



Enforcement and Public Affairs Committee Meeting

August 4, 2026, 9:00 a.m. – 10:00 a.m.
(or until conclusion of business)

Public Comment

Microsoft Teams Link:

<https://teams.microsoft.com/meet/249166088570032?p=CR8Ore0BKQdOBmxPwS>

Meeting ID: 249 166 088 570 032

Passcode: 7fm3qV9K

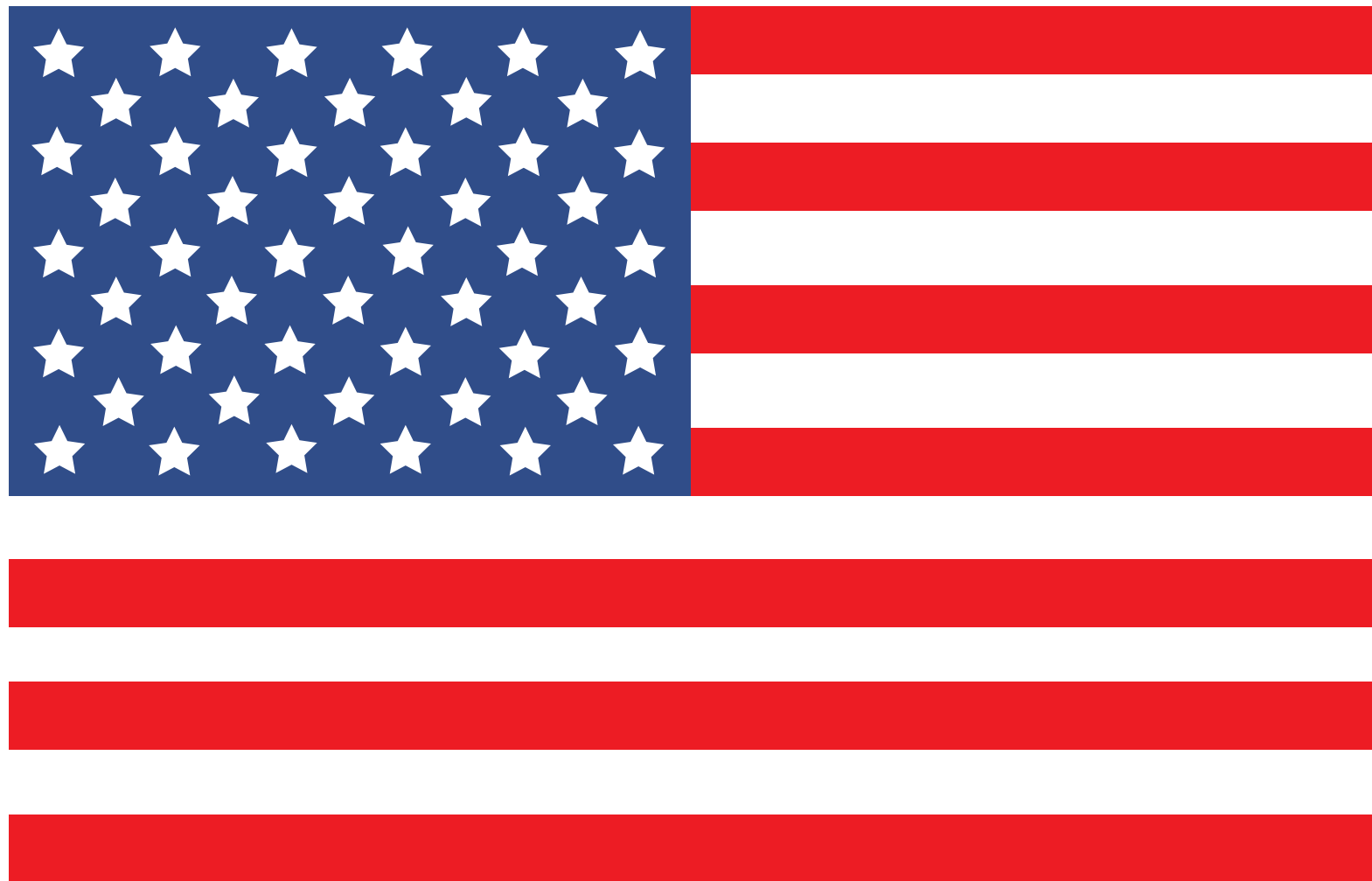
Join by phone:

916-340-8074

Access code: 338 888 16#

Agenda Item A

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



Agenda Item B

Public Comment Session for Items Not on the Agenda and Future Agenda Item Requests (Note: Individuals may appear before the committee members to discuss items not on the agenda; however, CSLB's committee 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

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

Agenda Item D

Public Comment Session for Items Not on the Agenda and Future Agenda Item Requests (Note: Individuals may appear before the committee members to discuss items not on the agenda; however, CSLB's committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).



