which is subject to cancellation. A continuance may be granted for a reasonable length of time, not to exceed
(Continued on page 5)

Legislative Summary

by Shelby Cecchetti
Legislative Liaison

The following is a brief summary of bills which passed the legislature and were signed by the Governor and affect licensed contractors and the CSLB. Unless otherwise indicated, the bills become effective on January 1, 1988.

AB 188 (Bradley) Unlicensed Activity: Building Permits/Laws

This bill creates a pilot project authorizing local building inspectors, upon checking for building permits or for compliance with building laws, to issue a citation to persons contracting without a contractor's license. The project will operate in six or fewer local building departments, which will be reimbursed \$25 for each citation issued. This program is funded by a \$60,000 appropriation from the Contractors License Fund. Chapter 422, Statutes of 1987.

AB 1280 (Areias) License Examination Waiver

This bill allows the registrar to waive the written trade exam when an applicant applies for licensure in a classification for which the exam has been waived by regulation. This bill also includes \$3.2 million in funding for the purchase of an automated telephone answering system for the CSLB's district offices, for completing the CSLB's EDP system, and for consultants to assist in implementing both systems (\$3,191,000). This is an urgency statute and became effective 9-28-87. Chapter 1264, Statutes of 1987.

AB 1718 (Areias) Penalty for Failing to Comply with a Citation

AB 1718 provides that the CSLB can automatically suspend a contractor's license 30 days after notification by the CSLB that the contractor failed to comply with the provisions of a citation. Chapter 831, Statutes of 1987.

AB 1741 (Bradley) Public Works Contracts

Under this bill, the awarding authorities of public works contracts shall determine the license classification necessary to bid and perform on public-works contracts. AB1741 also allows a contract to be awarded to a specialty contractor if his or her classification constitutes at least a majority of the project. When a specialty contractor is authorized to bid a project, all work to be performed

outside of his or her license specialty (except work which is incidental and supplemental) shall be subcontracted to an appropriately licensed subcontractor in compliance with the Subletting and Subcontracting Fair Practices Act. Chapter 485, Statutes of 1987.

AB 1742 (Bradley) Joint Venture Licenses/Disassociation/Change of Address/Use of Another's License

This bill:

- allows contractors in a joint venture to submit an offer or bid on a project without first obtaining a joint-venture license, as long as each contractor holds a current active license in good standing and the joint venture qualifies for a joint-venture license prior to entering into any contract.

- provides that failure of the licensee or qualifier to notify the registrar of the disassociation of the qualifier is grounds for disciplinary action.

- requires contractors with expired, cancelled, or inactive licenses to notify the registrar in writing of any change of address of record within 90 days and to maintain a current address of record during the three-year period immediately following the expiration, cancellation, or inactivation of the license.

- allows the registrar to issue a citation to a licensee for violations of law other than Contractors License Law--e.g., the Subletting and Subcontracting Fair Practices Act.

- specifies that the use of another person's contractor's license by a licensee or a non-licensee shall be punishable by a fine, a prison term or both. This is an urgency bill and becomes effective 9-22-87. Chapter 930, Statutes of 1987.

AB 1774 (Lewis) Satellite Antenna System Installers

AB 1774 exempts persons from the requirement of a contractor's license if their sole activities consist of installing satellite antenna systems on residential structures. Chapter 422, Statutes of 1987.

AB 1938 (Quackenbush) Mechanic Liens: Preliminary 20-Day Notice

This bill allows persons not under direct contract with a property owner, to record the preliminary 20-day notice with the county

recorder and submit a self-addressed stamped postcard. The post card should include the name and address of the person furnishing labor, service equipment or materials to a property owner, the name of the person contracted for purchase, and a description and address of the job site. Then, when a notice of completion or cessation is recorded with the county recorder, the county recorder will mail the postcard, endorsed with the date the notice of completion or cessation was recorded. Chapter 716, Statutes of 1987.

