

Date of Hearing: June 21, 2016

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS

Rudy Salas, Chair

SB 1155(Morrell) – As Amended May 31, 2016

SENATE VOTE: 39-0

NOTE: This bill is double-referred, and if passed by this Committee, will be referred to the Assembly Committee on Veteran Affairs.

SUBJECT: Professions and vocations: licenses: military service

SUMMARY: Requires, on or after January 1, 2018, every board under the Department of Consumer Affairs (DCA) to waive initial license fees for veterans, as specified.

EXISTING LAW:

- 1) Existing law provides for the licensure and regulation of various professions and vocations by licensing entities under the DCA. (Business and Professions Code (BPC) §§1-11506)
- 2) Declares, among other things, that it is the policy of this state that persons with skills, knowledge, and experience obtained in the armed services of the United States should be permitted to apply this learning and contribute to the employment needs of the state at the maximum level of responsibility and skill for which they are qualified. (BPC § 35)
- 3) Exempts a licensee or registrant of any board, commission, or bureau within the DCA whose license expired while the licensee or registrant was on active duty as a member of the California National Guard or the United States Armed Forces from reexamination or penalties for reinstating the license or registration, as specified. (BPC § 114)
- 4) Requires every board under the DCA to waive the renewal fees, continuing education requirements, and other renewal requirements as determined by the board for any licensee or registrant called to active duty as a member of the United States Armed Forces or the California National Guard if certain specified requirements are met. (BPC § 114.3)
- 5) Requires each board under the DCA to inquire in every application for licensure if the applicant is serving in, or has previously served in, the military. (BPC § 114.5)
- 6) Requires, after July 1, 2016, that a board under the DCA expedite the initial licensure process for an applicant who supplies satisfactory evidence to the board that the applicant has served as an active duty member of the Armed Forces of the United States and was honorably discharged. (BPC § 115.4)
- 7) Requires a board under the DCA to expedite the licensure process for an applicant who is married to, or in a domestic partnership or other legal union with an active duty member of the Armed Forces or who is assigned to a duty station within this state under official active duty military orders and holds a current license from another state in the profession or vocation for which the applicant seeks a license from the board. (BPC § 115.5)

- 8) Requires a board under the DCA to issue, after appropriate investigation, specified temporary licenses to an applicant who is married to, or is in a domestic partnership or other legal union with an active duty member of the Armed Forces or who is assigned to a duty station within this state under official active duty military orders, if the applicant meets specified requirements. (BPC § 115.6)

THIS BILL:

- 1) Requires every board within the DCA to grant a fee waiver for the application for and issuance of an initial license to an individual who is a honorably discharged veteran who served as an active duty member of the California National Guard or the United States Armed Forces.
- 2) Provides that a veteran shall be granted only one fee waiver, except if a board charges a fee for the application for a license and another fee for the issuance of a license. In that case, the board shall grant the veteran fee waivers for both the application for and issuance of a license.
- 3) Specifies that, after a fee waiver has been issued by any board under the DCA pursuant to the provisions under this bill, the veteran will no longer be eligible for a waiver.
- 4) Specifies that the fee waiver shall apply only to an application of, and a license issued to, an individual veteran and not to an application of, or a license issued to, an individual veteran on behalf of a business or other entity.
- 5) Specifies that a waiver shall not be issued for: 1) renewal of a license; 2) the application for and issuance of an additional license, a certificate, a registration, or a permit associated with the initial license; or 3) the application for an examination.
- 6) Becomes operative on January 1, 2018.

FISCAL EFFECT: According to the Senate Appropriations Committee, this bill will result in:

- 1) “[DCA]-wide revenue loss of \$1.1 million to waive applicable fees for honorably discharged veterans. Additional workload required of each board and bureau to establish the fee waiver in regulations prior to implementation could drive potentially significant costs. Though most boards and bureaus indicate that the loss of revenue and any associated workload would be minor, this bill would exacerbate the fiscal issues of several funds within the [DCA].
- 2) Additional absorbable workload to the [DCA] to make necessary changes to the [DCA’s] online licensing and enforcement system, BreEZe. Additional minor costs for updating websites related to applications.”

COMMENTS:

Purpose. This bill is sponsored by the author. According to the author, “[this bill] removes a barrier for veterans seeking work in California and encourages immediate entrance into the civilian workforce by waiving the application and initial license fees in order to receive an occupational license. These fees act as a barrier of entry to the workforce for the 240,000 to 360,000 veterans that separate from the military each year, many of whom would like to make

California home... By removing a barrier, we can more effectively help veterans harness their invaluable skillsets thereby helping them find higher paying jobs, strengthening the economy, and chipping away at the growing issue of veteran homelessness.”