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Agenda Item E: Review and Discussion Regarding Analytical Study on Unlicensed Practice and Resource Needs

Study Overview

- Prepared by CSLB Examination Development Unit
- Extrapolation-based study
- Scope, Findings, Operational Impacts, and Strategic Recommendations



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Executive Summary: The Scale of Unlicensed Practice

- More than 70,000 are operating without a license statewide.
- Unlicensed activity creates significant consumer protection, public safety, marketplace, and regulatory risks.
- Unlicensed complaints continue to account for more than 20% of CSLB's total complaint volume.
- Multiple data sources point to a substantial and persistent unlicensed construction market.

Contractors Do Not Always Comply with the Following

Business and Professions Code section 7030.5

License number required in all construction contracts, subcontracts and calls for bid; and all forms of advertising

Business and Professions Code section 7117

Acting in the capacity of a contractor under any license except than in the name of the licensee as registered with CSLB or in accordance with the personnel of the licensee as set forth in the application for such license

Strategic Plan Description

In furtherance of existing Strategic Plan objectives:

- Enforcement 2.1: Address false advertising online and on social media to increase proactive enforcement and consumer awareness
- Enforcement 2.2: Assess the need for additional resources to address unlicensed activity and ensure sufficient staffing
- Public Affairs 4.3: Conduct outreach and build partnerships with building departments, state agencies, and industry groups to educate consumers about hiring licensed contractors and students about construction-related fields

CSLB Data Sources

- CSLB License Master – 242,847 active licensees as of December 2025; includes:
 - Name style (Business Name/Entity)
 - Personnel of record
 - License number
 - Business Address
- Used to compare with other construction-related data sources to identify unlicensed operators

Core Data Overview

Data	Methods	Results (# unlicensed contractors)
CSLB Complaints	Proportional extrapolation	71,645
Business License (36 sample cities)	Cross-reference with CSLB Master List + proportion extrapolation	78,973
California Construction Employer (provided by Data Axle via EDD website)	Cross-reference with CSLB Master List	70,840
Advertisements on Craigslist	Cross-reference with CSLB Master List	80% advertised contractors didn't provide a valid license number

Key Findings: more than 70,000 contractors may be operating without a license in California, based on comparing complaint data, local business registration records, and California construction employer data matching it to CSLB data records.

CSLB Complaint-Based Estimate

- CSLB License Master used in the study: 242,847 active licensed contractors as of December 1, 2025.
- 2024 complaints: 15,748 involving licensed contractors and 4,646 involving unlicensed contractors.
- Extrapolation: Assuming comparable complaint-to-contractor ratios, the complaint data produces an estimated 71,645 unlicensed contractors statewide.
- This estimate independently supports the study's approximate of 70,000.

Quick Background: What is NAICS?

NAICS is the product of a cooperative effort on the part of the statistical agencies of the United States, Canada, and Mexico. Employers with similar production processes are classified in the same industry. NAICS focuses on how products and services are created.

NAICS is a standardized system that groups businesses by their primary economic activity.

It allows for consistent identification of construction-related industries such as building, specialty trades, plumbing/HVAC, electrical, roofing, and landscaping.

For more information, visit: [North American Industry Classification System \(NAICS\) U.S. Census Bureau](#)

Data Came from Data Axle Employer Records

- Data Axle employer records, 111,109 construction businesses were identified statewide.
- After matching CSLB records, 70,840 businesses did not have a corresponding CSLB license.

Local City Business License Findings

- Usable business-registration data was obtained from 36 California cities.
- The study analyzed approximately 33,495 construction businesses.
- 13,173 locally registered businesses matched a CSLB license.
- 20,655 locally registered construction businesses did not appear in the CSLB licensing database – approximately 62%.
- Statewide extrapolation based on the sample produced an estimate of approximately 78,973 unlicensed contractors.

Online Advertising: Craigslist Findings

- 18,120 construction-related advertisements were collected from March 8 through April 8, 2026.
- 1,013 active licensed contractors and 3,186 non-licensed contractors were identified.
- There were approximately three times as many non-licensed contractors advertising as licensed contractors.
- Only about 20% of construction businesses advertising on Craigslist had a valid CSLB license.
- Approximately 10% of advertisers provide a license number that did not match CSLB license records.

