



**CONTRACTORS
STATE LICENSE BOARD**



California Contractors State License Board and Nevada State Contractors Board Joint Board Meeting

**Friday, September 5 | 8:30 A.M. - 10:30 A.M.
(OR UNTIL ADJOURNMENT)**

[Public Comment via Teams](#)

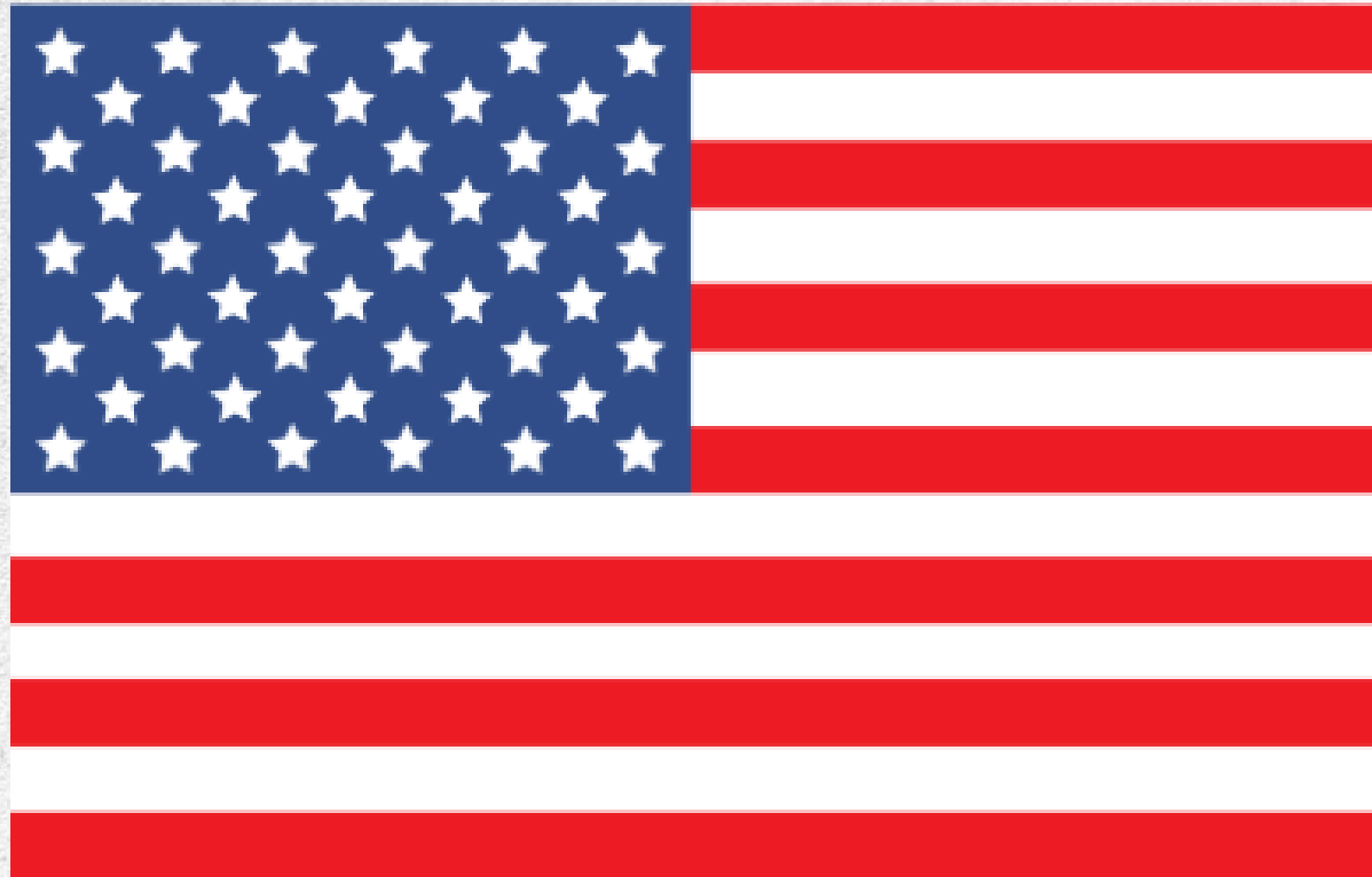
The link is also available on the CSLB and NSCB agendas.

Please register/join the meeting and then note in the Q&A feature if you would like to comment. You will then be promoted so you can be unmuted.

A RECORDED VERSION WILL BE ARCHIVED ON CSLB'S YOUTUBE CHANNEL

Agenda Item A

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



Agenda Item 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)).

Agenda Item C



**Presentation by Tom
Roadcamp, Civil Engineer,
Brightline West, Regarding
High-Speed Passenger
Rail Project Update**



BRIGHTLINE WEST

Agenda Item C (cont.)

