

Date of Hearing: June 14, 2016

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS

Rudy Salas, Chair

SB 1209(Morrell) – As Amended April 6, 2016

SENATE VOTE: 37-0

SUBJECT: Contractors: discipline

SUMMARY: Provides that citations issued against a licensed contractor follow the contractor if he or she is issued another license and authorizes the disclosure of these citations within existing disclosure timeframes.

EXISTING LAW:

- 1) Establishes the Contractors State License Board (CSLB) within the Department of Consumer Affairs (DCA) to implement and enforce the Contractors State License Law (CSLL); the laws and regulations related to the licensure, practice and discipline of the construction industry in California. All businesses and individuals who construct or alter, or offer to construct or alter, any building, highway, road, parking facility, railroad, excavation, or other structure in California must be licensed by the CSLB if the total cost (labor and materials) of one or more contracts on the project is \$500 or more. (Business and Professions Code (BPC) Section 7000, *et seq.*)
- 2) Requires that citations be disclosed from the date of issuance and for five years after the date of compliance if no additional disciplinary actions have been filed against the licensee during the five-year period. If additional disciplinary actions were filed against the licensee during the five-year period, all disciplinary actions are required to be disclosed for as long as the most recent disciplinary action is subject to disclosure under the section. At the end of the specified time period, those citations will no longer be disclosed. (BPC Section 7124.6 (e)(1))
- 3) Requires that accusations that result in suspension, stayed suspension, or stayed revocation of the contractor's license be disclosed from the date the accusation is filed and for seven years after the accusation has been settled, including the terms and conditions of probation if no additional disciplinary actions have been filed against the licensee during the seven-year period. If additional disciplinary actions were filed against the licensee during the seven-year period, all disciplinary actions will be posted for as long as the most recent disciplinary action is subject to disclosure under this section. At the end of the specified time period, those accusations will no longer be disclosed. (BPC Section 7124.6 (e)(2))

THIS BILL:

- 1) Requires that any disclosure pursuant to BPC Section 7124.6(e) also appear on the license record of any other license that includes a qualifier that is listed on the personnel of record of the license that was issued the citation.
- 2) Extends existing disclosure timeframes to this requirement.

FISCAL EFFECT: According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, this bill will result in negligible state costs.

COMMENTS:

Purpose. This bill is sponsored by the Contractors State License Board. This bill provides that citations issued against a licensed contractor follow the contractor if he or she is issued another license and authorizes the disclosure of these citations within existing disclosure timeframes.

According to the author, “[This bill] is a common sense consumer protection bill that closes a loophole in current law. Presently, the [CSLB] requires contractors to publicly disclose any citation they have received within the past five years. However, if a contractor obtains a new license, the citation does not follow them, allowing bad actors to hide from consumers any citations they may have received. This bill closes that loophole, providing for greater consumer confidence.”

Background. The CSLB licenses approximately 300,000 contractors in 44 license classifications and two certifications. A license may be issued to an individual, partnership, corporation, limited liability company, or joint venture. All licenses must have a qualifying individual (also referred to as “qualifier”). A qualifying individual is the person listed on CSLB records who satisfies the experience and examination requirements for a license. Depending on the type of license, the qualifying individual must be designated as an owner, responsible managing employee, responsible managing officer, responsible managing manager, responsible managing member, or qualifying partner in the license records. A qualifying individual is required for every classification and on each license issued by CSLB; the same person may serve as the qualifier for more than one classification. The Board also registers some 9,600 home improvement salespersons who are engaged in the sale of home improvement goods and services.

Disclosure. Current law limits disclosure of a citation only to the license subject to a complaint substantiating that citation. Once that citation is disclosed, existing law does not extend that disclosure to licenses obtained or joined by persons thereafter. This bill requires that these disclosures follow the person to whom the citation was noticed so that they also appear on the license record of any other license he or she files.

ARGUMENTS IN SUPPORT:

The Contractors State License Board writes in support, “[This bill] furthers the public protection goal of existing law, by enhancing the disclosure to the public regarding contractors who have been discipline by CSLB.”

REGISTERED SUPPORT:

Contractors State License Board (sponsor)

REGISTERED OPPOSITION:

None on file.

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