SB 905 (Ellis) Arbitration Program

This bill expands the scope of complaints alleging violation of the Contractors License Law which may be resolved through arbitration. The CLSB would implement an arbitration process to hear complaints involving home improvement when material damages fall between \$500 and \$25,000. The bill also provides for an award and enforcement of an arbitrator's award by the CSLB. *This program would be funded by \$450,000 from the Contractors License Fund to pay the fees charged by the arbitrator or arbitration association.* This bill is an urgency statute which becomes effective 9-28-87. Chapter 1311, Statutes of 1987.

SB 1106 (Mello) Fire Protection Systems

The governor recently signed this bill, which requires the CSLB and the State Fire Marshal to study pertinent laws, regulations and practices pertaining to the installation, inspection and testing of automatic fire extinguishing systems and smoke detector systems. The study shall also review the current requirements for licensure of contractors in this field and the installation, design, and manufacture of these systems. The study will solicit input from manufacturers, contractors, fire marshals, and local building officials. A report with recommendations will be presented to the Legislature by July 1, 1988. The study will be funded by a \$50,000 appropriation from the Contractors License Fund. Chapter 245, Statutes of 1987.

SB 1107 (Mello) Fire Protection System Installation

This bill, signed by the governor on July 27, makes it a felony for a person to construct or maintain--willfully or
(Continued on page 5)

Advertising As A Contractor ?

Does a contractor's license number have to appear in all advertisements? Calls from contractors tell us that they're not sure. So we wrote this article to help clarify the law.

California law (Business and Professions Code, Section 7030.5) requires licensed contractors to include their license number in all contracts, subcontracts, calls for bid, and any type of advertising as prescribed by the registrar of contractors.

The registrar and the Board have defined advertising (per Board Rule 861) as "any card, contract proposal, sign, billboard, lettering on vehicles, registered in this or any other state, brochure, pamphlet circular, newspaper, magazine, airwave transmission and any form of directory under any listing denoting 'Contractor' or any

word or words of a similar meaning requesting any work for which a license is required...."

To further help you stay in compliance with CSLB advertising laws, keep these guidelines in mind:

1. Only well-drilling contractors (7029.5), plumbing contractors (7029.6), and electrical sign contractors (7029.7) are required to display their names, addresses, and license numbers on vehicles.
2. All other contractors are not required to display such information, but if they advertise, their license numbers must be included. An exception may be granted by the registrar if a contractor does interstate business. However, an exemption must be specifically requested.
3. When in doubt, include your name and license number on all advertisements.

Sharp Increase in Damaged Underground Natural Gas Pipelines

More than 5,000 incidents were reported where underground natural gas pipelines in Southern California were damaged during digging and trenching operations in 1986. About 3,500 of these incidents were due to failure to call Underground Service Alert (USA). The remainder occurred because the locating marks were ignored. The majority of the lines were damaged by contractors or their subcontractors, not utility company crews.

A new state law (AB 3020, Chapter 674, statutes of 1987) requires contractors to call before digging. Failure to call in advance is a violation of this law.

For questions about underground natural gas lines, call Southern California Gas Company, toll free, at 1-800-422-4133.

Legislation

(Continued from page 4)

maliciously--a fire-protection system in a structure with the intent to install a fire protection system which is known to be inoperable or to impair the effective operation of a system so as to threaten the safety of any occupant or user of the structure in the event of a fire. Chapter 246, Statutes of 1987.

SB 1324 (Robbins) Longer Inactive License Renewal Period

Provides for the inactive renewal of a contractor's license for a period of four years for a \$75 fee. Chapter 875, Statutes of 1987.

The following bills were vetoed:

AB 699 (Cortese) Payment of Subcontractors-VETOED

AB 699 would have required the registrar to investigate complaints from specialty contractors who had not been paid by prime contractors within 35 days after submitting a bill. Also, during the course of an investigation, financial institutions would have been required to disclose information to the registrar about progress payments to a prime contractor.

SB 895 (Marks) Enforcement of Contractors License Law-VETOED

This bill would have appropriated \$382,000 to the CSLB from its own fund, to be used to create an Asbestos Control Unit within the CSLB. This unit would have enforced state law as it relates to the removal and abatement of asbestos materials.

