

JUNE 23-24, 2016  
GARDEN GROVE, CALIFORNIA



CONTRACTORS STATE LICENSE BOARD

# Board Meeting







# CONTRACTORS STATE LICENSE BOARD

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June 24, 2016, 9:00 a.m. – 1:00 p.m.  
Hyatt Regency  
11999 Harbor Blvd., Garden Grove, CA 92840**

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JUNE 23, 2016  
GARDEN GROVE, CALIFORNIA



CONTRACTORS STATE LICENSE BOARD

DAY 1





## AGENDA ITEM A

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

Roll is called by the Board Chair or, in his/her absence, by the Board Vice Chair or, in his/her absence, by a Board member designated by the Board Chair.

Eight members constitute a quorum at a CSLB Board meeting, per Business and Professions Code section 7007.

### Board Member Roster

KEVIN J. ALBANESE

ROBERT LAMB

AGUSTIN BELTRAN

ED LANG

LINDA CLIFFORD

MARLO RICHARDSON

DAVID DE LA TORRE

FRANK SCHETTER

DAVID DIAS

PAUL SCHIFINO

SUSAN GRANZELLA

JOHNNY SIMPSON

JOAN HANCOCK

NANCY SPRINGER

PASTOR HERRERA JR.





## AGENDA ITEM B

# Public Comment for Items Not on the Agenda and Future Agenda Item Requests

(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

Public comments will be taken on agenda items at the time the item is heard and prior to the CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the Board Chair.

### BOARD MEETING PROCEDURES

To maintain fairness and neutrality when performing its adjudicative function, the Board should not receive any substantive information from a member of the public regarding matters that are currently under or subject to investigation, or involve a pending administrative or criminal action.

- (1) If, during a Board meeting, a person attempts to provide the Board with substantive information regarding matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the person shall be advised that the Board cannot properly consider or hear such substantive information and the person shall be requested to refrain from making such comments.
- (2) If, during a Board meeting, a person wishes to address the Board concerning alleged errors of procedure or protocol or staff misconduct involving matters that are currently under or subject to investigation or involve a pending administrative or criminal action:
  - (a) The Board may designate either its Registrar or a board employee to review whether the proper procedure or protocol was followed and to report back to the Board once the matter is no longer pending; or,
  - (b) If the matter involves complaints against the Registrar, once the matter is final or no longer pending, the Board may proceed to hear the complaint in accordance with the process and procedures set forth in Government Code section 11126(a).
- (3) If a person becomes disruptive at the Board meeting, the Chair will request that the person leave the meeting or be removed if the person refuses to cease the disruptive behavior.





# AGENDA ITEM C

## Legislation





## AGENDA ITEM C-1

# Review, Discussion, and Possible Action Regarding Positions on 2016 Proposed Legislation:

- a. AB 1793 – Contractors: License Requirements: Recovery Actions (Holden)
- b. AB 2286 – Contractors: Home Improvement Salespersons (Mullin)
- c. AB 2486 – CSLB: License Search (Baker)
- d. AB 2693 – Financing Requirements: Property Improvements (Dababneh)
- e. AB 2859 – Professions and Vocations: Retired License Category: Licenses (Low)
- f. SB 465 – Contractors’ Discipline (Hill)
- g. SB 661 – Protection of Subsurface Installations (Hill)
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- j. SB 1155 – Professions and Vocations: Licenses: Military (Morrell)
- k. SB 1209 – Contractors: Discipline (Morrell)
- l. SB 1348 – Licensure Applications: Military Experience (Canella)
- m. SB 1479 – Business and Professions (BPED)



**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** AB 1793 (Holden)  
**Status/Location:** Amended 5/4/16 – Senate  
**Sponsor:** Author  
**Subject:** Contractors: License Requirements: Recovery  
Actions  
**Code Section:** Business & Professions 7031

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**Summary**

Existing law (Business & Professions Code section 7031):

1. Authorizes a person who uses an unlicensed contractor to bring an action in any court of competent jurisdiction for recovery of compensation paid to the unlicensed contractor for performance of any act or contract.
2. Authorizes a court to determine that a contractor has substantially complied with licensure requirements, under limited circumstances.
3. Provides that the four criteria the court should consider to determine substantial compliance are that the contractor:
  - (a) Had been duly licensed as a contractor in this state prior to the performance of the act or contract;
  - (b) Acted reasonably and in good faith to maintain proper licensure;
  - (c) Did not know or reasonably should not have known that he or she was not duly licensed at the time when performance of the act or contract commenced; and
  - (d) Acted promptly and in good faith to reinstate his or her license upon learning it was invalid.

This bill:

1. Authorizes a contractor to seek recovery of compensation for any work performed if he/she was duly licensed during the time period for which compensation is sought.
2. Revises the ability of an individual to seek recovery of compensation paid to an unlicensed contractor to provide that the right to recover shall not apply to any work performed during a time when the contractor was duly licensed.
3. Provides that a security interest taken for payment for any work done is enforceable for work performed while the contractor was duly licensed.
4. Revises the criteria for the court to consider when determining if a contractor substantially complied with the law to eliminate the requirement that a contractor did not know or reasonably should not have known that he or she was not duly licensed and to, instead, provide that the contractor acted promptly and in good faith to remedy the failure to comply with the licensure requirements upon learning of the failure.

5. Requires (rather than permits) a court to determine that a contractor is in compliance with the licensing requirements, if all of the conditions are met.

Comments:

The current provisions of Business & Professions (B&P) Code section 7031 that authorize a person who utilizes an unlicensed contractor to bring an action in any court of competent jurisdiction for recovery of all compensation paid to the unlicensed contractor for performance of any act or contract is broadly applied: If a contractor is unlicensed for any period of time during the performance of a contract a consumer can withhold payment or seek to recover all compensation already paid for the entire project.

Rulings from numerous court cases related to this statute are inconsistent, and its provisions have frequently been interpreted differently while their reach has expanded. Particular focus has center on if an unlicensed contractor will be allowed to assert that it has substantially complied with the statute and derive compensation for its work.

In the case of *Alatraste v. Cesar's Exterior Designs, Inc.* (2010), the Court of Appeal held in favor of the plaintiff, homeowner Alatraste, who had contracted with Cesar's to perform landscaping work. Cesar's was unlicensed at the time it began work on the Alatraste home, a fact that Cesar's maintained Alatraste was well aware of. Following a dispute, Cesar's quit the job after five months. Alatraste then sued Cesar's under various fraud theories, including a claim under Business & Professions Code §7031(b) to recover all monies paid to Cesar's. Alatraste sought recovery for the total amount paid to the contractor because Cesar's was unlicensed at the time it performed the work. Cesar's argued that, under §7031(b), Alatraste should be barred from obtaining reimbursement for all monies paid because he had prior knowledge that Cesar's was an unlicensed contractor. The appeals court affirmed the judgment that Alatraste's prior knowledge of Cesar's unlicensed status did not bar his §7031(b) claim and rejected Cesar's claim that Alatraste should not be reimbursed for work or materials paid for by Alatraste during the time that Cesar's was properly licensed during performance of the work.

In *White v. Cridlebaugh* (2009), the appellate court concluded that the contractor was not qualified to be licensed because it did not have a qualified responsible managing officer or employee in place, and that its license, therefore, was suspended by operation of law. Hence, disgorgement under section 7031(b) was authorized. (The Whites retained Cridlebaugh and JC Master Builders, Inc. (collectively, the "contractor") to build them a log cabin. The Whites terminated the construction contract because of concerns over the contractor's billing and competency.) The court further considered if "the recovery of compensation authorized by section 7031(b) [may] be reduced by offsets for materials and service provided or by claims for indemnity and contribution." The court concluded that it may not, and that under the express terms of the statute, "unlicensed contractors are required to return all compensation received without reductions or offsets for the value of the materials or serviced provided."

In *Goldstein v. Barak Construction*, 164 Cal. App. 4th 845 (2008), the Court of Appeal rejected the contention that the amount of the judgment should be reduced by the amount earned by Barak after it became a licensed contractor. (In this case the homeowners entered into a contract with Barak Construction to remodel their home in mid-June 2004. Barak began work on the project immediately, but did not obtain a contractor's license for the first time until mid-September 2004.)

In *Wright v. Issak* (2007), a licensed contractor was found to have significantly underreported his employee payroll for purposes of workers' compensation insurance and did not have workers' compensation insurance for the job in question. Under contractors' state license law, a license is automatically suspended for failure to obtain the required insurance. In this case, the contractor was required to disgorge all payment received under the contract.

In *MW Erectors, Inc. v. Niederhauser Ornamental and Metal Works Co., Inc.* (2005), the California Supreme Court held that the subcontractor, MW Erectors, could not recover any compensation whatsoever because it did not strictly comply with B&P Code §7031, as it had not obtained the proper specialty license until eighteen days after commencing work on the project. The court did, however, reject the argument of general contractor Niederhauser, which had hired MW, that the subcontractor should also be denied recovery because it was not properly licensed when the contract was entered into. The court said that proper licensing need not be in effect at the time the contract was executed, so long as proper licensing was in place the entire time the work was performed.

In the California Supreme Court decision *Hydrotech Systems, Ltd. v. Oasis Water Park* (1991), the court found that a contractor without a California license could not recover unpaid compensation by citing alleged fraud of the part of the project owner based on his or her prior knowledge that the contractor was not licensed in the State.

*Judicial Council of California v. Jacobs Facilities, Inc.* (2015), involved a contract between the Administrative Office of the Courts (AOC) and Jacobs Engineering Group. While Jacobs was licensed at the time the contract was signed and work commenced, at some point during the course of the contract, Jacobs, as part of a corporate restructuring, transferred the employees responsible for the contract to another wholly owned subsidiary, which resulted in the establishment of a new subsidiary that obtained a contractor's license, while the other existing license expired. AOC sued for disgorgement under B&P Code §7031, for the total amount paid under the contract, approximately \$18 million. The Court of Appeal found in favor of AOC.

#### Prior Legislation:

The Contractors State License Board (CLSB) sponsored legislation in 2013 (SB 263, Monning) to repeal B&P Code §7031 and replace it with language that would still have required a contractor to be licensed at all times, but would have allowed a court to determine that a contractor had substantially complied with the licensing requirement if he or she was licensed when the contract was signed, but subsequently performed work

either out of class, under a suspended license, or under an expired or inactive license. CSLB did not succeed in pursuing amendments to B&P Code section 7031, as the Legislature views it as an important consumer protection that should not be weakened.

Support:

Air Conditioning Sheet Metal Association  
Associated General Contractors  
California Association of Sheet Metal and Air Conditioning Contractors California  
Building Industry Association  
California Chapters of the National Electrical Contractors Association  
California Legislative Conference of the Plumbing, Heating, and Piping Industry  
California Professional Association of Specialty Contractors  
California State Building and Construction Trades Council  
Construction Employers' Association  
Northern California Allied Trades  
Southern California Contractors Association  
United Contractors  
Wall and Ceiling Alliance  
Western Line Constructors Chapter

**Fiscal Impact for CSLB**

None.

**Board Position and Comments**

**WATCH.** This bill does not directly affect the operation of CSLB and, since this has proven a controversial subject in the past, staff recommends that CSLB watch the legislation, but not take an official position.

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**Date:** May 19, 2016

AMENDED IN ASSEMBLY MAY 4, 2016

AMENDED IN ASSEMBLY APRIL 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1793**

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**Introduced by Assembly Member Holden**

February 4, 2016

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An act to amend Section 7031 of the Business and Professions Code, relating to contractors.

LEGISLATIVE COUNSEL'S DIGEST

AB 1793, as amended, Holden. Contractors: license requirements: recovery actions.

Existing law, the Contractors' State License Law, creates the Contractors' State License Board within the Department of Consumer Affairs and provides for the licensure and regulation of contractors. Existing law authorizes a person who utilizes an unlicensed contractor to bring an action in any court of competent jurisdiction in this state for recovery of compensation paid to the unlicensed contractor for performance of any act or contract. Existing law authorizes a court to determine that a contractor has substantially complied with licensure requirements if specified conditions are met. Existing law also requires a contractor to demonstrate that he or she acted promptly and in good faith to reinstate his or her license upon learning it was invalid in order to meet substantial compliance of these licensure requirements.

This bill would instead require a court to find that a contractor is in substantial compliance with the licensure requirements if prescribed evidentiary standards are met. The bill, for purposes of a person seeking recovery of moneys paid to an unlicensed contractor, also would ~~delete~~

**AB 1793**

*remove* the requirement that the contractor be duly licensed at all times during the performance of the work in order for the contractor to receive compensation. The bill instead would authorize a contractor to retain compensation for the portion of the work performed while the contractor was duly licensed.

