

**TITLE 16. CONTRACTORS STATE LICENSE BOARD
NOTICE OF PROPOSED CHANGES IN THE REGULATIONS**

NOTICE IS HEREBY GIVEN that the Contractors State License Board (CSLB) is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held in the John C. Hall Hearing Room at the Contractors State License Board, 9821 Business Park Drive, Sacramento, California 95827, at 10:00 a.m. on April 28, 2020.

Written comments, including those sent by mail, facsimile, or email to the addresses listed under Contact Person in this Notice, must be received by CSLB at its office not later than 5:00 p.m. on April 28, 2020 or must be received by CSLB at the April 28, 2020 hearing. CSLB, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modification is sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as the contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

A. Authority and Reference Citations

Pursuant to the authority vested by Section 7008 of the Business and Professions Code, and to implement, interpret, or make specific Sections 7137, 7140, and 7141 of said Code, CSLB is considering changes to Division 8 of Title 16 of the California Code of Regulations as follows:

A. Informative Digest

Amend § 853. Renewal Application Form

Business and Professions Code section 7008 authorizes CSLB to adopt rules and regulations in accordance with the Administrative Procedure Act that are reasonably necessary to carry out the provisions of the Contractors' State License Law. Section 7137 establishes the various fees to be collected by CSLB, including the license renewal and delinquency fees. Section 7140 sets forth provisions for the timely biennial renewal of an unexpired contractor's license and states that to renew a license, the licensee "shall, before the time at which the license would otherwise expire, apply for renewal on a form prescribed by the registrar and pay the renewal fee prescribed by this chapter." Section 7141 relates to the delinquent renewal of an expired contractor's license and provides that a delinquency fee is due "if the license is renewed after the expiration date...."

The existing language of Title 16, Division 8, California Code of Regulations (T16CCR) section 853 mandates that the Registrar of Contractors mails a renewal application form with instructions to each licensee prior to the license expiration. It also addresses submission requirements for the renewal of a contractor's license, including the

processing of incomplete renewal applications and when a renewal application is considered delinquent.

This proposal would amend the regulation to reword and clarify provisions relating to timely and delinquent license renewals and their related submission deadlines consistent with Business and Professions Code sections 7137, 7140, and 7141. The proposed specific provisions of T16CCR section 853 are as described below.

- Existing subsection (b) provides that a renewal application is delinquent if not “postmarked” by the expiration date of the license, but it does not specifically indicate that the license renewal fee must accompany the renewal application. In addition, the existing regulation fails to discuss other possible submission methods (e.g., hand delivery to CSLB headquarters) or due date timelines. The proposed changes would:
 - Add criteria that a renewal includes both a complete renewal application and the applicable fee that must be mailed or hand delivered to CSLB headquarters on or before the license expiration date to be a timely submission, and
 - Add a provision that failure to comply with these requirements shall result in the renewal application being deemed delinquent.
- Existing subsection (c) discusses when corrections to an incomplete renewal application must be submitted to be considered a timely renewal, but it does not mention methods of submission (mail or hand delivery) and the fact that the corrected documentation can be submitted *on* the expiration date in addition to *before* the expiration date. The proposed changes would:
 - Amend subsection (c) to indicate that a timely license renewal occurs with the submission of a completed license renewal (application and fee) postmarked or hand delivered to CSLB’s headquarters “on or before” the license expiration date, and
 - Add a provision that failure to comply with these requirements shall result in the expiration of the license as set forth in Business and Professions Code section 7140.
- Since these proposed changes would interpret statutory provisions related to expiration and renewal of licenses and their related fees, the Reference Note at the end of the section is proposed to be amended to add Sections 7137 and 7141.

B. Policy Statement Overview/Anticipated Benefits of Proposal

CSLB has determined that this regulatory proposal will have the following benefits on the health and welfare of California residents, consumers, and contractor licensees:

§ 853. Renewal Application Form

The amendments to T16CCR section 853 are being proposed to clarify license renewal procedures and specify deadlines for renewing contractors' licenses consistent with Business and Professions Code sections 7137, 7140, and 7141.

These regulatory changes will benefit licensees by providing a better understanding of how and when they must submit their license renewal application and fee(s), as well as any license renewal application corrections that may be required to complete the renewal process. In addition, these changes will benefit the welfare of California residents who hire contractors by helping ensure that contractors remain compliant with statutory requirements to keep their licenses actively renewed.

Regulatory action is needed because without the regulatory language there could be confusion about license renewal procedures, both timely and delinquent, resulting in more licensees becoming unlicensed due to noncompliance with renewal requirements.

C. Consistency and Compatibility with Existing State Regulations

During the process of developing these regulations and amendments, CSLB has conducted a search of any similar regulations on this topic and has concluded that these regulations are neither inconsistent nor incompatible with existing state regulations. This proposal does not conflict with any existing state regulations; it simply clarifies existing state law.

