

Date of Hearing: April 18, 2017

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS

Rudy Salas, Chair

AB 996 (Cunningham) – As Introduced February 16, 2017

**SUBJECT:** Contractors Licensing Board Web site: search function for workers compensation claims.

**SUMMARY:** Requires that the Contractors State Licensing Board (CSLB) make improvements to its website to allow the monitoring of a licensee's renewal of a certificate of worker's compensation insurance or certification of self-insurance that is pending before the CSLB.

**EXISTING LAW:**

- 1) Requires contractor license search by zip code or geographic location (Business and Professions Code (BPC) Section 7018)
- 2) Requires the CSLB to maintain a computerized tracking system for tracking customer complaints. (BPC Section 7020)

**THIS BILL:**

- 1) Requires, on or before January 1, 2020, that CSLB enhance its website to allow consumers and licensees to track the progress of renewal applications for certificates of workers' compensation.
- 2) Requires the enhancement to including a visual tool that provides: 1) the date the application was filed, 2) the status of each of the components of the renewal application that have been filed, and 3) confirmation that the review is being reviewed and shown as pending until the final disposition has been approved by the registrar.
- 3) Requires that the website show the daily record of the average time elapsed from the time the board received the application to the time a determination is made.
- 4) Requires that the website clearly show if an application for workers' compensation or certification of self-insurance has been in possession of the CSLB past the 30-day deadline for review and whether any failure to have a certificate on file is due to circumstances beyond the control of the licensee.

**FISCAL EFFECT:** Unknown. This bill is keyed fiscal by the Legislative Counsel.

**COMMENTS:**

**Purpose.** This bill is sponsored by **the Sacramento Regional Builders Exchange**. According to the author, "California has a long tradition in support of open government and access to government processes and AB 996 is about greater transparency and accountability.

Far too often, licensed contractors who submit their renewal workers' compensation policy

certificates with the CSLB are met with delays and back-logs. While the CSLB allows 30 days to process certificates, often because of staffing issues, budget cuts, or lack of automated processing, the CSLB may take as long as 6 to 8 weeks to process, causing a license to be suspended. Suspension of a license forces all construction activities to cease and employees to stop working. This administrative delay not only hurts the economy, but places unwarranted shame on a licensee.

AB 996 does not change the verification process, but merely ensures that information already collected by the CSLB is available on their website for both consumers and contractors. Specifically, when the workers' compensation renewal certificate was received; verification that it is being reviewed; identify any outstanding items; and provide a visual scale to consumers and licensees of the average time it takes to process these certificates.

AB 996 will instill greater confidence among licensees and will provide greater accuracy and clarification for consumers of the status of a contractor's license."

**Background.** The bill would require the CSLB to create a system for licensees to track their application for workers' compensation certificates. The system would allow licensees to follow the progress of their application all the way through the review process and would flag applications that been in the possession of the board for more than 30 days.

The CSLB has been backlogged this year in processing workers compensation certificates and this can cause problems for contractors who must have an active certificate to avoid having their license suspended. If a license is suspended for lack of workers' compensation and the licensee submits verification of workers' compensation within 30 days, the license is renewed retroactively to the date the certificate expired so that there is no official break in licensure.

Though this retroactive licensure ensures that licensees are not penalized for operating without a license during that time, the temporary suspension in license can be stressful for the licensee that is not sure when the certificate will be renewed and license backdated. The author argues that providing applicants with a web portal that they can use to track the progress of their application will help to allay some of these concerns. However, it is unclear how the CSLB would accommodate this requirement. The CSLB does not utilize the BreEZe system utilized by a number of other boards and bureaus under the Department of Consumer Affairs. Further, it is unclear how it would be determined whether the delay in verification is outside of the licensee's control.

**Prior Related Legislation.**

AB 2486 (Baker), Chapter 270, Statutes of 2016: Required CSLB to establish a tool on its website for searching contractors by Zip Code or geographic location.

SB 560 (Monning), Chapter 389, Statutes of 2015: Authorized the enforcement division of CSLB to enforce the obligation of licensees to obtain workers' compensation insurance.

**ARGUMENTS IN SUPPORT:**

The Sacramento Regional Builders Exchange (sponsor) writes in support, "California has embraced sunshine laws and AB 996 is a modest step to provide greater transparency and accountability within the CSLB."

**ARGUMENTS IN OPPOSITION:**

None on file

**POLICY ISSUE(S) FOR CONSIDERATION:**

Many boards and bureaus across DCA would benefit from taking a serious look at licensing and verification timelines, and CSLB is no exception. However, the issues being addressed by AB 996 may not be resolved with the passage of this legislation. There are a number of factors that may go into a delay in processing that are outside the control of CSLB, including, incomplete documentation, duplicate documents, inconsistent certificates, and other applicant related errors. CSLB automatically generates reminders for licensees 30 days ahead of certificate expiration, but it is unclear how many licenses are suspended because licensees fail to submit the documentation in a timely fashion.

**IMPLEMENTATION ISSUES:**

It is uncertain how the CSLB would provide access through the internet for tracking the progress of certificate verification. As the CSLB does not utilize BreZE the CSLB would have to find a solution for doing so, potentially at great cost.

**REGISTERED SUPPORT:**

Sacramento Regional Builders Exchange (sponsor)

**REGISTERED OPPOSITION:**

None on File

**Analysis Prepared by:** Jimmy Fremgen / B. & P. / 916-319-3301