Brightline Overview

High-speed rail project
connecting Las Vegas and
Southern California



Launch Event

Delays in licensing and
regulatory approvals



Involvement Areas

NSCB/CSLB



NV/CA Progress

Construction is actively
underway but not yet
complete



Construction Timeline

Construction began in 2024;
completion expected by
2028








Agenda Item D1







Joint Discussion with Nevada State Contractors Board (NSCB)

1. Discussion Regarding CSLB and NSCB Operational Structural Comparison

Agenda Item D1

<div>California Contractors State License Board</div>		<div>Nevada State Contractors Board</div>	
<div><div>↑ 2,867</div><div>↓ 2,213</div><div>↑ 624</div></div> <div><div>Active: 241,656</div><div>Inactive: 44,203</div><div>Total: 285,859</div></div>		<div> # of Licensees</div> <div><div>Active: 18,630</div><div>Inactive: 400</div><div>Total: 19,030</div></div> <div><div>↑ 659</div><div>↓ 14</div><div>↑ 645</div></div>	
<div>Application: \$450</div> <div>Initial License (Sole Owner): \$200</div> <div>Initial License (Non-Sole Owner): \$350</div>		<div> Cost of Original Application / Initial License</div> <div><div>Application: \$300</div><div>Initial License: \$600</div></div>	
<div>Sole Owner: \$450</div> <div>Non-Sole Owner: \$700</div>		<div> Cost of Renewal</div> <div>\$600</div>	

Agenda Item D1 (cont.)

 California Contractors State License Board	Nevada State Contractors Board 	
Yes Less Than \$1,000	 Handyman Exemption	Yes Less Than \$1,000
Yes 3 States Arizona, Louisiana, Nevada Also accepts NASCLA Commercial General Builders Examination for all states once requirements met.	 Reciprocity / Licensure by Endorsement / Exam Waiver	Yes 12 States Alabama, Arizona, California, Connecticut, Florida, Hawaii, Louisiana, New Mexico, North Carolina, South Carolina, Tennessee, West Virginia
19,257 (2,044 Solar Complaints)	 # of Complaints	2,036 (247 Solar Complaints)
\$27.9 million Restitution Awarded \$7.4 million Judgments Paid	 Amount of Restitution / Recovery Funds Awarded	\$1.1 million Recovery Funds Awarded \$17 million Since Inception



Agenda Item E

Discussion Regarding Surety Bonds

Nevada and California Subject Matter Experts

- Surety Bonds
 - Background
 - Different Types of Bonds
 - Public Benefit
 - Bonding for Residential, Commercial, Public Works



Joe Hernandez, AAI, ARM

What is Surety?

Think of it like a money back guarantee.

If you are a developer planning a major construction project, surety is the guarantee that the construction firm will build your building as specified in your contract. If your company is entering into an obligation with the governmental agency or bureau, a private entity, or a federal, state, or local court, surety gives the entity some peace of mind that you'll fulfill the obligation as promised. Surety can help guarantee just about any obligation that your company can find itself entering into.

A Brief History of Surety

Companies have been issuing surety guarantees in this country for about a century but the concept is much older archaeologists in the Mesopotamian region uncovered a clay tablet on which a surety contract was apparently edged around 2750 BC.

In this country surety was used informally for generations. In 1894 Congress passed a law called the **Heard Act** requiring a common combined performance and payment bond covering all federally funded projects. Lawmakers followed up in 1935 with the **Miller Act** which is primarily for federal contracts.

Types of Surety/Bonds

Today we have different classes of commercial surety/bonds.

- **Contract Bonds:** Common bonds are **bid bonds, performance bonds, payment bonds, completion bonds and license bonds.**
- **Court Bonds:** which are **judicial**
- **Court Bonds:** which are **fiduciary**
- **License and Permit Bonds**
- **Federal and Public Official Bonds**

Some Types of Miscellaneous Surety Bonds

- **Environmental Bonds**
- **Workers' Compensation Bonds**
- **Financial Guarantee Bonds**
- **Advance Payment Bonds**
- **Transportation Bonds**

Surety Versus Insurance, What's the Difference?

Surety bonds and insurance sounds similar and serve somewhat similar functions there are a few key differences between the two.

Surety bonds are financial guarantees or promises made by one party (**typically the surety company**) to ensure that another party (**the principal**) fulfills a specific obligation to a third party (**the obligee**) if the principal fails to meet the responsibilities, the surety compensates the obligee financially and seeks repayment from the principal afterward.

What is Insurance?

An insurance policy is a contract between two parties the insurer and the policyholder the contract outlines the specific terms of coverage what is covered by the insurer and what is not. The policyholder will make an initial payment or premium and in return the insurer is contractually obligated to pay for any losses detailed in the policy.

Surety Company Rating

Surety companies are financially rated based on several key factors:

Credit Ratings: Companies are assessed by agencies like AM Best, which evaluate their creditworthiness and financial strength. Ratings range from A to D, with additional gradations indicating strength levels

Financial Strength Rating (FSR): This reflects a company's ability to meet claims and obligations, graded from A to D.

Issuer Credit Rating (ICR): This reflects overall creditworthiness, graded from A to C, with additional gradations indicating strength levels.

Surety Company Rating

Reputation and Trust: Surety companies with strong financial ratings tend to have better reputations and are trusted by clients and obligees, which can influence their creditworthiness.