*Existing law authorizes a person who provides work authorized for a site improvement to have a lien against the property equal to the value of the work. Existing law provides that a security interest taken to secure payment for site improvements is unenforceable if the contractor was not licensed during all times during the performance of the improvements.*

*The bill would make the security interest enforceable for work performed while the contractor was duly licensed.*

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 7031 of the Business and Professions
- 2 Code is amended to read:
- 3 7031. (a) Except as provided in subdivision (e), no person
- 4 engaged in the business or acting in the capacity of a contractor,
- 5 may bring or maintain any action, or recover in law or equity in
- 6 any action, in any court of this state for the collection of
- 7 compensation for the performance of any act or contract where a
- 8 license is required by this chapter without alleging that he or she
- 9 was a duly licensed contractor during the performance of that act
- 10 or contract for which compensation is sought, regardless of the
- 11 merits of the cause of action brought by the person. This prohibition
- 12 shall not apply to contractors who are each individually licensed
- 13 under this chapter but who fail to comply with Section 7029.
- 14 (b) Except as provided in subdivision (e), a person who utilizes
- 15 the services of an unlicensed contractor may bring an action in
- 16 any court of competent jurisdiction in this state to recover all
- 17 compensation paid to the unlicensed contractor for performance
- 18 of any act or contract, except that this right to recover from an
- 19 unlicensed contractor shall not apply to any compensation paid to
- 20 the contractor for work performed during a time when the
- 21 contractor was duly licensed.

1 (c) A security interest taken to secure any payment for the  
2 performance of any act or contract for which a license is required  
3 by this chapter is ~~unenforceable if the person performing the act~~  
4 ~~or contract was not a duly licensed contractor at all times during~~  
5 ~~the performance of the act or contract.~~ *enforceable for work*  
6 *performed while the contractor was duly licensed.*

7 (d) If licensure or proper licensure is controverted, then proof  
8 of licensure pursuant to this section shall be made by production  
9 of a verified certificate of licensure from the Contractors' State  
10 License Board which establishes that the individual or entity  
11 bringing the action was duly licensed in the proper classification  
12 of contractors during the performance of any act or contract for  
13 which compensation is sought. Nothing in this subdivision shall  
14 require any person or entity controverting licensure or proper  
15 licensure to produce a verified certificate. When licensure or proper  
16 licensure is controverted, the burden of proof to establish licensure  
17 or proper licensure shall be on the licensee.

18 (e) The judicial doctrine of substantial compliance shall not  
19 apply under this section where the person who engaged in the  
20 business or acted in the capacity of a contractor has never been a  
21 duly licensed contractor in this state. However, notwithstanding  
22 subdivision (b) of Section 143, the court shall determine that there  
23 has been substantial compliance with licensure requirements under  
24 this section if it is shown at an evidentiary hearing that the person  
25 who engaged in the business or acted in the capacity of a contractor  
26 (1) had been duly licensed as a contractor in this state prior to the  
27 performance of the act or contract, (2) acted reasonably and in  
28 good faith to maintain proper licensure, and (3) acted promptly  
29 and in good faith to remedy the failure to comply with the licensure  
30 requirements upon learning of the failure.

31 (f) The exceptions to the prohibition against the application of  
32 the judicial doctrine of substantial compliance found in subdivision  
33 (e) shall apply to all contracts entered into on or after January 1,  
34 1992, and to all actions or arbitrations arising therefrom, except  
35 that the amendments to subdivisions (e) and (f) enacted during the  
36 1994 portion of the 1993-94 Regular Session of the Legislature  
37 shall not apply to either of the following:

38 (1) Any legal action or arbitration commenced prior to January  
39 1, 1995, regardless of the date on which the parties entered into  
40 the contract.

**AB 1793**

- 1 (2) Any legal action or arbitration commenced on or after
- 2 January 1, 1995, if the legal action or arbitration was commenced
- 3 prior to January 1, 1995, and was subsequently dismissed.

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**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** AB 2486 (Baker)  
**Status/Location:** Amended 4/25/16 – Assembly Floor  
**Sponsor:** Associated Builders & Contractors  
**Subject:** Contractors’ State License Board: License Search By Location  
**Code Section:** Business & Professions 7018

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**Summary**

This bill requires that, by January 1, 2019, the Contractors State License Board (CSLB) add a feature to its current online license check function that allows a consumer to search for a license contractor by either zip code or location.

Comments:

CSLB has looked at implementing a search feature by location during the past few years and it is currently a goal in the strategic plan. CSLB has discussed how to ensure that consumers receive the most useful information with this feature, as a licensee’s business name may not fully reflect the type of work he or she performs, and a licensee’s address of record may not reflect the geographic area where he or she works.

CSLB’s IT division is currently implementing changes to the Home Improvement Salesperson registration process, which will include this proposed search feature, and anticipates that it will be operational by next summer. Once that is complete, work will begin on expanding this feature to other licensees.

Amendments:

When first introduced this bill was permissive, rather than mandatory. While the bill now requires CSLB to add this feature, it does provide sufficient time for implementation.

**Fiscal Impact for CSLB**

Approximately \$100,000 in programming and website changes. CSLB will absorb this cost over multiple fiscal years.

**Board Position and Comments**

**SUPPORT.** While this bill is not necessary, as CSLB can do this within its existing authority, the bill does CSLB address one of CSLB’s strategic goals.

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**Date:** May 11, 2016

AMENDED IN ASSEMBLY APRIL 25, 2016

AMENDED IN ASSEMBLY MARCH 28, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2486**

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**Introduced by Assembly Member Baker  
(Coauthor: Assembly Member Bonilla)**

February 19, 2016

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An act to add Section 7018 to the Business and Professions Code, relating to contractors.

LEGISLATIVE COUNSEL'S DIGEST

AB 2486, as amended, Baker. Contractors' State License Board: license search by location.

The Contractors' State License Law provides for the licensure and regulation of contractors by the Contractors' State License Board, which is within the Department of Consumer Affairs. Existing law requires the board to appoint a registrar and requires the registrar, as specified, to publish a list of the names and addresses of contractors registered under that law.

~~This bill would authorize the board, when funds are available or during a scheduled update of the board's Internet Web site, would require the board, prior to January 1, 2019, to add an enhancement to the current contractor license check search function that would permit consumers to search for a licensed contractor by either ZIP Code or geographic location.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

**AB 2486**

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 7018 is added to the Business and  
2 Professions Code, to read:

3 7018. ~~The board may, when funds are available or during a~~  
4 ~~scheduled update of the board's Internet Web site, Prior to January~~  
5 *1, 2019, the board shall* add an enhancement to the current  
6 contractor license check search function that permits consumers  
7 to search for a licensed contractor by either ZIP Code or geographic  
8 location.

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AMENDED IN SENATE JUNE 6, 2016  
AMENDED IN ASSEMBLY MAY 10, 2016  
AMENDED IN ASSEMBLY APRIL 28, 2016  
AMENDED IN ASSEMBLY APRIL 11, 2016  
AMENDED IN ASSEMBLY MARCH 17, 2016  
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2693**

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**Introduced by Assembly Member Dababneh  
(Coauthors: Assembly Members Travis Allen, Hadley, and Linder)**

February 19, 2016

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An act to amend Section 53328.1 of the Government Code, and to amend Section 5898.15 of, ~~and~~ to amend, renumber, and add Section 5898.16 of, *and to add Section 5898.17 to*, the Streets and Highways Code, relating to property improvements.

LEGISLATIVE COUNSEL'S DIGEST

AB 2693, as amended, Dababneh. Financing requirements: property improvements.

(1) Existing law authorizes the legislative body of a public agency, as defined, to determine that it would be convenient, advantageous, and in the public interest to designate an area within which authorized public agency officials and property owners may enter into voluntary contractual assessments to finance certain improvements, including the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to real property, as specified.

**AB 2693**

Existing law prohibits a public agency from permitting a property owner to participate in any program established pursuant to these provisions if the owner's participation would result in the total amount of any annual property taxes and assessments exceeding 5% of the property's market value, as determined at the time of approval of the owner's contractual assessment.

This bill would also prohibit a public agency from permitting a property owner ~~who is a homeowner applicant~~ to participate in a program pursuant to these provisions unless the property owner has been provided with a completed financing estimate document or a substantially equivalent document and the property owner is given the right to cancel the contractual assessment at any time prior to midnight on the 3rd business day after the date of the transaction to enter into the agreement without penalty or ~~obligation~~. *The obligation, consistent with certain requirements. The bill would provide that the failure of a public agency to comply with these prohibitions renders the contractual obligations of the property owner for the contractual assessment void.*

*This bill would also prohibit a public agency from permitting a property owner to participate in a program pursuant to these provisions if the total mortgage-related debt and contractual assessment-related debt on the underlying property would exceed the fair market value of the property at the time of the owner's contractual assessment, if the mortgage-related debt on the property alone is equal to 90% or greater of the property's fair market value at the time of the approval of the owner's contractual assessment, or if the owner is unable to meet specified requirements.*

~~This bill would provide that the failure of a public agency to comply with these prohibitions renders the contractual obligations of the property owner for the contractual assessment void.~~

*This bill would limit these provisions to a property owner who seeks to participate in a program pursuant to these provisions for a residential property with 4 or fewer units.*

(2) The Mello-Roos Community Facilities Act of 1982 specifies the requirements for the establishment of a community facilities district, including, among other things, a petition, a hearing, the establishment of the boundaries of the community facilities district, and an election on the question. Existing law authorizes a community facilities district formed pursuant to an alternative procedure under which the district initially consists solely of territory proposed for annexation to the community facilities district in the future and territory is annexed and

subjected to special taxes only upon unanimous approval of the owners, to finance and refinance the acquisition, installation, and improvement of energy efficiency, water conservation, and renewable energy improvements.

This bill would require a legislative body to comply with the requirements described above prior to the annexation of a parcel or parcels to a community facilities district formed pursuant to the alternative procedure.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. (a) *The Legislature finds and declares all of the*  
2 *following:*

3     (1) *The Property Assessed Clean Energy program has been*  
4 *promoted in California widely as an innovative and alternative*  
5 *form of financing for environmental improvements for the benefit*  
6 *of the public and California's environment.*

7     (2) *The promotion of the Property Assessed Clean Energy*  
8 *financing is now a popular and widespread form of alternative*  
9 *financing for consumers seeking solar energy, water conservation,*  
10 *energy efficiency, and earthquake retrofitting improvements to the*  
11 *benefit of all Californians.*

12     (3) *The consumer obligation to repay voluntary contractual*  
13 *assessments created by the Property Assessed Clean Energy*  
14 *program is sometimes misunderstood and may affect the*  
15 *consumer's ability to refinance their loan or sell their property.*

16     (4) *Making residential real estate secured loans to consumers*  
17 *through Property Assessed Clean Energy financing for home*  
18 *improvements has grown rapidly, raising questions as to whether*  
19 *the Property Assessed Clean Energy program is adequately*  
20 *supported by government regulation.*

21     (5) *The passage of this act is essential to promote standardized*  
22 *disclosures and protections for consumers to ensure that the*  
23 *Property Assessed Clean Energy program can continue to be*  
24 *widely used to offset the adverse impacts of years of climate*  
25 *change.*

26     (b) *This act shall be known, and may be cited, as the PACE*  
27 *Preservation and Consumer Protections Act.*

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1     **SECTION 1.**

2     *SEC. 2.* Section 53328.1 of the Government Code is amended  
3 to read:

4     53328.1. (a) As an alternate and independent procedure for  
5 forming a community facilities district, the legislative body may  
6 form a community facilities district that initially consists solely  
7 of territory proposed for annexation to the community facilities  
8 district in the future, with the condition that a parcel or parcels  
9 within that territory may be annexed to the community facilities  
10 district and subjected to the special tax only with the unanimous  
11 approval of the owner or owners of the parcel or parcels at the  
12 time that the parcel or parcels are annexed. In that case, the  
13 legislative body shall follow the procedures set forth in this article  
14 for the formation of a community facilities district, with the  
15 following exceptions:

16     (1) The legislative body shall not be obligated to specify the  
17 rate or rates of special tax in the resolution of intention or the  
18 resolution of formation, provided that both of the following are  
19 met:

20     (A) The resolution of intention and the resolution of formation  
21 include a statement that the rate shall be established in an amount  
22 required to finance or refinance the authorized improvements and  
23 to pay the district's administrative expenses.

24     (B) The maximum rate of special tax applicable to a parcel or  
25 parcels shall be specified in the unanimous approval described in  
26 this section relating to the parcel or parcels.

27     (2) The legislative body shall not be obligated to specify in the  
28 resolution of intention the conditions under which the obligation  
29 to pay the specified special tax may be prepaid and permanently  
30 satisfied. Instead, a prepayment provision may be included in the  
31 unanimous approval of the owner or owners of each parcel or  
32 parcels at the time that the parcel or parcels are annexed to the  
33 community facilities district.

34     (3) In lieu of approval pursuant to an election held in accordance  
35 with the procedures set forth in Sections 53326, 53327, 53327.5,  
36 and 53328, the appropriations limit for the community facilities  
37 district, the applicable rate of the special tax and the method of  
38 apportionment and manner of collection of that tax, and the  
39 authorization to incur bonded indebtedness for the community  
40 facilities district shall be specified and be approved by the

1 unanimous approval of the owner or owners of each parcel or  
2 parcels at the time that the parcel or parcels are annexed to the  
3 community facilities district. No additional hearings or procedures  
4 are required, and the unanimous approval shall be deemed to  
5 constitute a unanimous vote in favor of the appropriations limit  
6 for the community facilities district, the authorization to levy the  
7 special tax on the parcel or parcels, and the authorization to incur  
8 bonded indebtedness for the community facilities district.