Overall Finding: Converging Evidence

- Complaint-based estimate: 71,645 unlicensed contractors.
- Data Axle established 70,840 unlicensed contractors.
- City business-license extrapolation: approximately 78,973 unlicensed contractors.
- Online advertising data shows non-licensed advertisers substantially outnumber licensed advertisers.
- **Together, the available data supports an estimated statewide unlicensed contractor population exceeds 70,000.**

Opportunity: Local Government / CSLB Data Alignment

- Business and Professions Code section 7033 requires specified declarations concerning CSLB licensure or exemption during local business licensing.
- Many cities do not request CSLB license information, make the field optional, or do not verify the information provided.
- A city business license can therefore be mistaken by consumers for proof of CSLB licensure.
- Improved coordination can strengthen data accuracy without shifting full enforcement responsibility to local governments.

Ideas for City Business Collaboration (Cont.)

- Improving data verification between cities and CSLB
- Requiring and enforcing CSLB license numbers during the business license application process
- Targeting city-registered but unlicensed contractors
- Launching consumer-awareness campaigns clarifying that city licenses do not confirm CSLB status
- Encouraging consistent collection of contractor license information during local business registration

Opportunities for Each CSLB Division

- Enforcement
 - Stronger enforcement may require:
 - Prioritization of online advertising violations
 - Increasing undercover sting operations
 - Securing additional staff
 - Current available resources to handle 1,400 consumer complaints a month is as follows
 - 27 PY Proactive staff
 - 70 PY Reactive staff

Opportunities for Each CSLB Division

- Public Affairs
 - FAQ for local government and contractors about license number and business name requirements
 - CSLB informational letter for City Business License government offices
 - Educational letter for contractors applying for city business licenses
 - Expand applicant workshops, geographically and/or by specific trade
 - Multimedia outreach campaign (consider additional resources for billboards, radio/podcasts, CSLB information in online advertising)
 - Workshop to train local government (business license and business name registration offices) to use CSLB license lookup tools correctly

Opportunities for Each CSLB Division

- Licensing
 - Outreach to unlicensed contractors could generate a significant increase in license applications.
 - A 10% response from the estimated unlicensed population could produce 7,000 additional applications.
 - Consider additional staff to process applications

Opportunities for Each CSLB Division

- Information Technology
 - Explore File Transfer Protocol with local jurisdictions to match contractor license numbers and business information against CSLB data.
 - Develop a CSLB/local-government tool to validate license numbers during business-license applications.
 - Compare CSLB licensing information with local jurisdiction business-registration data to identify discrepancies.
 - Standardize business-name reporting and consider using common identifiers and industry classifications to improve matching.

Recommendations

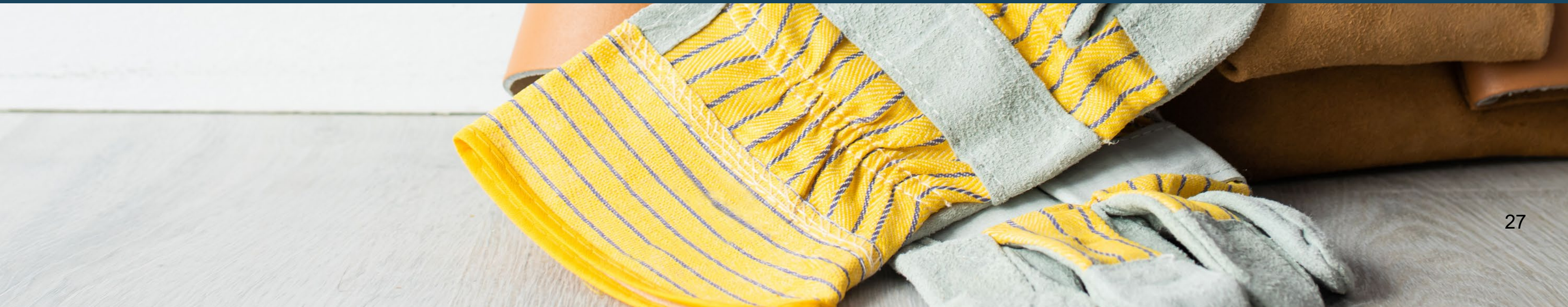
In summary:

- Develop a letter to send to alleged unlicensed operators that would explain license requirements and how to obtain a license
- Reach out to cities about complying with Business and Professions Code section 7033 (requires a city to collect a CSLB license number for every business license application)
- Develop a Budget Change Proposal: Analytical support staff to
 - issue letters and take administrative action for repeat violators
 - assist with making application for licensure and incoming licensing workload
- Public Affairs Outreach and Education Campaign: increased online presence, application workshops, and outreach in underrepresented areas



THANK YOU

Questions





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MEETING ADJOURNED

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