Premiums: The cost of obtaining a surety bond is determined by the premium, which is based on the principal's creditworthiness and the risk associated with the bond. High premiums may indicate financial instability.

These factors collectively help in understanding a surety company's financial health and stability.

Getting the Bond You Need!

A surety company looks at many factors when underwriting an account. It examines the principal's credit rating to see whether the principal is investment grade.

Companies that aren't investment grade can still obtain bonds but at a higher rate or the company may need to post collateral. The surety looks at the financial strength of the company as well as cash flow and the quality of its financial presentation. The types of bonds needed, and the duration of those bonds are also a factor for a Surety in determining whether it can provide bonding for the company.

You will be required to fill out an application for the surety company as well as a contractor's questionnaire. These are important documents and ask a lot of questions regarding experience and your financial position. The pricing of the bond will vary based on the underwriters' determination of your risk factor.

Pricing and Duration of Bond

The cost of the bond is determined upon the financial strength of the principal as well as the details of the obligation being covered by the bond.

Current pricing of bonds can be between 1 to 3% of the amount of the bond.

Bonds are not like insurance so they cannot be canceled they are continuous. In some cases, they can be exonerated when the project is completed.

Agenda Item E

Discussion Regarding Surety Bonds (cont.)

Surety Bonds at CSLB – Background

- Primary purpose is consumer protection

It is the intent of the Legislature to protect consumers from grievous injury as a result of the acts of contractors

- Statutes of 1979, Chapter 1013, Section 34.5, (Increasing bond to \$5,000)
- License bond increased from \$15,000 to \$25,000 in 2023 after CSLB study
- Increasing higher may require underwriting, increasing the cost of the bond and passing costs to consumers

Agenda Item E

Discussion Regarding Surety Bonds (cont.)

Bonds and Public Benefit

- **Contractor license bond (\$25,000).** Required by CSLB as a condition of having a contractor's license.
 - Promise that contractor will comply with CSLB law
 - Low risk; not underwritten
 - Requires credit rating or CSLB license application prior to issuing
- **Contract bonds** (bid bond, performance bond, payment bond, warranty bond, maintenance bond). Not required by CSLB.
 - Promises the contractor will comply with specific contract requirements
 - Underwriting on case-by-case basis



Agenda Item E

Discussion Regarding Surety Bonds (cont.)

Residential Bonding

- Consumer can require contractor to have performance bond on home improvement contract but CSLB does not require it. May add 2% to 5% to contract price.

Commercial Bonding/Private Works

- Performance and payment bond (guaranteeing performance or guaranteeing subs are paid)
- Owner can require but contractor does not have to comply.

Public Works

- Bid bonds, performance bonds, payment bonds are required depending on project value and type.

Question: Should a focus group be established or staff report developed to consider requiring additional bonding for license types and construction industries receiving increased complaint activity?



Agenda Item F

*Discussion Regarding Legislation and
Classification Changes to Removing Barriers to
Licensure*

B7 RESTRICTED LICENSE (SB130)



Experience

At least 2 years of experience in trade classification; training program; or other recognized experience by the NSCB



Bond

Obtain a surety or cash bond of at least \$2,000



Requirements

Improvements on existing, detached, stand-alone single-family residences that do not extend more than three stories above the ground and one story below the ground.
The Footprint of the existing enclosed space cannot increase



Time Limit

Restricted license valid for two years

Agenda Item F2

Presentation Regarding CSLB B-2 Residential Remodeling License and Minor Work Exemption Increase

- 1,280 licensees since 2022
- Contract for three or more trades on an existing residential structure
- Any number of trades in a single contract as long as no structural and no behind the wall changes to mechanical, electrical, plumbing
- CSLB Handypersons Advisory Committee

Agenda Item G

Discussion Regarding NSCB and CSLB Solar Industry Updates

Agenda Item G1

*Presentation by California Contractors State
License Board*



Agenda Item G1 (cont.)

CSLB Solar Updates

- Solar Complaints Data
- CSLB Multiple Offender Unit
- PUC Consumer Guide and Solar Disclosure Document

Agenda Item G1 (cont.) 2

California Senate Bill 784

- Home improvement loans – right to cancel contracts
- Increases existing three-day and five-day right to cancel in home improvement contracts (HIC)

Agenda Item G1 (cont.) 3

Changes to Federal Investment Tax Credits for Residential Solar

Presentation by California Storage and Solar Association

Agenda Item G2 4

Presentation by Nevada State Contractors Board



DISTRIBUTED GENERATION SYSTEMS (SB379)



SB 379 Overview

2025 Legislative Session - Updates rules for the solar industry and sets new standards for the content of agreements involving loans, purchases, leases, and power purchase deals for systems.



Requirements

Adds new requirements for companies that finance, sell, or install distributed generation systems, and tightens rules for those who generate leads or referrals for solar



Borrower Protection

Protects borrowers by limiting upfront payments to a maximum of \$1,000 or 10% of the contract price (whichever is less). Borrowers can cancel agreement within 3 days if under 60 years old; 10 days if 60 or older



Payments

No further payments are required until system is connected to the grid, passes final inspection and becomes operational

Agenda Item H

Adjournment



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MEETING ADJOURNED

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