9 (4) Notwithstanding Section 53324, this paragraph establishes  
10 the applicable protest provisions in the event a local agency forms  
11 a community facilities district pursuant to the procedures set forth  
12 in this section. If 50 percent or more of the registered voters, or  
13 six registered voters, whichever is more, residing within the  
14 territory proposed to be annexed to the community facilities district  
15 in the future, or if the owners of one-half or more of the area of  
16 land proposed to be annexed in the future and not exempt from  
17 the special tax, file written protests against establishment of the  
18 community facilities district, and protests are not withdrawn so as  
19 to reduce the protests to less than a majority, no further proceedings  
20 to form the community facilities district shall be undertaken for a  
21 period of one year from the date of decision of the legislative body  
22 on the issues discussed at the hearing. If the majority protests of  
23 the registered voters or of the landowners are only against the  
24 furnishing of a specified type or types of facilities or services  
25 within the district, or against levying a specified special tax, those  
26 types of facilities or services or the specified special tax shall be  
27 eliminated from the resolution of formation.

28 (5) The legislative body shall not record a notice of special tax  
29 lien against any parcel or parcels in the community facilities district  
30 until the owner or owners of the parcel or parcels have given their  
31 unanimous approval of the parcel's or parcels' annexation to the  
32 community facilities district, at which time the notice of special  
33 tax lien shall be recorded against the parcel or parcels as set forth  
34 in Section 53328.3.

35 (b) Notwithstanding the provisions of Section 53340, after  
36 adoption of the resolution of formation for a community facilities  
37 district described in subdivision (a), the legislative body may, by  
38 ordinance, provide for the levy of the special taxes on parcels that  
39 will annex to the community facilities district at the rate or rates  
40 to be approved unanimously by the owner or owners of each parcel

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1 or parcels to be annexed to the community facilities district and  
2 for apportionment and collection of the special taxes in the manner  
3 specified in the resolution of formation. No further ordinance shall  
4 be required even though no parcels may then have annexed to the  
5 community facilities district.

6 (c) The local agency may bring an action to determine the  
7 validity of any special taxes levied pursuant to this chapter and  
8 authorized pursuant to the procedures set forth in this section  
9 pursuant to Chapter 9 (commencing with Section 860) of Title 10  
10 of Part 2 of the Code of Civil Procedure. Notwithstanding Section  
11 53359, if an action is brought by an interested person pursuant to  
12 Section 863 of the Code of Civil Procedure to determine the  
13 validity of any special taxes levied against a parcel pursuant to  
14 this chapter and authorized pursuant to the procedures set forth in  
15 this section, the action shall be brought pursuant to Chapter 9  
16 (commencing with Section 860) of Title 10 of Part 2 of the Code  
17 of Civil Procedure, but shall, notwithstanding the time limits  
18 specified in Section 860 of the Code of Civil Procedure, be  
19 commenced within 15 days after the date on which the notice of  
20 special tax lien is recorded against the parcel. Any appeal from a  
21 judgment in any action or proceeding described in this subdivision  
22 shall be commenced within 30 days after entry of judgment.

23 (d) A community facilities district formed pursuant to this  
24 section may only finance facilities pursuant to subdivision (l) of  
25 Section 53313.5.

26 (e) The legislative body shall comply with the requirements  
27 specified in Sections ~~5898.15 and~~ 5898.16 and 5898.17 of the  
28 Streets and Highways Code prior to the annexation of a parcel or  
29 parcels to a community facilities district formed pursuant to this  
30 section.

31 (f) In connection with formation of a community facilities  
32 district and annexation of a parcel or parcels to the community  
33 facilities district pursuant to this section, and the conduct of an  
34 election on the proposition to authorize bonded indebtedness  
35 pursuant to the alternate procedures set forth in Section 53355.5,  
36 the local agency may, without additional hearings or procedures,  
37 designate a parcel or parcels as an improvement area within the  
38 community facilities district. After the designation of a parcel or  
39 parcels as an improvement area, all proceedings for approval of  
40 the appropriations limit, the rate and method of apportionment and

1 manner of collection of special tax and the authorization to incur  
2 bonded indebtedness for the parcel or parcels shall apply only to  
3 the improvement area.

4 (g) In connection with a community facilities district formed  
5 under this section, as an alternate and independent procedure for  
6 making the changes described in Section 53330.7, the changes  
7 may be made with the unanimous approval of the owner or owners  
8 of the parcel or parcels that will be affected by the change and  
9 with the written consent of the local agency. No additional hearings  
10 or procedures are required, and the unanimous approval shall be  
11 deemed to constitute a unanimous vote in favor of the proposed  
12 changes. If the proceeds of a special tax are being used to retire  
13 any debt incurred pursuant to this chapter and the unanimous  
14 approval relates to the reduction of the special tax rate, the  
15 unanimous approval shall recite that the reduction or termination  
16 of the special tax will not interfere with the timely retirement of  
17 that debt.

18 ~~SEC. 2. Section 5898.15 of the Streets and Highways Code is~~  
19 ~~amended to read:~~

20 ~~5898.15. (a) A public agency shall not permit a property owner~~  
21 ~~to participate in any program established pursuant to this chapter~~  
22 ~~if any of the following apply:~~

23 ~~(1) The owner's participation would result in the total amount~~  
24 ~~of the annual property taxes and assessments exceeding 5 percent~~  
25 ~~of the property's fair market value, as determined at the time of~~  
26 ~~approval of the owner's contractual assessment.~~

27 ~~(2) The total mortgage-related debt and contractual~~  
28 ~~assessment-related debt on the underlying property would exceed~~  
29 ~~the fair market value of the property, as determined at the time of~~  
30 ~~the owner's contractual assessment.~~

31 ~~(3) The total mortgage-related debt on the property alone is~~  
32 ~~equal to 90 percent or greater of the property's fair market value,~~  
33 ~~as determined at the time of approval of the owner's contractual~~  
34 ~~assessment.~~

35 ~~(4) The property owner is unable to meet all of the following~~  
36 ~~criteria:~~

37 ~~(A) The property owner shall certify that the property taxes for~~  
38 ~~the property are current and that there is no more than one late~~  
39 ~~payment during the previous three years or the period of time~~  
40 ~~during which the owner has owned the property, whichever is less.~~

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1     ~~(B) The property owner shall certify that he or she is not~~  
2 ~~currently in default on any debt secured by the property and that~~  
3 ~~there is no more than one late payment during the 12-month period~~  
4 ~~preceeding the time of the owner's contractual assessment and that~~  
5 ~~late payment, if any, was submitted no later than 30 days after the~~  
6 ~~due date.~~

7     ~~(C) If the property owner is a homeowner applicant, the property~~  
8 ~~owner has not had any active bankruptcies within the last seven~~  
9 ~~years. This criterion can be met if a property owner's bankruptcy~~  
10 ~~was discharged between two and seven years before the application~~  
11 ~~date and the property owner has not had any mortgage or~~  
12 ~~nonmortgage payments past due for more than 60 days in the most~~  
13 ~~recent 24 months.~~

14     ~~(D) The property owner does not have an involuntary lien~~  
15 ~~recorded against the property in excess of one thousand dollars~~  
16 ~~(\$1,000).~~

17     ~~(b) If a property owner is a homeowner applicant, a public~~  
18 ~~agency shall not permit the property owner to participate in any~~  
19 ~~program established pursuant to this chapter unless both of the~~  
20 ~~following requirements are met:~~

21     ~~(1) The property owner has been provided with a completed~~  
22 ~~financing estimate document set forth in Section 5898.16, or a~~  
23 ~~substantially equivalent document that displays the same~~  
24 ~~information in a substantially similar format.~~

25     ~~(2) The property owner is given the right to cancel the~~  
26 ~~contractual assessment at any time prior to midnight on the third~~  
27 ~~business day after the date of the transaction to enter into the~~  
28 ~~agreement without penalty or obligation. The property owner is~~  
29 ~~deemed to have given notice of cancellation at the moment that~~  
30 ~~the property owner sends the notice by mail or email or at the~~  
31 ~~moment that the property owner otherwise delivers the notice, as~~  
32 ~~applicable.~~

33     ~~(e) Failure to comply with the requirements of either subdivision~~  
34 ~~(a) or (b) renders the contractual obligations of a property owner~~  
35 ~~for a contractual assessment entered into pursuant to this chapter~~  
36 ~~void.~~

37     ~~(d) Except as provided in subdivisions (a) and (b), nothing in~~  
38 ~~this chapter shall be construed to void or otherwise release a~~  
39 ~~property owner from the contractual obligations incurred by a~~  
40 ~~contractual assessment on a property.~~

1     *SEC. 3. Section 5898.15 of the Streets and Highways Code is*  
2 *amended to read:*

3     5898.15. (a) A public agency shall not permit a property owner  
4 to participate in any program established pursuant to this chapter  
5 if the owner's participation would result in the total amount of any  
6 annual property taxes and assessments exceeding 5 percent of the  
7 property's market value, as determined at the time of approval of  
8 the owner's contractual assessment.

9     (b) Nothing in this chapter shall be construed to void or  
10 otherwise release a property owner from the contractual obligations  
11 incurred by a contractual assessment on a property, particularly in  
12 the event that the total amount of annual property taxes and  
13 assessments exceeds 5 percent of a property's market value after  
14 the property owner has entered into a contractual assessment  
15 pursuant to this chapter.

16     (c) *This section applies to a property owner who seeks to*  
17 *participate in a program established pursuant to this chapter for*  
18 *types of property not subject to the requirements of Sections*  
19 *5898.16 and 5898.17.*

20     ~~SEC. 3:~~

21     *SEC. 4. Section 5898.16 of the Streets and Highways Code is*  
22 *amended and renumbered to read:*

23     ~~5898.17.~~

24     5898.18. All references to financing in this chapter shall be  
25 deemed to also refer to refinancing, except that with respect to  
26 refinancing, the legislative body shall conclude that providing the  
27 refinancing will result in an increased adoption of the  
28 improvements authorized to be financed by this chapter. This  
29 section does not constitute a change in, but is declaratory and a  
30 clarification of existing law.

31     *SEC. 5. Section 5898.16 is added to the Streets and Highways*  
32 *Code, to read:*

33     5898.16. (a) A public agency shall not permit a property owner  
34 to participate in any program established pursuant to this chapter  
35 if any of the following apply:

36     (1) *The property owner's participation would result in the total*  
37 *amount of the annual property taxes and assessments exceeding*  
38 *5 percent of the property's fair market value, as determined at the*  
39 *time of approval of the property owner's contractual assessment.*

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1 (2) *The total mortgage-related debt and contractual*  
2 *assessment-related debt on the underlying property would exceed*  
3 *the fair market value of the property, as determined at the time of*  
4 *the property owner's contractual assessment.*

5 (3) *The total mortgage-related debt on the property alone is*  
6 *equal to 90 percent or greater of the property's fair market value,*  
7 *as determined at the time of approval of the property owner's*  
8 *contractual assessment.*

9 (4) *The property owner is unable to meet all of the following*  
10 *criteria:*

11 (A) *The property owner shall certify that the property taxes for*  
12 *the property are current and that there is no more than one late*  
13 *payment during the previous three years or the period of time*  
14 *during which the property owner has owned the property,*  
15 *whichever is less.*

16 (B) *The property owner shall certify that he or she is not*  
17 *currently in default on any debt secured by the property and that*  
18 *there is no more than one late payment during the 12-month period*  
19 *preceding the time of the property owner's contractual assessment*  
20 *and that late payment, if any, was submitted no later than 30 days*  
21 *after the due date.*

22 (C) *The property owner has not had any active bankruptcies*  
23 *within the last seven years. This criterion can be met if a property*  
24 *owner's bankruptcy was discharged between two and seven years*  
25 *before the application date and the property owner has not had*  
26 *any mortgage or nonmortgage payments past due for more than*  
27 *60 days in the most recent 24 months.*

28 (D) *The property owner does not have an involuntary lien*  
29 *recorded against the property in excess of one thousand dollars*  
30 *(\$1,000).*

31 (b) *A public agency shall not permit the property owner to*  
32 *participate in any program established pursuant to this chapter*  
33 *unless both of the following requirements are met:*

34 (1) *The property owner has been provided with a completed*  
35 *financing estimate document set forth in Section 5898.17, or a*  
36 *substantially equivalent document that displays the same*  
37 *information in a substantially similar format.*

38 (2) *The property owner is given the right to cancel the*  
39 *contractual assessment at any time prior to midnight on the third*  
40 *business day after the date of the transaction to enter into the*

1 agreement without penalty or obligation, consistent with the  
2 following:

3 (A) The property owner shall receive two copies of the right to  
4 cancel document set forth below or a substantially similar  
5 document that displays the same information in a substantially  
6 similar format.