D. Fiscal Impact on Public Agencies / Std. 399

The proposed regulatory action will not result in costs or savings to any state agency, costs or savings to any local agency or school district that is required to be reimbursed under Part 7 of Division 4 (commencing with Section 17500 of the Government Code), other nondiscretionary costs or savings on local agencies, or costs or savings in federal funding to the state. The specific fiscal impacts of the regulatory proposal are described below.

- Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: Little or none – the proposed regulatory actions will affect CSLB, but since they are simply clarifying existing regulatory language, they will have little or no fiscal impact on CSLB. Any necessary changes to the text of the license renewal applications will be incorporated as part of ongoing form updates and will be printed as the forms are printed each month for the license renewals that occur in that month.
- Nondiscretionary Costs/Savings to Local Agencies: None

E. Local Mandate

The proposed regulatory action does not impose a mandate on local agencies or school districts.

- Cost to Any Local Agency or School District for Which Government Code Sections 17500 - 17630 Require Reimbursement: None

F. Business Impact

CSLB has made an initial determination that the proposed regulatory action will have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. The following studies/relevant data were relied upon in making the above determination:

Pursuant to the proposed changes to T16CCR section 853, licensees may voluntarily decide to hand deliver their license renewal applications to CSLB headquarters in lieu of mailing them, which may result in a minor and absorbable cost to the licensee who chooses to drive in lieu of mailing the renewal application to CSLB. For example, if someone were to drive from San Diego to CSLB headquarters, it would be approximately 513 miles; and if they got 25 miles to the gallon and gasoline was \$3.90 per gallon, the final cost of the drive would be just about \$80. Since this would be a voluntary decision by the contractor, the individual contractor will have made their own calculation and decision that it is in their best interest to drive the renewal application to CSLB in lieu of mailing it. However, CSLB has been accepting both mailed and hand-delivered renewal applications for many years, and licensees may choose to continue to submit license renewal applications via the mail, which would result in no additional cost to licensees except postage (averaging \$0.50 to \$6.55 [priority mail]). Based on years of experience, CSLB anticipates that the vast majority of licensees will continue to mail their renewal applications.

G. Cost Impact on Affected Private Persons or Businesses

The cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action and that are known to CSLB are minor and absorbable. The proposed regulatory amendments will not affect the creation or elimination of jobs or businesses or the expansion of businesses in California because the proposed amendments will have only minor and absorbable cost impacts on licensees.

Pursuant to the proposed changes to T16CCR section 853, licensees may voluntarily decide to hand deliver their license renewal applications to CSLB headquarters in lieu of mailing them, which may result in a minor and absorbable cost to the licensee who chooses to drive in lieu of mailing the renewal application to CSLB. For example, if someone were to drive from San Diego to CSLB headquarters, it would be approximately 513 miles; and if they got 25 miles to the gallon and gasoline was \$3.90 per gallon, the final cost of the drive would be just about \$80. Since this would be a voluntary decision by the contractor, the individual contractor will have made their own calculation and decision that it is in their best interest to drive the renewal application to CSLB in lieu of mailing it. However, CSLB has been accepting both mailed and hand-delivered renewal applications for many years, and licensees may choose to continue to submit license renewal applications via the mail, which would result in no additional cost to licensees except postage (averaging \$0.50 to \$6.55 [priority mail]). Based on years of experience, CSLB anticipates that the vast majority of licensees will continue to mail their renewal applications.

H. Housing Costs

The proposed regulatory action will not have an effect on housing costs.

I. Effect on Small Business

CSLB has determined that the proposed regulatory action will have only minor and absorbable effects on small businesses because it simply amends existing regulatory language by clarifying ambiguous or incomplete text. The proposed amendments will have only minor and absorbable cost impacts on licensees, some of which are small businesses. Approximately 67% of all contractors currently licensed by CSLB are sole ownerships (more than 236,000 out of approximately 350,000 licenses), some of whom may be impacted by the proposed regulatory changes.

Pursuant to the proposed changes to T16CCR section 853, licensees may voluntarily decide to hand deliver their license renewal applications to CSLB headquarters in lieu of mailing them, which may result in a minor and absorbable cost to the licensee who chooses to drive in lieu of mailing the renewal application to CSLB. For example, if someone were to drive from San Diego to CSLB headquarters, it would be approximately 513 miles; and if they got 25 miles to the gallon and gasoline was \$3.90 per gallon, the final cost of the drive would be just about \$80. Since this would be a voluntary decision by the contractor, the individual contractor will have made their own calculation and decision that it is in their best interest to drive the renewal application to CSLB in lieu of mailing it. However, CSLB has been accepting both mailed and hand-delivered renewal applications for many years, and licensees may choose to continue to submit license renewal applications via the mail, which would result in no additional cost to licensees except postage (averaging \$0.50 to \$6.55 [priority mail]). Based on years of experience, CSLB anticipates that the majority of licensees will continue to mail their renewal applications.