To The Industry

(Continued from page 3)

one year. To apply for a continuance, submit a written request for the continuance as soon as possible but not later than 90 days from the date of death or disassociation.

Answers to these questions are contained in the Contractors License Law and Reference Book, which may be purchased from the Department of General Services, Office Of Procurement, P.O. Box 1015, North Highlands, CA 95660. Telephone for price: (916) 924-4800. The CSLB does not sell this book at its offices.

New Exam

Contractors who hold "A" (General Engineering Contractor) and "C-12" (Earthwork and Paving) licenses and who contract to perform hazardous substances cleanup work will need a special certification after January 1988. An examination will be required. Interested contractors may apply for certification by requesting an application at the nearest CSLB district office or by calling (916) 366-5153. A study guide describing the topic areas covered and recommended reference books will be available from the CSLB in December 1987.

A and B Exams To Be Revised

The CSLB is revising the General Engineering, "A" classification, and the General Building, "B" license examinations. The CSLB is seeking subject-matter experts. Licensed contractors in these classifications who are interested in assisting the CSLB are urged to contact either Dr. David Hennessey at (916) 366-5298 for the revision of the General Engineering Contractor Examination or Dr. Larry Potash at (916) 369-3020 for the revision of the General Building Contractor Examination. Inquiries may be mailed to Examination Services Unit, Contractors State License Board, P.O. Box 26000, Sacramento, CA, 95826.

Renewing Your License?

All licensed contractors are required to take the Asbestos Open-Book Examination to renew their licenses. See page 6 for details.

Licensed Contractors Aid CSLB in Investigations

The Industry Expert Program, whereby licensed contractors assist the CSLB in investigating cases, has just completed its first year. While nearly 1,400 contractors have enrolled in the program, the CSLB needs experts in the following trades:

Roofing: urethane foam, tile, metal, shake and shingle;
Pools and Spas: vinyl-lined, fiberglass, and gunite;

Fences: Chainlink and wood;
Elastometric membrane;
Magnasite; solar; floor covering; sheet rock; and stucco.

If you're a licensed contractor in one of these trades, the CSLB can use your help. Call Deputy Registrar Bob Christensen (916) 366-5242 for more information.

FRANCHISE TAX BOARD TARGETS SELF-EMPLOYED

Nearly 40,000 self-employed individuals who failed to file 1985 California income tax returns were identified by the Franchise Tax Board (FTB). The identification of these individuals was facilitated by a new computerized program which uses federal, sales, employment and local business tax records to cross-check approximately five million records to identify self-employed under-reporters and non-filers (those who fail to report all of their income or fail to file a tax return). This program is expected to produce over \$20 million the first year from non-filers.

The FTB reports that these individuals could be subject to stiff civil and/or criminal penalties depending on the amounts involved and the length of non-compliance. To date, over 250 individuals

have been referred to the FTB's Investigations Unit for possible criminal prosecution.

The second phase of this program, started in August 1987, is expected to result in the identification of additional self-employed non-filers for 1985. The FTB has stepped up its audit activity to identify those self-employed individuals filing fraudulent returns and/or under-reporting income.

The FTB's program to identify non-compliance among self-employed individuals is a part of the state's efforts to reduce California's \$2 billion tax gap (the difference between income taxes legally owed and the amount paid). Non-compliance with state income tax laws among self-employed individuals causes the largest segment of California's tax gap.

Renewing your license?

Whether or not you handle asbestos, as a licensed contractor, you must take an open-book exam on asbestos to renew your license. You'll need to answer 10 questions, sign your name and return the exam to the Contractors State License Board (By the way, answers to the questions are in the same booklet.)

How does it all work? The Board will send a copy of the exam entitled "A Contractors' Guide to Asbestos," together with your renewal application. It's a small white pamphlet that contains a wealth of information about asbestos detection, asbestos removal, and health hazards. Even if you don't remove asbestos, you should know how to detect and avoid contact with it. That's what this booklet is about.