7  
8  
9

**Right to Cancel**

10 Property Owner: \_\_\_\_\_  
11 [Owner Full Name], [Phone], [Email]

12 Property Address: \_\_\_\_\_  
13 [Property Address]

14

15 Your Right to Cancel:

16

17 You are entering into a contractual assessment with \_\_\_\_\_ for financing  
18 [Provider]

19 that will result in a lien on the property at \_\_\_\_\_. You may  
20 [Property Address]

21 cancel this transaction, without cost, within three business days from the date  
22 on which you signed the contractual assessment.

23

24 If you cancel the transaction:

- 25 • You will not be charged a cancellation fee; and
- 26 • You will be refunded any money you have given, excluding application and  
27 processing fees as applicable.

28

29 To cancel this transaction, you may submit this form to \_\_\_\_\_ in writing  
30 [Provider]

31 at:

32 Provider: \_\_\_\_\_

33 Attn: Right to Cancel Notification

34 Address: \_\_\_\_\_

35

36 Deadline to Cancel:

37

38 If you want to cancel this transaction, you must submit this form on or before  
39 [Insert date].

40

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1 *If you cancel by mail or email, you must send the notice no later than midnight*  
2 *of the third business day following the date on which you signed the contractual*  
3 *assessment. If you send or deliver your written notice to cancel some other*  
4 *way, it must be delivered to the above address no later than the time indicated*  
5 *above.*

6  
7 *(B) The property owner is deemed to have given notice of*  
8 *cancellation at the moment that the property owner sends the notice*  
9 *by mail or email or at the moment that the property owner*  
10 *otherwise delivers the notice, as applicable.*

11 *(c) Failure to comply with the requirements of subdivision (b)*  
12 *renders the contractual obligations of a property owner for a*  
13 *contractual assessment entered into pursuant to this chapter void.*

14 *(d) Except as provided in subdivision (b), nothing in this chapter*  
15 *shall be construed to void or otherwise release a property owner*  
16 *from the contractual obligations incurred by a contractual*  
17 *assessment on a property.*

18 *(e) This section only applies to a property owner who seeks to*  
19 *participate in a program established pursuant to this chapter for*  
20 *a residential property with four or fewer units.*

21 ~~SEC. 4.~~

22 ~~SEC. 6.~~ Section ~~5898.16~~ 5898.17 is added to the Streets and  
23 Highways Code, to read:

24 ~~5898.16.~~

25 5898.17. (a) The disclosure set forth ~~below~~ below, or a  
26 *substantially equivalent document that displays the same*  
27 *information in a substantially similar format, shall be completed*  
28 *and delivered to a homeowner as soon as practicable before, and*  
29 *in no event later than when, a homeowner becomes obligated on*  
30 *an agreement to property owner at least three business days before*  
31 *the property owner consummates a voluntary contractual*  
32 *assessment described in this chapter or a special tax described in*  
33 *Section 53328.1 of the Government Code. The disclosure shall be*  
34 *provided to the property owner as a printed copy, if requested by*  
35 *the property owner. A sample of the disclosure set forth below*  
36 *shall be maintained on a public Internet Web site available to*  
37 *property owners.*

38 *(b) This section only applies to disclosure to a property owner*  
39 *who seeks to participate in a program established pursuant to this*  
40 *chapter for a residential property with four or fewer units.*

Financing Estimate and Disclosure

Notice to Homeowners: Property Owner: You have the right to request that a hard copy of this document be provided to you before and after reviewing and signing. The financing arrangement described below will result in an assessment against your property which will be collected along with your property taxes. The assessment lien against your property may jeopardize your ability to sell or refinance your property unless you repay the underlying debt. You may request a subordination of the lien in order to address complications in your ability to refinance or sell your property.

There may be cheaper alternative financing arrangements available from conventional lenders: available. You should read and review the terms carefully, and if necessary, consult with a tax professional or attorney.

Customer Service Toll-Free telephone number and email:

In the event you have a consumer complaint, questions about your financing obligations related to the contractual assessment or your contractual rights under the terms of this contract, you can contact either this toll-free telephone number or email address provided below and receive a response within 24 hours or one business day.

Toll-Free telephone number: \_\_\_\_\_
Customer service email address: \_\_\_\_\_

Products and Costs

Product costs (including labor/installation) \$ \_\_\_\_\_

Description

- 1.
2.
3.

Financing Costs

Application fees and costs \$ \_\_\_\_\_
Prepaid Interest \$ \_\_\_\_\_
Other Costs \$ \_\_\_\_\_
Total Amount Financed \$ \_\_\_\_\_

Annual Percentage Rate (APR) \_\_\_\_\_%

Simple Interest Rate \_\_\_\_\_%

Total Annual Principal, Interest, and \$ \_\_\_\_\_

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1 Administrative Fees

2

3 Note: If your property taxes are paid through an impound account, your lender  
4 may apportion the amount and add it to your monthly payment.

5 See "Other important considerations," below

6 Total Amount you will

7 have paid over the life of

8 the loan \$ \_\_\_\_\_

9

10 **Other Costs**

11 Appraisal Fees \$ \_\_\_\_\_

12 Bond related costs \$ \_\_\_\_\_

13 Annual Administrative fees \$ \_\_\_\_\_

14 Estimated closing costs \$ \_\_\_\_\_

15 Credit Reporting Fees \$ \_\_\_\_\_

16 Recording Fees \$ \_\_\_\_\_

17

18 **Total Financing Costs**

19 **and Closing Costs** \$ \_\_\_\_\_

20 Estimated Cash (out of

21 pocket) to close \$ \_\_\_\_\_

22

23

24 **Other Terms**

25 Prepayment fee  No  Yes \_\_\_\_\_

26 Assumable by new owner  No  Yes \_\_\_\_\_

27

28 **Additional Information About ~~This~~ These Financing**

29 **Comparisons** [Use this information to compare to other financing options]

30

31

32 In 10 years \$ \_\_\_\_\_ Principal you will have paid off.

33 \$ \_\_\_\_\_ Amount of interest you have paid.

34 \$ \_\_\_\_\_ Amount of financing and other costs  
35 you will have paid.

36 \$ \_\_\_\_\_ Total you will have paid.

37

38 Annual Percentage Rate \_\_\_\_\_%

39

40

1 Total Interest Paid (as a percentage of all the \_\_\_\_\_%  
2 payments you have made)

3  
4 *Estimated market value of home without the improvement: \_\_\_\_\_*

5 *Estimated market value of home with the improvement: \_\_\_\_\_*

6  
7 *The estimated market value of your home is derived using one of the following:*  
8 *1) an automated valuation model, which is a computerized property valuation*  
9 *system that is used to derive a real property value; 2) a broker's price opinion*  
10 *conducted by a real estate broker licensed pursuant to Part 1 (commencing*  
11 *with Section 10000) of Division 4 of the Business and Professions Code; or,*  
12 *3) an appraisal conducted by a state licensed real estate appraiser licensed*  
13 *pursuant to Part 3 (commencing with Section 11300) of Division 4 of the*  
14 *Business and Professions Code.*

15  
16 **Other Important Considerations**

17 Assumption by New Buyer  Yes - Allowed on original  
18 terms  
19  No - Not Allowed on  
20 original terms

21 I understand that if I refinance my home, my mortgage company may require  
22 me to pay off the full remaining balance of this ~~obligation~~: *obligation, unless*  
23 *I request that the lien be subordinated to an existing mortgage.* If I sell my  
24 home, the buyer or their mortgage company may require me to pay off the full  
25 remaining balance of this obligation.

26 \_\_\_\_\_  
27 [Borrower initials]

28 **Monthly Mortgage Payments**

29 Your payments will be added to your property tax bill. Whether you pay your  
30 property taxes through your mortgage payment, using an impound account,  
31 or if you pay them directly to the tax collector, you will need to save an  
32 estimated \$\_\_\_\_\_ for your first tax installment. ~~After your first payment, if~~  
33 ~~If you pay your taxes through an impound account, account you should notify~~  
34 ~~your lender, so that your monthly mortgage payment should~~ *can* be adjusted  
35 by your lender to cover your increased property tax bill.

36 \_\_\_\_\_  
37 [Borrower initials]

38

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1 Tax Benefits: Consult your tax advisor regarding tax credits, credits and  
2 deductions, tax deductibility, and other tax benefits available. Making an  
3 appropriate application for the benefit is your responsibility.

4  
5

\_\_\_\_\_  
[Borrower initials]

7 **Three Day Right to Cancel**

8  
9

10 You, the ~~homeowner~~, *property owner*, may cancel the contract at any time  
11 prior to midnight on the third business day after the date of the transaction to  
12 enter into the agreement without any penalty or obligation. To cancel this  
13 transaction, you may mail or deliver a signed and dated copy of the contract  
14 with notice of cancellation to:

15 \_\_\_\_\_ [name of business] at  
16 \_\_\_\_\_ [address]

17 You may also cancel the contract by sending notification of cancellation by  
18 email to the following email address: \_\_\_\_\_ [email address of  
19 business].

20  
21 \_\_\_\_\_  
[Borrower initials]

22  
23 **Senior Lien Resulting from This Transaction**

24 *This contractual assessment will result in a senior lien on your property. A*  
25 *lien occurs when an assessment, obligation, or claim (debt) is secured by the*  
26 *value of your property, such as a mortgage. Once the debt associated with the*  
27 *lien is paid in full, the lien can be released. If you fail to pay the debt, a lien*  
28 *permits the foreclosure (sale) of your property in order to pay the amount*  
29 *owed. If the property is sold or refinanced, the debt must generally be paid*  
30 *from the proceeds. If you have more than one lien on your property, the priority*  
31 *of liens will determine which debts must be paid first from the sale proceeds.*  
32 *The lien attached to your property in connection with assessment has “senior”*  
33 *lien status, which means that it has priority and must be satisfied before any*  
34 *other private liens, including a mortgage. The existence of this senior lien may*  
35 *jeopardize your ability to refinance or sell your property unless the debt is*  
36 *paid in full or the holder of the lien agrees to subordinate (allow another lien*  
37 *to take a higher priority). The foreclosure of a property subject to a senior*  
38 *lien will terminate all other liens on the property with a lower priority. A senior*  
39 *lien may be in conflict with the terms of your mortgage contract with your*

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1 lender. It is your responsibility to ensure that you are authorized to enter into  
2 this transaction.

3 \_\_\_\_\_  
4 [Borrower initials]

5 **Confirmation of Receipt**

6 This confirms the receipt of the information in this form. You do not have to  
7 accept this financing just because you acknowledge that you have received or  
8 signed this form, and it is NOT a contract.

9  
10 \_\_\_\_\_  
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**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** AB 2859 (Low)  
**Status/Location:** Introduced 2/19/16 - Senate Business, Professions and Economic Development Committee  
**Sponsor:** Author  
**Subject:** Retired License Category  
**Code Section:** Business & Professions 463

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**Summary:**

Existing law authorizes all boards to establish an inactive license category.

This bill:

1. Authorizes boards within the Department of Consumer Affairs (DCA) to establish, by regulation, a retired license category for persons who are not actively engaged in the practice of their profession.
2. Provides that the regulations shall specify that a retired license holder shall not engage in the any activity for which a license is required, unless the board, by regulation, specifies the criteria for a retired licensee to practice.
3. Provides that an individual who holds a retired license shall not be required to renew the retired license.
4. Specifies that to reinstate a retired license to an active license, the retired licensee must pay a fee; certify that he or she has not committed an act or crime constituting grounds for denial of a license; comply with any fingerprint requirement; and comply with any other requirements a board specifies by regulation.
5. Authorizes a board to investigate the actions of any licensee, including a retired licensee.

Background:

According to the author's office, the following boards issue retired licenses:

Board of Accountancy  
Architects Board  
Board of Barbering and Cosmetology  
Board of Behavioral Sciences  
Dental Board  
Landscape Architects Technical Committee  
Medical Board  
Board of Pharmacy  
Board of Podiatric Medicine  
Professional Fiduciaries Bureau

Board for Professional Engineers, Land Surveyors, and Geologists  
Respiratory Care Board

The author contends that an occupational license that moves to “inactive” status does not accurately reflect the status of a license or the license holder.

A license can be sent to “inactive” for various reasons, including violations and non-renewal. The same is done for those individuals who decided to retire - a troublesome label, as an “inactive” status holds negative connotations and does not appropriately illustrate the decades of service from the license holder.

To that end, a statutory change is required to create a new license category as a practical means to bring uniformity to licensing at the Department.

Comments:

The contractor’s state license Law, under which the Contractors State License Board (CSLB) operates, contains a provision with specific requirements for its inactive license category. In order for CSLB to create a retired license category, pursuant to this bill’s authorization, it would need to adopt new regulations.

Prior Legislation:

AB 750 (Low, 2015) contained substantially similar language. AB 750 was held in the Assembly Appropriations Committee last year, due to significant cost estimates for those boards that were in Phase 2 of BreEZe, as Phase 2 had not yet been implemented.

While there was concern expressed when the Board discussed AB 750 that a licensee could apply for retired license status to avoid discipline, CSLB has the ability to define the requirements for a retired license by regulation, which could include a requirement that the license be in good standing.

**Fiscal Impact for CSLB:**

Note: This bill is voluntary, so CSLB would only incur the following costs if it chose to implement the retired license category:

IT Programming Staff or Consultant (initial) – CSLB’s IT division estimates that it would take one CSLB IT staff person or an IT Consultant approximately four-to-six months to make the custom programming changes to CSLB’s system and website.