Background. In 2015, the White House’s Council of Economic Advisors (CEA) in *Occupational Licensing: A Framework for Policy Makers* pointed out that strict licensing creates barriers to mobility for workers in licensed professions, including military personnel and veterans. The CEA suggests that this is because state licensing schemes impose additional licensing costs on licensed workers for movement between states, but no extra cost for movement within a state.

Further, the burdens could be harder on military applicants and their families, who tend to move much more than the general population. Military applicants may be stationed away from the state where they earned their license (Permanent Change of Station (PCS) move). Veterans may also end up moving to a different state when they are discharged. If the state they move to does not accept their license, the military applicants and their families may have to repeat education and training to meet the state-specific requirements.

There are also several costs associated with licensing. Applicants and licensees typically have to pay to acquire the required education, pay an application processing fee, pay an examination fee, and pay an initial licensee fee. Depending on the profession, some licensees also have to pay renewal fees and continuing education fees. As a result, even if a military applicant, military spouse, or veteran is licensed and meets the educational and experiential requirements, they almost always have to pay duplicative fees.

DCA Board Assistance for Military Applicants and Licensees. Due to the potential hardships of licensing on military applicants, veterans, and their families, the Legislature has passed, and the DCA boards have implemented, several policies to ease the burdens on military applicants, spouses, and licensees. For instance, BPC § 114 exempts licensees from penalties for reinstating a retired license if called to active duty. BPC § 114.3 requires boards under the DCA to waive renewal fees, continuing education requirements, and other requirements for military licensees as long as specified requirements are met.

In addition, after July 1, 2016, BPC § 115.4 will require boards under the DCA to begin expediting the initial licensure process for applicants who are honorably discharged veterans. Similarly, this bill adds a one-time initial license fee waiver for applicants who are honorably discharged veterans.

Current Related Legislation. SB 1348 (Canella) of the current Legislative Session, requires boards under the DCA that authorize veterans to apply military experience and training towards licensure requirements to post information on the board’s website about applying for military experience and training towards licensure requirements.

Prior Related Legislation. AB 1057 (Medina), Chapter 693, Statutes of 2013, requires each board to inquire in every application for licensure if the individual applying for licensure is serving in, or has previously served in, the military.

IMPLEMENTATION ISSUES:

Board Revenues. Based on available data, the DCA boards that license military applicants estimate that there are at least potential 8,714 military applicants that this legislation will impact. The DCA notes that, because not all boards have moved to DCA's new licensing processing database, BreZE, this data can be difficult to track for some boards. As a result, the estimates are conservative. Given that several boards are experiencing fiscal issues and have submitted recent proposals for fee increases, it is unclear how the potential loss of revenues will impact board operations.

Exclusion of Businesses. There are several boards that offer licenses to businesses, authorizing the business to provide services that require a license. These boards include the Structural Pest Control Board, the California Board of Accountancy, the Bureau for Private Postsecondary Education, the Bureau of Security and Investigative Services, and others. Because the assistance provided under this bill is only intended to benefit an individual veteran, it contains a clause excluding individual veterans applying on behalf of a business. Therefore, this bill would exclude licensed businesses such as accountancy firms, registered pest control companies, and registered alarm companies.

Still, given the variety of license types (and variety of licensees employed by the businesses), the current language of the bill may also result in unintended exclusions or inclusions. For example, some individuals applying on behalf of a business are not applying for a license specifically authorizing the business to practice (such as a contractor operating as a sole proprietor). Therefore, the author should continue to work with the DCA, boards, and stakeholders to determine the proper way to distinguish businesses from individuals.

AMENDMENTS:

The author should make the following amendment to clarify the way applicants show honorable discharge status:

On page 2, lines 5-8, strike, ~~an individual who is an honorably discharged veteran who served as an active duty member of the California National Guard or the United States Armed Forces.~~ and insert:

an applicant who supplies satisfactory evidence to the board that the applicant has served as an active duty member of the California National Guard or the United States Armed Forces and was honorably discharged.

On page 3, between lines 1 and 2, insert:

(e) "Satisfactory evidence" means a completed "Certificate of Release or Discharge from Active Duty" (DD Form 214).

REGISTERED SUPPORT:

American G.I. Forum of California
AMVETS-Department of California
California Association of County Veterans Service Officers
California Dental Association

Goodwill Southern California
Military Officers Association of America, California Council of Chapters
Veterans of Foreign Wars, California Department

REGISTERED OPPOSITION:

None on file.

Analysis Prepared by: Vincent Chee / B. & P. / (916) 319-3301