You keep the booklet, but tear out page 25, answer the questions, sign on the dotted line, and return the page to us. If you forget to sign your name, the CSLB cannot renew your license and your license will expire. You cannot perform work with an expired license. That's the law, according to Assembly Bill 2040, which Governor Deukmejian signed into law last year.

Advance copies of the booklet are not available as there is a limited supply. Please don't call to request a copy, but wait for your renewal application to arrive. If you have questions, call the Board at (916) 366-5153 or your local office. (See the white pages of your telephone book under State Government Offices/Contractors State License Board.)

Disciplinary Actions

The Disciplinary Actions Section of the newsletter (license suspensions and revocations and licensee and nonlicensee citations) is not contained in this issue to ensure the publication of one or two more issues of the newsletter during the 1987/88 fiscal year. However, this information is available for viewing at the CSLB's district offices throughout the state. Ask to see the posting list. See the white pages of your telephone book under State Government Offices/Contractors State License Board.

During the 1986-87 fiscal year, the CSLB took the following disciplinary actions against licensed and unlicensed contractors:

REVOKED 36 licenses;
SUSPENDED 395 licenses;
ISSUED 1,488 CITATIONS against licensed contractors;
ISSUED 1,560 CITATIONS against unlicensed contractors.

Employers and the New Immigration Law

Employers are now required to verify that all employees hired after November 6, 1987, are U.S. citizens or aliens authorized to work. As an employer, you will need to fill out an I-9 Form within three business days of each new hire. For more information on employer responsibilities, call the Immigration and Naturalization Service toll-free: 1-800-777-7700.

Amnesty for Nonlicensees Ends in 1987

Unlicensed contractors have until December 31, 1987, to use self-employed experience to qualify for their licenses. Last year the Governor signed SB 2389 (Doolittle), which granted amnesty for a one-year period (January 1, 1987, to December 31, 1987) for nonlicensees to apply for a license using self-employed experience.

Under the Amnesty Program, contractors must take and pass an examination. Unlicensed experience gained prior to January 1, 1987, can be used to qualify for a license during the amnesty period. After December 31, 1987, this experience will not be accepted, and all

applicants will have to document four years of journey-level experience (gained within the last ten years) in the trade or trades for which they are applying.

Penalties Increased

Under current law, it is a misdemeanor for a person to act in the capacity of a contractor on work costing \$300 (including labor and materials) without a contractor's license. The Board may cite unlicensed contractors and impose a civil penalty of up to \$3000. However, effective January 1, 1988, the civil penalty for unlicensed activity increases to \$1,500 for a first offense and up to \$4500 for subsequent offenses.

HAVE YOU MOVED?

State law requires that a change of address must be reported within 90 days. Section 7083 of the Contractors License Law states that a change of address must be reported to the Registrar of Contractors within 90 days after the change. It is important to keep the CSLB informed of your current address in order to receive renewal applications and other important information necessary to

keep your license active and in good standing. In addition, this publication is mailed to the address you have listed on our records. It is our primary means of communicating with you, and we'd like you to continue receiving it. If you have moved, please fill out the form below and return it to the CSLB, P.O. Box 26000, Sacramento, CA 95826, Att: License Modification

All correspondence with an address change on it must be signed by a member of the personnel of the license in order for CSLB to make changes on its records. CSLB has received correspondence with address changes signed by family members who are not listed as personnel on the license. These signatures are not valid, and, therefore, CSLB cannot make the requested changes.

(Please print or type all information; forms completed in pencil are not acceptable.)

NAME STYLE(As shown on license)	License No. or Pending	CLASSIFICATION: Application
Business Telephone No. and Area Code		

CHANGE OF ADDRESS-Individual, Partnership, Corporation

FROM	STREET OR BOX NUMBER:	CITY:	COUNTY:	STATE:	ZIP CODE:
TO	STREET OR BOX NUMBER:	CITY:	COUNTY:	STATE:	ZIP CODE:

I hereby certify under penalty of perjury the laws of the State of California to the truth and accuracy of the above statements.

Date _____ Signature of Owner, Partner or Officer _____

Mail to: Contractors State License Board, P.O. Box 26000, Sacramento, CA 95826, Att: License Modification