- IT Staff - It would take approximately 850 hours of custom programming to: add field for retirement date and “retired” status code in the Teale system; update existing programs to accept new status code and maintain existing logic of other status codes; set-up automatic letters for when status code is entered; build logic for sole owner retirees versus corporation/partnership retirees; update license renewal program logic coding; and update the website for public disclosure of new status code. This work would be performed by one CSLB Senior Program Analyst (Specialist) at an hourly cost of \$44.16. Total cost with benefits

(assumed at the 42 percent) would be \$53,301 (850 hours x \$44.16/hour x 1.42 benefits rate).

Or

- IT Consultant – Because of a shortage of programming staff, CSLB might need to hire an IT Consultant to absorb all of the programming workload. It would take the Consultant approximately 850 hours to complete the work, at an hourly cost of \$95, for a total cost of \$80,750.

CSLB's total cost: Approximately \$55,000 to \$80,000.

**Board Position and Comments:**

**SUPPORT.** This bill does not impose a new requirement on CSLB, it merely provides authority to create a retired license category. CSLB could determine on its own whether or not to exercise this authority, and this may be something CSLB would like to offer for the benefit of licensees.

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**Date:** May 17, 2016

**ASSEMBLY BILL**

**No. 2859**

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**Introduced by Assembly Member Low**

February 19, 2016

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An act to add Section 463 to the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 2859, as introduced, Low. Professions and vocations: retired category: licenses.

Existing law provides for numerous boards, bureaus, commissions, or programs within the Department of Consumer Affairs that administer the licensing and regulation of various businesses and professions. Existing law authorizes any of the boards, bureaus, commissions, or programs within the department, except as specified, to establish by regulation a system for an inactive category of license for persons who are not actively engaged in the practice of their profession or vocation. Under existing law, the holder of an inactive license is prohibited from engaging in any activity for which a license is required. Existing law defines “board” for these purposes to include, unless expressly provided otherwise, a bureau, commission, committee, department, division, examining committee, program, and agency.

This bill would additionally authorize any of the boards, bureaus, commissions, or programs within the department to establish by regulation a system for a retired category of license for persons who are not actively engaged in the practice of their profession or vocation, and would prohibit the holder of a retired license from engaging in any activity for which a license is required, unless regulation specifies the criteria for a retired licensee to practice his or her profession. The bill

**AB 2859**

would authorize a board upon its own determination, and would require a board upon receipt of a complaint from any person, to investigate the actions of any licensee, including, among others, a person with a license that is retired or inactive.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 463 is added to the Business and  
2 Professions Code, to read:  
3 463. (a) Any of the boards, bureaus, commissions, or programs  
4 within the department may establish, by regulation, a system for  
5 a retired category of licensure for persons who are not actively  
6 engaged in the practice of their profession or vocation.  
7 (b) The regulation shall contain the following:  
8 (1) The holder of a retired license issued pursuant to this section  
9 shall not engage in any activity for which a license is required,  
10 unless the board, by regulation, specifies the criteria for a retired  
11 licensee to practice his or her profession or vocation.  
12 (2) The holder of a retired license shall not be required to renew  
13 that license.  
14 (3) In order for the holder of a retired license issued pursuant  
15 to this section to restore his or her license to an active status, the  
16 holder of that license shall meet all the following:  
17 (A) Pay a fee established by statute or regulation.  
18 (B) Certify, in a manner satisfactory to the board, that he or she  
19 has not committed an act or crime constituting grounds for denial  
20 of licensure.  
21 (C) Comply with the fingerprint submission requirements  
22 established by regulation.  
23 (D) If the board requires completion of continuing education  
24 for renewal of an active license, complete continuing education  
25 equivalent to that required for renewal of an active license, unless  
26 a different requirement is specified by the board.  
27 (E) Complete any other requirements as specified by the board  
28 by regulation.  
29 (c) A board may upon its own determination, and shall upon  
30 receipt of a complaint from any person, investigate the actions of  
31 any licensee, including a person with a license that either restricts

**AB 2859**

- 1 or prohibits the practice of that person in his or her profession or
- 2 vocation, including, but not limited to, a license that is retired,
- 3 inactive, canceled, revoked, or suspended.

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**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** SB 465 (Hill)  
**Status/Location:** As Proposed to be Amended – Assembly Business & Professions Committee – Failed Passage  
**Sponsor:** Author  
**Subject:** Contractors State License Board  
**Code Section:** Business & Professions 7071.18, 7071.20, 7124.6

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**Summary:**

This bill, as it pertains to the Contractors State License Board (CSLB):

1. Requires that, by January 1, 2018, CSLB enter into an interagency agreement with the Division of Occupational Safety and Health (DOSH) to ensure that any citation, fine, or any other actions that DOSH takes against a licensed contractor, along with any other information it may possess regarding a licensed contractor, is reported to CSLB in a timely manner.
2. Requires that, by January 1, 2018, CSLB enter into an interagency agreement with any other state or local agency it deems to be in possession of any information relevant to its priority to protect the public.
3. Requires that, by January 1, 2018, CSLB submit a report to the Legislature the results of a study to determine if CSLB's ability to protect the public would be enhanced by regulations requiring licensees to report judgments, arbitration awards against them, or settlement payments of claims for construction defects they have made in excess of a certain amount to be determined by CSLB.
4. Specifies that CSLB shall consult with licensees, insurers, consumers, and other interested parties in the development of the study.
5. Requires a licensee of CSLB to report to the Registrar in writing within 90 days the occurrence of either of the following events:
  - a) Conviction of any felony;
  - b) Conviction of any crime that is substantially related to the qualifications, functions, and duties of a licensed contractor.
6. Requires the California Building Standards Commission to convene a working group to investigate existing building standards associated with the construction, inspection, and maintenance of exterior elevated elements.

Comments:

SB 465 (Hill) was amended on July 1, 2015, to require licensees and insurance companies to report to CSLB all civil action settlements or administrative actions resulting in a settlement worth \$50,000 or more, and all binding arbitration awards or settlements of \$25,000 or more.

Senator Hill introduced this language in response to the apartment balcony collapse in Berkeley in the summer of 2015. According to Sen. Hill, “Currently, state law does not require contractors to report defect settlement cases to the CSLB. Such disclosure requirements are routine for such professionals as doctors, architects, and engineers. This bill would empower the CSLB, like other boards, to be made aware of licensee behavior for which they may need to take swift action to promote public health and safety. The bill additionally increases transparency so that consumers have the tools necessary to make an informed decision about the quality of the contractor they hire.”

SB 465 faced significant opposition and failed to pass out of the Assembly Business & Professions Committee.

Several other professions currently have a similar reporting requirements as those contained in the proposed bill, including doctors, architects, engineers, land surveyors, and accountants.

#### Informational Hearing

The Senate Business, Professions and Economic Development Committee held an informational hearing on this subject on April 25, 2016. CSLB staff testified about conducting a study on what types of settlement information it can obtain under its existing authority and reporting back to the Legislature.

#### Support (prior version):

California Newspaper Publishers Association  
Center for Public Interest Law  
Center for California Homeowner Association Law  
City of Berkeley, Office of the Mayor  
The Miller Law Firm

#### Opposition (prior version):

Air Conditioning Trade Association  
American Fire Sprinkler Association  
Associated Builders and Contractors – San Diego Chapter  
Association of California Insurance Companies  
Associated General Contractors  
California Building Industry Association  
California Professional Association of Specialty Contractors  
Civil Justice Association of California  
Construction Employers' Association  
Plumbing-Heating-Cooling Contractors Association of California  
United Contractors  
Associated General Contractors  
Southern California Contractors Association  
Western Electrical Contractors Association

**Fiscal Impact for CSLB:**

Enforcement Staff (initial & ongoing) – The work called for in this bill cannot be absorbed by existing CSLB staff. It would require the staff to perform the following tasks: receive information from licensed contractors and insurance providers, review and open cases based on that information, investigate cases and determine appropriate action, levy fines against contractors, and take disciplinary action against licensed contractors that fail to report to the Board within 90 days a civil settlement or administrative action greater than \$50,000. The work would require two (2) full-time Enforcement Representatives I and one (1) full-time Staff Services Analyst. Total costs, with benefits (assumed at the 42 percent), would be \$288,000.

**Board Position and Comments: WATCH.** While SB 465 should be further amended to narrow the reporting requirements, reporting of settlements and criminal convictions could provide CSLB with additional information to strengthen its enforcement efforts. Staff will continue discussions with the author's office.

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**Date:** June 8, 2016

AMENDED IN ASSEMBLY JULY 8, 2015

AMENDED IN ASSEMBLY JULY 1, 2015

AMENDED IN SENATE APRIL 21, 2015

**SENATE BILL**

**No. 465**

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**Introduced by Senator Hill**

February 25, 2015

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An act to amend Section 7124.6 of, and to add Sections 7071.18 and 7071.20 to, the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 465, as amended, Hill. Contractors: discipline.

Existing law, the Contractors' State License Law, provides for the licensure and regulation of contractors by the Contractors' State License Board. Existing law requires the board, with the approval of the Director of Consumer Affairs, to appoint a registrar of contractors to serve as the executive officer and secretary of the board.

This bill would require a licensee to report to the registrar within 90 days of the date that the licensee has knowledge of the conviction of the licensee of any felony or any other crime substantially related to the qualifications, functions, and duties of a licensed contractor, or any civil action settlement or administrative action resulting in a settlement worth \$50,000 or more, or a binding arbitration or administrative action resulting in binding arbitration worth \$25,000 or more, resulting from specified acts. Failure to comply with this requirement would be grounds for disciplinary action. The bill would also require any insurer providing professional liability insurance to a licensee or a state or local government agency that self-insures that licensee to, within 30 days of

**SB 465**

payment of all or any portion of a civil action settlement or binding arbitration award against the licensee, report to the registrar the name of the licensee, the amount of value of the settlement or binding arbitration award, the amount paid, and the identity of the payee. The bill would make these provisions operative if the Legislature appropriates moneys from the Contractors' License Fund for these purposes and grants sufficient hiring authority to the board.

*Existing law requires the registrar of contractors to make available to the public the date, nature, and status of complaints against a licensee that have been referred for investigation regarding allegations that if proven would present a risk of harm to the public.*

The bill would require the registrar to make available to the public all civil action settlements, binding arbitration awards, and administrative actions reported to it pursuant to these provisions *that provision.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 7071.18 is added to the Business and  
2 Professions Code, to read:  
3 7071.18. (a) Notwithstanding any other law, a licensee shall  
4 report to the registrar in writing the occurrence of any of the  
5 following within 90 days after the licensee obtains knowledge of  
6 the event:  
7 (1) The conviction of the licensee for any felony.  
8 (2) The conviction of the licensee for any other crime that is  
9 substantially related to the qualifications, functions, and duties of  
10 a licensed contractor.  
11 (3) Any civil action settlement or administrative action resulting  
12 in a settlement against the licensee in any action involving fraud,  
13 deceit, misrepresentation, breach or violation of contract,  
14 negligence, incompetence, or recklessness by the licensee in the  
15 practice of contracting, if the amount or value of the settlement is  
16 fifty thousand dollars (\$50,000) or greater.  
17 (4) A binding arbitration award or administrative action resulting  
18 in a binding arbitration award against the licensee in any action  
19 involving fraud, deceit, misrepresentation, breach or violation of  
20 contract, negligence, incompetence, or recklessness by the licensee

1 in the practice of contracting, if the amount or value of the  
2 settlement is twenty-five thousand dollars (\$25,000) or greater.

3 (b) Failure of a licensee to report to the registrar pursuant to  
4 subdivision (a) shall be grounds for disciplinary action.

5 (c) For the purposes of this section, “conviction” means a plea  
6 or verdict of guilty in a criminal proceeding, or a conviction  
7 following a plea of nolo contendere.

8 (d) This section shall become operative only if the Legislature  
9 appropriates moneys from the Contractors’ License Fund for the  
10 purposes of this section and grants sufficient hiring authority to  
11 the board.

12 SEC. 2. Section 7071.20 is added to the Business and  
13 Professions Code, to read:

14 7071.20. (a) Within 30 days of payment of all or any portion  
15 of a civil action settlement or arbitration award against a licensee,  
16 as described in Section 7017.18, the insurer providing professional  
17 liability insurance to the licensee shall report to the registrar the  
18 name of the licensee, the amount of value of the settlement or  
19 binding arbitration award, the amount paid, and the identity of the  
20 payee.

21 (b) Within 30 days of payment of all or any portion of a civil  
22 action settlement or arbitration award against a licensee, as  
23 described in Section 7017.18, a state or local government agency  
24 that self-insures shall report to the registrar the name of the  
25 licensee, the amount of value of the settlement or binding  
26 arbitration award, the amount paid, and the identity of the payee.

27 (c) This section shall become operative only if the Legislature  
28 appropriates moneys from the Contractors’ License Fund for the  
29 purposes of this section and grants sufficient hiring authority to  
30 the board.