J. Results of the Economic Impact Assessment/Analysis

Impact on Jobs/Businesses

CSLB has determined that this regulatory proposal will not have a significant impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California. The proposed amendments will have only minor and absorbable cost impacts on licensees.

Pursuant to the proposed changes to T16CCR section 853, licensees may voluntarily decide to hand deliver their license renewal applications to CSLB headquarters in lieu of mailing them, which may result in a minor and absorbable cost to the licensee who chooses to drive in lieu of mailing the renewal application to CSLB. For example, if someone were to drive from San Diego to CSLB headquarters, it would be approximately 513 miles; and if they got 25 miles to the gallon and gasoline was \$3.90 per gallon, the final cost of the drive would be just about \$80. Since this would be a voluntary decision by the contractor, the individual contractor will have made their own calculation and decision that it is in their best interest to drive the renewal application to CSLB in lieu of mailing it. However, CSLB has been accepting both mailed and hand-delivered renewal applications for many years, and licensees may choose to continue to

submit license renewal applications via the mail, which would result in no additional cost to licensees except postage (averaging \$0.50 to \$6.55 [priority mail]). Based on years of experience, CSLB anticipates that the vast majority of licensees will continue to mail their renewal applications.

Benefits of Regulation

CSLB has determined that this regulatory proposal will have the following benefits to the health and welfare of California residents, worker safety, and the state's environment:

- Will provide licensees a better understanding of how and when they must submit their license renewal application and fee(s), as well as any license renewal application corrections that may be required to complete the renewal process. In addition, these changes will benefit the health and welfare of California residents who hire contractors by helping ensure that contractors remain compliant with statutory requirements to keep their licenses actively renewed.
- Will not affect worker safety because the proposed amendments do not relate to worker safety. The regulatory proposal simply amends existing language relating to contractor licensing requirements by clarifying ambiguous or incomplete text, none of which relates to worker safety.
- Should not affect the State's environment. The proposed amendments do not relate to environmental issues specifically, but they would allow licensees to voluntarily decide to hand deliver their license renewal applications to CSLB headquarters in lieu of mailing them, which could increase driving and possibly pollution. For example, if someone were to drive from San Diego to CSLB headquarters, it would be approximately 513 miles; and if they got 25 miles to the gallon, the final gasoline usage for the drive would be just about 20.5 gallons. Since this would be a voluntary decision by the contractor, the individual contractor will have made their own calculation and decision that it is in their best interest to drive the renewal application to CSLB in lieu of mailing it. However, CSLB has been accepting both mailed and hand-delivered renewal applications for many years, and licensees may choose to continue to submit license renewal applications via the mail, which would result in no additional effect on the State's environment. Based on years of experience, CSLB anticipates that the vast majority of licensees will continue to mail their renewal applications.

K. Reference to Text and Initial Statement of Reasons

CSLB has prepared an initial statement of the reasons for the proposed action and has available upon request all the information upon which the proposal is based.

Copies of the exact language of the proposed regulations and any document incorporated by reference therein, the Initial Statement of Reasons, and the information upon which the proposal is based may be obtained at the hearing or prior to the hearing upon request from CSLB at 9821 Business Park Drive, Sacramento, CA 95827.

L. Federal Mandate

The proposed regulatory action is not mandated by federal law and is not identical to any previously adopted or amended federal regulation. The licensing and regulation of contractors is conducted at the state level, not federal.

M. Consideration of Alternatives

CSLB must determine that no reasonable alternative it considered to the regulation or that has been identified and brought to its attention would be either more effective in carrying out the purpose for which the action is proposed, would be as effective as and less burdensome to affected private persons than the proposal described in this Notice, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

N. Availability of Final Statement of Reasons and Rulemaking File

All the information upon which the proposed regulatory action is based is contained in the rulemaking file which is available for public inspection by contacting the person named below. Interested parties may obtain a copy of the Final Statement of Reasons once it has been prepared by making a written request to the contact person named below.

O. Website Access

Materials regarding the proposed regulatory action can be found at www.cslb.ca.gov.

P. Contact Person

Inquiries or comments concerning the proposed administrative action may be addressed to:

Contractors State License Board
9821 Business Park Drive
Sacramento, CA 95827
Attn: Betsy Figueira
(916) 255-3369
(916) 364-0130 (FAX)
Betsy.Figueira@cslb.ca.gov

The backup contact person is:

Michael Jamnetski
(916) 255-2798
(916) 364-0130 (FAX)
Michael.Jamnetski@cslb.ca.gov

Inquiries concerning the substance of the proposed regulations may be directed to Betsy Figueira at (916) 255-3369.