31 SEC. 3. Section 7124.6 of the Business and Professions Code  
32 is amended to read:

33 7124.6. (a) The registrar shall make available to members of  
34 the public the date, nature, and status of all complaints on file  
35 against a licensee that do either of the following:

36 (1) Have been referred for accusation.

37 (2) Have been referred for investigation after a determination  
38 by board enforcement staff that a probable violation has occurred,  
39 and have been reviewed by a supervisor, and regard allegations  
40 that if proven would present a risk of harm to the public and would

**SB 465**

1 be appropriate for suspension or revocation of the contractor's  
2 license or criminal prosecution.

3 (b) The board shall create a disclaimer that shall accompany  
4 the disclosure of a complaint that shall state that the complaint is  
5 an allegation. The disclaimer may also contain any other  
6 information the board determines would be relevant to a person  
7 evaluating the complaint.

8 (c) A complaint resolved in favor of the contractor shall not be  
9 subject to disclosure.

10 (d) Except as described in subdivision (e), the registrar shall  
11 make available to members of the public the date, nature, and  
12 disposition of all legal actions.

13 (e) Disclosure of legal actions shall be limited as follows:

14 (1) Citations shall be disclosed from the date of issuance and  
15 for five years after the date of compliance if no additional  
16 disciplinary actions have been filed against the licensee during the  
17 five-year period. If additional disciplinary actions were filed against  
18 the licensee during the five-year period, all disciplinary actions  
19 shall be disclosed for as long as the most recent disciplinary action  
20 is subject to disclosure under this section. At the end of the  
21 specified time period, those citations shall no longer be disclosed.

22 (2) Accusations that result in suspension, stayed suspension, or  
23 stayed revocation of the contractor's license shall be disclosed  
24 from the date the accusation is filed and for seven years after the  
25 accusation has been settled, including the terms and conditions of  
26 probation if no additional disciplinary actions have been filed  
27 against the licensee during the seven-year period. If additional  
28 disciplinary actions were filed against the licensee during the  
29 seven-year period, all disciplinary actions shall be posted for as  
30 long as the most recent disciplinary action is subject to disclosure  
31 under this section. At the end of the specified time period, those  
32 accusations shall no longer be disclosed.

33 (3) All revocations that are not stayed shall be disclosed  
34 indefinitely from the effective date of the revocation.

35 (f) The registrar shall make available to the public all civil action  
36 settlements, binding arbitration awards, and administrative actions  
37 ~~reported to it pursuant to Section 7071.18.~~ *pursuant to paragraph*  
38 *(2) of subdivision (a).*

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**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** SB 661 (Hill)  
**Status/Location:** Amended 1/4/16 – Assembly Utilities & Commerce Committee  
**Sponsor:** Author  
**Subject:** Protection of Subsurface Installations  
**Code Section:** Government Code 4216

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**Summary:**

**This bill is substantially similar to SB 119 (Hill) which Governor Brown vetoed last year. The author is continuing discussions with the Governor’s Office and stakeholders to find agreement on this issue.**

Existing Law:

1. Requires that every operator of a subsurface installation (except CalTrans) become a member of, participate in, and fund a regional notification center.
2. Requires a person planning any excavation to contact the appropriate notification center before work begins.
3. Provides that a willful or deliberate violation of the regional notification system requirements by a licensee of the Contractors State License Board (CSLB) constitutes a cause for disciplinary action by CSLB.

This Bill:

1. Contains several findings and declarations of the Legislature regarding the need for increased communication between subsurface installation operators and excavators; states that exemptions allowing excavation without first calling a regional notification center should be permitted only if procedures exist so that the excavation occurs without compromising safety; and that the existing exemption that permits private property owners to dig on their own property without notification does not have a basis in safety.
2. The findings further state that California should have an advisory committee, composed of excavation stakeholders, to perform the following three major tasks:
  - a) Coordinate the diverse education and outreach efforts undertaken by state and local agencies, operators and excavators and issue grants for targeted efforts;
  - b) Study excavation questions and develop standards that clarify best practices; and
  - c) Investigate potential violations of the one-call law that inform both the standards it is to develop and potential enforcement actions.
3. Makes various revisions to the Regional Notification Center System, including the definitions of relevant terms.

4. Provides that an excavator who damages a subsurface installation because of inaccurate marking shall not be liable for damages.
5. Limits the existing exemption for property owners to, instead, provide the exemption only when the work does not require a permit, the property has no easement or right of way, and the work involves only non-mechanized hand tools.
6. Exempts from the definition of “excavation,” until January 1, 2020, landscape maintenance activity performed with hand tools at a depth of no more than 12 inches, and plowing, cultivating, planting, harvesting, or similar operations in connection with agricultural activities, unless the activity disturbs the soil, to a depth of 16 inches or more.
7. For an excavation within the approximate location of a subsurface installation, requires the excavator to determine the exact location of the installations within the tolerance zone using hand tools before using any power-driven excavation or boring equipment within the approximate location of the installations. Further requires the excavator to use reasonable care to prevent damage to subsurface installations.
8. Requires the Occupational Safety and Health Standards Board to revise its regulations to clarify best practices by excavators.
9. **Creates the California Underground Facilities Safe Excavation Advisory Committee (Committee), under the CSLB and assisted by CSLB’s staff.** The Committee would be tied to CSLB’s sunset date and review process, but does not have a sunset date on the Committee itself. Provides that the Committee only becomes operative upon appropriation by the Legislature.
10. Provides that dig alert requirements can be enforced, following a recommendation by the Committee, as follows:
  - a) CSLB, on contractors.
  - b) The Public Utilities Commission (PUC), on gas and electrical corporations.
  - c) The Office of the State Fire Marshal, on operators of hazardous liquid pipeline facilities.
11. Requires the Committee to coordinate education and outreach activities that encourage safe excavation practice.
12. Requires the Committee to develop standards relevant to safety practices in excavating around subsurface installations and procedures and guidance in encouraging those practices. Provides that the standards shall address all of the following:
  - (a) Evidence necessary to demonstrate compliance with the law;
  - (b) Guidance for recommended sanctions against excavators and operators for violations. Provides that guidance shall include the circumstances under which an investigation will be transmitted for formal disciplinary action, and may allow for a decision not to send complaint forward, if the investigation was triggered by a complaint, the parties have settled, and the Committee has determined no further action is needed. Further requires recommendations for sanctions to be graduated;
  - (c) What constitutes reasonable care in conducting deep excavations within the tolerance zone; and

- (d) What constitutes reasonable care in grading activities on road shoulders and dirt roads which may include standards for potholing.
13. Requires the Committee to develop and recommend a standard or set of standards requiring all new non-pressurized sewer lines, non-pressurized storm drains, and other non-pressurized drains that connect from building structures to the public right-of-way to include the installation of tracer tape or wire to aid in detection and tracing of these subsurface installations, non-pressurized sewer lines, non-pressurized storm drains, and other non-pressurized drains or adoption by the California Building Standards Commission.
  14. On or before December 31, 2018, requires the Committee, in consultation with the California Department of Food and Agriculture, and after an agricultural stakeholder process, to make recommendations for long term treatment of agricultural activities.
  15. Beginning January 1, 2018, requires the Committee to investigate possible violations of the law, including complaints from affected parties and members of the public. Authorizes staff to use compliance audits, including field audits, and investigations of incidents and near-misses.
  16. Provides that the Committee shall have nine members, as follows:
    - a) Four appointed by the Governor, three of whom shall have knowledge and experience in the operation of subsurface installations (including one with a municipal utility), and one with knowledge and expertise in subsurface installation location and marking.
    - b) Three members (one "A" licensee, one "B" licensee and one "C" licensee) appointed by CSLB, who shall have knowledge and experience in contract excavation for employers who are not operators of subsurface installations.
    - c) One member appointed by the Assembly Speaker, who has knowledge and expertise in safety matters representing the workers employed by contract excavators,
    - d) One member appointed by the Senate Rules Committee, who has knowledge and expertise in managing the underground installations on one's own property, and may be drawn from agricultural, commercial, residential, or other property sectors.
    - e) Authorizes the Committee to invite one director of operations of a regional notification center to be a nonvoting ex officio member.
  17. Provides for two-year terms for Committee members.
  18. States that the Committee may obtain funding for its operational expenses from:
    - a) The Safe Energy Infrastructure and Excavation Fund.
    - b) A federal or state grant.
    - c) A fee charged to members of the regional notification centers not to exceed the reasonable regulatory cost incident to enforcement of these requirements.
    - d) A filing or administrative fee to hear a complaint.
    - e) Any other source.
  19. Requires the Committee to annually convene a meeting with state and local agencies, California operators, regional notification centers, and trade associations that fund outreach programs that encourage safe excavation

practices. Further provides that that meeting shall determine areas in which additional education and outreach efforts should be targeted.

20. Upon completion of an investigation, requires the Committee to inform the following parties of the results, including any findings of possible violations:
  - (a) The party or parties whose activities were the subject of the investigation.
  - (b) The complainant, if the investigation was initiated as the result of a complaint.
  - (c) Any excavator and operator whose activities or subsurface installations were involved in the incident.
21. Provides that if the Committee finds a probable violation of the article, it shall transmit the investigation results and any recommended penalty to the state or local agency with jurisdiction over the activity or business undertaken in commission of the violation.
22. For an investigation of a violation regarding the delineating and tolerance zone requirements, prohibits a complainant from seeking action in court for damages until the investigation is complete, or for at least 120 days after the investigation begins, whichever occurs first.
23. If a complainant files an action or damages based upon these requirements, after the completion of an investigation in which the person was found to have not violated the requirements, the complainant shall also notify the Committee when the action is filed.
24. Requires the Committee to annually report to the Legislature and Governor.
25. By February 1, 2019, requires the PUC to report to the Legislature and the Committee an analysis of excavation damage to commission-regulated pipeline facilities.
26. Until January 1, 2020, requires each gas corporation to report to the PUC and the Committee specific excavation damage data and analyses.

#### **Fiscal Impact for CSLB:**

- *Create the Underground Facility Safe Excavation Advisory Committee. The advisory committee shall exist under the purview of the Contractor's State License Board, and shall be staffed by CSLB employees.* This new workload would require the creation of a new unit within CSLB. Total annual direct and indirect costs of the Committee, with benefits, would be approximately \$2,175,000 initially, and \$1,850,000 ongoing.
- *Committee composed of nine members.* CSLB assumes that Committee members would meet approximately five times a year, plus an annual stakeholders meeting. Total annual costs for Committee members (including \$100 a day, plus per diem, and travel per committee member) would be approximately \$50,000.
- Initial Information Technology costs of \$65,000.
- Costs to the CSLB Fund for one additional enforcement representative to handle the Committee's recommended disciplinary actions at an initial cost of \$135,000 and \$127,000 ongoing, and increased Attorney General costs, for a total cost of approximately \$940,000, and \$925,000 ongoing.
- Total (Committee and CSLB workload) approximate annual costs (initial and ongoing): \$3,400,000 (initial) and \$3,000,000 (ongoing).

Governor's Veto Message for SB 119

I am returning Senate Bill 119 without my signature.

This bill would create the California Underground Facilities Safe Excavation Advisory Committee, within the Contractors' State Licensing Board, in order to enforce existing and new provisions related to safe excavation.

I understand that the telecommunications and cable companies have resisted providing explicit enforcement authority to the Public Utilities Commission over excavation safety. However, it is the Public Utilities Commission, and not the Contractors' State Licensing Board, that has the technical expertise and funds and should be given full authority to enforce and regulate excavation activities near subsurface installations.

This is a matter of public safety, and I look forward to working closely with the author to achieve our mutual goal.

**Board Position and Comments:**

**WATCH.** This bill is likely to be significantly amended to address the concerns the Governor expressed in his veto message. Staff will return this item to the Board when there is new bill language.

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**Date:** May 19, 2016

AMENDED IN SENATE JANUARY 4, 2016

AMENDED IN SENATE APRIL 13, 2015

**SENATE BILL**

**No. 661**

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**Introduced by Senator Hill**

February 27, 2015

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~~An act to amend Sections 755 and 756 of, to amend, repeal, and add Sections 401.17, 1152, 1153, and 1155 of, to add Sections 100.51, 721.51, 828.1, and 1157 to, and to amend and repeal Section 1153.5 of, the Revenue and Taxation Code, relating to taxation. An act to amend Sections 4216, 4216.1, 4216.2, 4216.3, 4216.4, 4216.5, 4216.6, 4216.7, 4216.8, and 4216.9 of, and to add Sections 4216.12, 4216.13, 4216.14, 4216.15, 4216.16, 4216.17, 4216.18, 4216.19, 4216.20, 4216.21, and 4216.22 to, the Government Code, to add Sections 17921.11 and 18940.8 to the Health and Safety Code, and to amend Sections 955.5 and 1702.5 of, and to add Sections 320.5, 911.2, and 971 to, the Public Utilities Code, relating to excavations.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 661, as amended, Hill. ~~Property taxation: state assessment: commercial air carrier personal property. Protection of subsurface installations.~~

*Existing law requires every operator of a subsurface installation, except the Department of Transportation, to become a member of, participate in, and share in the costs of, a regional notification center. Existing law requires any person who plans to conduct any excavation to contact the appropriate regional notification center before commencing that excavation, as specified. Existing law defines a subsurface installation as any underground pipeline, conduit, duct, wire, or other structure. Existing law requires an operator of a*

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*subsurface installation, who receives notification of proposed excavation work, within 2 working days of that notification, excluding weekends and holidays, to mark the approximate location and number of subsurface installations that may be affected by the excavation or to advise that no subsurface installations operated by him or her would be affected. Existing law requires an operator of a subsurface installation that has failed to comply with these provisions to be liable to the excavator for damages, costs, and expenses.*

*This bill, the Dig Safe Act of 2016, would declare the need to clarify and revise these provisions. The bill would define and redefine various terms relating to a regional notification center. The bill would expand the definition of a subsurface installation to include an underground structure or submerged duct, pipeline, or structure, except as specified.*

*The bill would require an excavator planning to conduct an excavation to delineate the area to be excavated before notifying the appropriate regional notification center of the planned excavation, as provided. The bill would require an operator, before the legal start date and time of the excavation, to locate and field mark, within the area delineated for excavation, its subsurface installations. The bill would require an operator to maintain and preserve all plans and records for any subsurface installation owned by that operator as that information becomes known, as specified.*

*This bill would prohibit an excavator that damages a subsurface installation due to an inaccurate field mark, as defined, by an operator from being liable for damages, replacement costs, or other expenses arising from damage to the subsurface installation, provided that the excavator complied with the provisions described above.*

*The bill would delete the existing exemptions pertaining to an owner of real property and would instead exempt an owner of residential real property who, as part of improving his or her principal residence, is performing, or is having performed, an excavation using hand tools that does not require a permit, as specified.*

*The bill would also require the Public Utilities Commission and the Office of the State Fire Marshal to enforce the requirement to locate and field mark subsurface installations and lines against operators of natural gas and electric underground infrastructure and hazardous liquid pipelines, unless these operators are municipal utilities.*

*This bill, if specified funds are appropriated by the Legislature and authority to hire sufficient staff is granted to the Contractors' State License Board, would create the California Underground Facilities*

*Safe Excavation Advisory Committee under, and assisted by the staff of, the Contractors' State License Board, in the Department of Consumer Affairs. The bill would require the committee to coordinate education and outreach activities, develop standards, and investigate violations of the provisions described above, as specified. The bill would also require the advisory committee, by December 31, 2018, and in consultation with the Department of Food and Agriculture, to make recommendations, informed by a specified study, that addresses the long-term treatment of agricultural activities in relation to subsurface excavation, and whether those provisions are appropriate or could be modified in ways to promote participation in safe agricultural practices around high priority subsurface installations, as specified.*

*The advisory committee would be composed of 9 members who would serve 2-year terms, and 2 nonvoting ex officio members who may be invited by the appointed members of the committee. The bill would authorize the advisory committee, commencing on January 1, 2018, to use compliance audits in furthering the purposes of these provisions. The bill would require the advisory committee to conduct an annual meeting on or before February 1, 2018, and each year thereafter, to report to the Governor and the Legislature on its activities and any recommendations.*

*The California Building Standards Law requires state agencies that adopt or propose adoption of any building standard to submit the building standard to the California Building Standards Commission for approval and adoption. Under existing law, if a state agency does not have authority to adopt building standards applicable to state buildings, the commission is required to adopt specific building standards, as prescribed. Existing law requires the commission to publish, or cause to be published, editions of the California Building Standards Code in its entirety once every 3 years. Existing law requires the Department of Housing and Community Development to propose the adoption, amendment, or repeal of building standards to the commission and to adopt, amend, and repeal other rules and regulations for the protection of the public health, safety, and general welfare of the occupants and the public involving buildings and building construction.*

*This bill would require the department and the commission to develop, and propose for adoption by the commission of, building standards requiring all new residential and nonresidential nonpressurized building sewers that connect from building structures to the public right-of-way*

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*or applicable utility easement to include the installation of tracer wire or tape, as specified. The bill would authorize the department and the commission to expend funds from the existing Building Standards Administration Special Revolving Fund for this purpose, upon appropriation.*

*The bill would create the Safe Energy Infrastructure and Excavation Fund in the State Treasury and would provide that moneys deposited into the fund are to be used to cover the administrative expenses of the advisory committee, upon appropriation by the Legislature. The bill would authorize the Public Utilities Commission to use excess moneys in the fund for specified purposes relating to the safety of underground utilities, upon appropriation by the Legislature.*

*The Natural Gas Pipeline Safety Act of 2011, within the Public Utilities Act, designates the Public Utilities Commission as the state authority responsible for regulating and enforcing intrastate gas pipeline transportation and pipeline facilities pursuant to federal law, including the development, submission, and administration of a state pipeline safety program certification for natural gas. Existing federal law requires each operator of a buried gas pipeline to carry out a program to prevent damage to that pipeline from excavation activities, as specified.*

*The bill would require the Public Utilities Commission, no later than February 1, 2019, to report to the Legislature and to the California Underground Facilities Safe Excavation Advisory Committee an analysis of excavation damage to commission-regulated pipeline facilities. The bill would also require each gas corporation, as part of its damage prevention program, to collect certain information until January 1, 2020, to inform its outreach activities, and to report this information annually until January 1, 2020, to the Public Utilities Commission and the California Underground Facilities Safe Excavation Advisory Committee, as specified. The bill would also require each gas corporation to estimate Californians' use of regional notification centers, as specified, and to provide this estimate to the commission and the advisory committee on or before July 1, 2017.*

*Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.*

*Because the requirements described above are within the act, a violation of these requirements would impose a state-mandated local program by creating a new crime.*

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*Existing law requires the Public Utilities Commission to develop and implement a safety enforcement program that is applicable to gas corporations and electrical corporations and that includes procedures for monitoring, data tracking and analysis, and investigations, as well as issuance of citations by commission staff, under the direction of the executive director of the commission, for correction and punishment of safety violations. That law requires the commission to develop and implement an appeals process to govern issuance and appeal of citations, or resolution of corrective action orders. That law requires the commission to implement the safety enforcement program for gas safety by July 1, 2014, and for electrical safety by January 1, 2015.*

*This bill would require that moneys collected as a result of the issuance of citations to gas corporations and electrical corporations pursuant to the above-described law be deposited in the Safe Energy Infrastructure and Excavation Fund.*

*The bill would make other conforming and clarifying changes.*

*The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement is required by this act for a specified reason.*

~~Existing property tax law requires the personal property of an air carrier to be taxed at its fair market value, and the California Constitution requires property subject to ad valorem property taxation to be assessed in the county in which it is situated. Existing law, through the 2015–16 fiscal year, specifies a formula to determine the fair market value of certificated aircraft of a commercial air carrier, and rebuttably presumes that the amount determined pursuant to this formula is the fair market value of the certificated aircraft.~~

~~The California Constitution requires the State Board of Equalization to assess specified properties owned by specified entities. Existing property tax law provides for the valuation of properties of a state assessee that owns property in more than one county. Existing law also provides, pursuant to specified formulas, for the application in each county of specified tax rates to the allocated assessed value of a state assessee's property, and for the allocation among jurisdictions in that county of the resulting revenues.~~

~~This bill would, from the lien date for the 2017–18 fiscal year and each fiscal year thereafter, require the board to assess personal property~~

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~~that is owned by a commercial air carrier, as defined, in a manner consistent with currently specified procedures that determine the extent that the certificated aircraft is physically present in each county within the state. The bill would require the board to determine the fair market value of certificated aircraft according to the formula described above. This bill would require the board to notify county assessors, as specified, if a commercial air carrier’s taxable personal property includes fixtures that are to be locally assessed as real property. This bill would require that the revenues derived from the assessment of this property be allocated in the same percentage shares as revenues derived from locally assessed property among the jurisdictions in which the property is located. This bill would also make conforming changes to related provisions. The bill would also require the board to conduct an audit of a commercial air carrier every four years, as specified.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

- 1     *SECTION 1. This act shall be known, and may be cited, as the*
- 2     *Dig Safe Act of 2016.*
- 3     *SEC. 2. The Legislature finds and declares all of the following:*
- 4         *(a) For the state’s “one-call” law to be effective, it needs greater*
- 5         *clarity and effective enforcement, and it must foster communication*
- 6         *between operators of subsurface installations and the various types*
- 7         *of excavators in California.*
- 8         *(b) Regional notification centers, or “one-call” centers, have*
- 9         *developed means of electronic communication that improve the*
- 10         *efficiency of the “one-call” process, and statutory barriers to using*
- 11         *new methods of notification should be eliminated.*
- 12         *(c) Electronic positive response is a means to communicate the*
- 13         *status of responses to an excavator’s notice of excavation via the*
- 14         *one-call center and provides the safety benefit that an excavator*
- 15         *has an easy means to know whether or not all of the utilities within*
- 16         *the excavation area have marked their subsurface installations.*
- 17         *(d) The delineation by an excavator of the area to be excavated*
- 18         *in advance of the field location and marking by subsurface facility*
- 19         *operators of their installations aids the excavator in understanding*
- 20         *where subsurface installations were marked, and thus improves*
- 21         *safety. This practice was recommended by the National*

1 *Transportation Safety Board in its 1997 study “Protecting Public*  
2 *Safety through Excavation Damage Prevention” and is a best*  
3 *practice of the Common Ground Alliance.*

4 *(e) Continuing an excavation after an excavation “ticket” has*  
5 *expired does not promote safety, and excavators should renew*  
6 *their ticket with the one-call center before expiration. Continuing*  
7 *excavation when markings are no longer visible does not promote*  
8 *safety, and excavators should stop work until the subsurface*  
9 *installations are remarked.*

10 *(f) Increased communication between subsurface installation*  
11 *operators and excavators before breaking ground has safety*  
12 *benefits.*

13 *(g) Construction sites often have many parties conducting*  
14 *different, ongoing work, and so the inherent safety risks associated*  
15 *with that work can be increased by a failure of these parties to*  
16 *effectively communicate. Excavators, operators of subsurface*  
17 *installations, and locators have a responsibility to communicate*  
18 *with other parties before entering these worksites, which may*  
19 *require advance schedule coordination, and also have a*  
20 *responsibility to observe the safety requirements set for those*  
21 *worksites.*

22 *(h) Abandoned subsurface installations can be mistaken for*  
23 *active subsurface installations that are marked, and thus present*  
24 *a safety risk to excavators and the public. Safety will be improved*  
25 *if subsurface facility operators identify these subsurface*  
26 *installations when their existence is known.*

27 *(i) The ability of an operator of subsurface installations to locate*  
28 *and mark affected installations can be seriously impaired by a*  
29 *lack of high-quality records of those installations, and thus*  
30 *operators should keep records of their facilities for as long as they*  
31 *are in the ground, whether or not they are in use.*

32 *(j) Failure by an operator of subsurface installations to mark*  
33 *the installations within the required two-working-day period is a*  
34 *serious breach of duty.*

35 *(k) While an operator has two working days after an excavator’s*  
36 *call to the one-call center to mark its subsurface installations,*  
37 *failure of that operator to do so does not relieve the excavator of*  
38 *the safety responsibility to wait until the operator has marked*  
39 *before commencing excavation.*

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1     *(l) Mismarks by an operator place excavators and the public*  
2     *at great safety risk, and so operators who mismark their*  
3     *installations are entitled to no award for any damages to those*  
4     *installations.*

5     *(m) Installations that are embedded in pavement require more*  
6     *extensive communication among operators, locators, and*  
7     *excavators to prevent the installations from being damaged.*

8     *(n) Exemptions that allow a class of persons to excavate without*  
9     *calling 811 are to be permitted only if alternative procedures allow*  
10    *the excavation to take place without compromising safety.*

11    *(o) The Department of Transportation controls access to the*  
12    *state right-of-way by the traveling public, excavators, and*  
13    *contractors through the encroachment permit process authorized*  
14    *in Article 2 (commencing with Section 670) of Chapter 3 of*  
15    *Division 1 of the Streets and Highways Code. Recognizing that*  
16    *the public is not always aware where the state right-of-way exists,*  
17    *and that the Department of Transportation operates subsurface*  
18    *installations in the state right-of-way, the Department of*  
19    *Transportation shall facilitate clear communication channels with*  
20    *those working around the state right-of-way, with utility companies,*  
21    *and with the regional notification centers to promote safety and*  
22    *to prevent damage to subsurface installations.*

23    *(p) Insufficient information exists on how to best achieve safety*  
24    *when conducting agricultural activities around subsurface*  
25    *installations, and a study, informed by data collected about*  
26    *damages in agricultural areas is needed to determine effective and*  
27    *appropriate safety measures.*

28    *(q) Prevention of boring through sewer laterals with natural*  
29    *gas and other subsurface installation services may be achieved*  
30    *through reasonable care in the use of trenchless excavating*  
31    *technologies. Indication of the location of sewer laterals can aid*  
32    *in prevention of these cross-bores.*

33    *(r) The exemption that permits private property owners to dig*  
34    *on their property without calling a regional notification center to*  
35    *have the area marked for subsurface installations does not have*  
36    *a basis in safety.*

37    *(s) The exemption that permits homeowners to conduct*  
38    *excavation on their property with heavy machinery or when there*  
39    *is a utility easement on his or her property does not have a basis*  
40    *in safety.*

1 (t) Behaviors that are suspected to be unsafe, but upon which  
2 there is not widespread agreement as to the level of risk and,  
3 therefore, are unregulated, must be monitored to better assess the  
4 risk.

5 (u) The Study on the Impact of Excavation Damage on Pipeline  
6 Safety, submitted by the United States Department of  
7 Transportation to Congress on October 9, 2014, reported that  
8 other states have found that exemption of landscape maintenance  
9 activities of less than 12 inches deep, when performed with hand  
10 tools, does not appear to have a significant impact on safety. The  
11 report cautions, however, that while those activity-based  
12 exemptions may be acceptable, they should be supported by  
13 sufficient data.

14 (v) Insufficient data exists on the safety risks of the installation  
15 of temporary real estate signposts; therefore, it is important that  
16 natural gas distribution companies collect information on whether  
17 damages are caused by these signposts.

18 (w) Gas corporations have ready access to information about  
19 damages that occur on their subsurface installations and should  
20 collect relevant data to inform future discussions regarding the  
21 risk of notification exemptions.

22 (x) Other states have experienced a dramatic improvement in  
23 safety after implementing centralized administrative oversight of  
24 one-call laws.

25 (y) California should have an advisory committee, composed  
26 of excavation stakeholders, subject to oversight by the Legislature  
27 and the Department of Finance, to perform three major tasks,  
28 which are to coordinate the diverse education and outreach efforts  
29 undertaken by state and local agencies, operators, and excavators  
30 throughout the state and issue grants for targeted efforts, to study  
31 excavation questions and develop standards that clarify best  
32 practices, and to investigate potential violations of the one-call  
33 law that inform both the standards it is to develop and potential  
34 enforcement actions. Due to the size of the state, and in order to  
35 reduce costs, the advisory committee should meet in northern and  
36 southern California.

37 (z) The advisory committee should not be funded through the  
38 General Fund, but should be funded through fines levied on gas  
39 and electric corporations for safety violations, instead of having  
40 those fines go to the General Fund.

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1     *SEC. 3. Section 4216 of the Government Code is amended to*  
2 *read:*

3     4216. As used in this article the following definitions apply:

4     (a) ~~“Approximate location of “Abandoned subsurface~~  
5 ~~installations” installation”~~ means a strip of land not more than 24  
6 ~~inches on either side of the exterior surface of the subsurface~~  
7 ~~installation that is no longer in service and is physically~~  
8 ~~disconnected from any active or inactive subsurface installation.~~  
9 ~~“Approximate location” does not mean depth.~~

10    (b) “Active subsurface installation” means a subsurface  
11 installation currently in use or currently carrying service.

12    (c) “Advisory Committee” means the California Underground  
13 Facilities Safe Excavation Advisory Committee.

14    (d) “Delineate” means to mark in white the location or path of  
15 the proposed excavation using the guidelines in Appendix B of the  
16 “Guidelines for Excavation Delineation” published in the most  
17 recent version of the Best Practices guide of the Common Ground  
18 Alliance. If there is a conflict between the marking practices in  
19 those guidelines and other provisions of this article, this article  
20 shall control. “Delineation” also includes physical identification  
21 of the area to be excavated using pink marking, if an excavator  
22 makes a determination that standard delineation may be misleading  
23 to those persons using affected streets and highways, or be  
24 misinterpreted as a traffic or pedestrian control, and the excavator  
25 has contacted the regional notification center to advise the  
26 operators that the excavator will physically identify the area to be  
27 excavated using pink markings.

28    (e) “Electronic positive response” means an electronic response  
29 from an operator to the regional notification center providing the  
30 status of an operator’s statutorily required response to a ticket.

31    (f) (1) “Emergency” means a sudden, unexpected occurrence,  
32 involving a clear and imminent danger, demanding immediate  
33 action to prevent or mitigate loss of, or damage to, life, health,  
34 property, or essential public services.

35    (2) “Unexpected occurrence” includes, but is not limited to, a  
36 fire, flood, earthquake or other soil or geologic movement, riot,  
37 accident, damage to a subsurface installation requiring immediate  
38 repair, or sabotage.

39    (b)

1 (g) (1) "Excavation" means any operation in which earth, rock,  
2 pavement, or other material in the ground is moved, removed, or  
3 otherwise displaced by means of tools, equipment, or explosives  
4 in any of the following ways: grading, trenching, digging, ditching,  
5 drilling, augering, tunneling, scraping, cable or pipe plowing and  
6 driving, gouging, crushing, jack hammering, saw cutting, or any  
7 other way.

8 (2) For purposes of this article, "excavation" does not include  
9 any of the following:

10 (A) Landscape maintenance activity that is performed with hand  
11 tools at a depth of no more than 12 inches. Landscape maintenance  
12 activity includes all of the following:

13 (i) Aeration, dethatching, and cutting of vegetation, including  
14 lawn edging.

15 (ii) Installation or replacement of ground cover and plant life.

16 (iii) Minor fixes to existing drainage and sprinkler systems.

17 (B) Operator maintenance activities that are performed with  
18 hand tools around an operator's facilities that traverse from above  
19 the ground to below ground in areas known, or reasonably  
20 believed, to contain only the operator's facilities. Operator  
21 maintenance activities include all of the following:

22 (i) Clearing soil, debris, or vegetation from around or inside  
23 vaults, casings, and other in-ground structures that house an  
24 operator's facilities.

25 (ii) Moving, removing, or displacing soil for the specific purpose  
26 of mitigating or preventing corrosion to pipeline facilities such as  
27 gas meters, risers, pipes, and valves located above ground or inside  
28 vaults, casings, and other in-ground structures.

29 (iii) Replacing or repairing an operator's facilities located  
30 above ground or inside vaults, casings, and other in-ground  
31 structures.

32 (iv) Repairing or replacing vaults, casings, and other in-ground  
33 structures that house an operator's facilities.

34 (C) Routine digging, grading, and scraping or similar operations  
35 in a flood control area known, or reasonably known, not to contain  
36 substructures, in connection with debris, vegetation, sediment, or  
37 mudflow removal for the purposes of flood control if the flood  
38 control facility is owned by a county, city, city and county, flood  
39 control district, or similar special district, and the activity is

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1 *performed by or for the county, city, city and county, flood control*  
2 *district, or similar special district.*

3 *(D) This paragraph shall become inoperative on January 1,*  
4 *2020.*

5 *(3) The exclusion of the activities in paragraph (2) from the*  
6 *definition of “excavation” shall not be used to discourage a person*  
7 *planning to perform those activities from voluntarily notifying a*  
8 *regional notification center pursuant to Section 4216.2, and does*  
9 *not relieve an operator of a subsurface installation from the*  
10 *obligation to locate and field mark pursuant to Section 4216.3*  
11 *following the notification. The exclusion of activities in paragraph*  
12 *(2) does not relieve a person performing those activities from a*  
13 *duty of reasonable care to prevent damage to subsurface*  
14 *installations, and failure to exercise reasonable care may result*  
15 *in liability for damage to a subsurface installation that is*  
16 *proximately caused by those activities.*

17 *(e)*

18 *(h) Except as provided in Section 4216.8, “excavator” means*  
19 *any person, firm, contractor or subcontractor, owner, operator,*  
20 *utility, association, corporation, partnership, business trust, public*  
21 *agency, or other entity that, with their, his, her, or his or her, its*  
22 *own employees or equipment equipment, performs any excavation.*

23 *(d) “Emergency”*

24 *(i) “Hand tool” means a sudden, unexpected occurrence,*  
25 *involving a clear and imminent danger, demanding immediate*  
26 *action to prevent or mitigate loss of, or damage to, life, health,*  
27 *property, or essential public services. “Unexpected occurrence”*  
28 *includes, but piece of equipment used for excavating that uses*  
29 *human power and is not limited to, fires, floods, earthquakes*  
30 *powered by any motor, engine, hydraulic, or other soil or geologic*  
31 *movements, riots, accidents, damage to a subsurface installation*  
32 *requiring immediate repair, or sabotage. pneumatic device.*

33 *(e)*

34 *(j) “High priority subsurface installation” means high-pressure*  
35 *natural gas pipelines with normal operating pressures greater than*  
36 *415kPA gauge (60psig), petroleum pipelines, pressurized sewage*  
37 *pipelines, high-voltage electric supply lines, conductors, or cables*  
38 *that have a potential to ground of greater than or equal to 60kv, or*  
39 *hazardous materials pipelines that are potentially hazardous to*  
40 *workers or the public if damaged.*

1 (k) *“Inactive subsurface installation” means both of the*  
2 *following:*

3 (1) *The portion of an underground subsurface installation that*  
4 *is not in use but is still connected to the subsurface installation,*  
5 *or to any other subsurface installation, that is in use or still carries*  
6 *service.*

7 (2) *A new underground subsurface installation that has not*  
8 *been connected to any portion of an existing subsurface*  
9 *installation.*

10 ~~(f) *“Inquiry identification number”*~~

11 (l) *“Legal excavation start date and time” means at least two*  
12 *working days, not including the number that is provided by a*  
13 ~~*regional notification center date of notification, or up to every*~~  
14 ~~*person who contacts the center pursuant to Section 4216.2. The*~~  
15 ~~*inquiry identification number shall remain valid for not more than*~~  
16 ~~*28 14 calendar days from the date of issuance, and after that date*~~  
17 ~~*shall require regional notification center revalidation. notification,*~~  
18 ~~*if so specified by the excavator.*~~

19 ~~(g)~~

20 (m) *“Local agency” means a city, county, city and county, school*  
21 *district, or special district.*

22 (n) (1) *“Locate and field mark” means to indicate the existence*  
23 *of any owned or maintained subsurface installations by using the*  
24 *guidelines in Appendix B of the “Guidelines for Operator Facility*  
25 *Field Delineation” published in the most recent version of the Best*  
26 *Practices guide of the Common Ground Alliance and in*  
27 *conformance with the uniform color code of the American Public*  
28 *Works Association. If there is a conflict between the marking*  
29 *practices in the guidelines and this article, this article shall control.*

30 (2) *“Locate and field mark” does not require an indication of*  
31 *the depth.*

32 (o) *“Near miss” means an event in which damage did not occur,*  
33 *but a clear potential for damage was identified.*

34 ~~(h)~~

35 (p) *“Operator” means any person, corporation, partnership,*  
36 *business trust, public agency, or other entity that owns, operates,*  
37 *or maintains a subsurface installation. For purposes of Section*  
38 *4216.1, an “operator” does not include an owner of real property*  
39 *where subsurface facilities installations are exclusively located if*  
40 *they are used exclusively to furnish services on that property and*

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1 the subsurface facilities are under the operation and control of that  
2 owner.

3 (q) *“Pavement” means a manmade surface material that cannot*  
4 *be removed with a conventional hand tool.*

5 (r) *“Positive response” means the response from an operator*  
6 *directly to the excavator providing the status of an operator’s*  
7 *statutorily required response to a ticket.*

8 (i)

9 (s) *“Qualified person” means a person who completes a training*  
10 *program in accordance with the requirements of Section 1509 of*  
11 *Title 8, 8 of the California Code of Regulations, ~~Section 1509,~~*  
12 *Injury Injury and Illness Prevention Program, that meets the*  
13 *minimum locators training guidelines and practices published in*  
14 *the most recent version of the Best Practices guide of the Common*  
15 *Ground Alliance current Best Practices. Alliance.*

16 (j)

17 (t) *“Regional notification center” means a nonprofit association*  
18 *or other organization of operators of subsurface installations that*  
19 *provides advance warning of excavations or other work close to*  
20 *existing subsurface installations, for the purpose of protecting*  
21 *those installations from damage, removal, relocation, or repair.*

22 (k)

23 (u) *“State agency” means every state agency, department,*  
24 *division, bureau, board, or commission.*

25 (l)

26 (v) *“Subsurface installation” means any underground or*  
27 *submerged duct, pipeline, or structure, including, but not limited*  
28 *to, a conduit, duct, line, pipe, wire, or other structure, except*  
29 *nonpressurized sewerlines, nonpressurized storm drains, or other*  
30 *nonpressurized drain lines.*

31 (w) *“Ticket” means an excavation location request issued a*  
32 *number by the regional notification center.*

33 (x) *“Tolerance zone” means 24 inches on each side of the field*  
34 *marking placed by the operator in one of the following ways:*

35 (1) *Twenty-four inches from each side of a single marking,*  
36 *assumed to be the centerline of the subsurface installation.*

37 (2) *Twenty-four inches plus one-half the specified size on each*  
38 *side of a single marking with the size of installation specified.*

1 (3) *Twenty-four inches from each outside marking that*  
 2 *graphically shows the width of the outside surface of the subsurface*  
 3 *installation on a horizontal plane.*

4 (y) *“Working day” for the purposes of determining excavation*  
 5 *start date and time means a weekday Monday through Friday,*  
 6 *from 7:00 a.m. to 5:00 p.m., except for federal holidays and state*  
 7 *holidays, as defined in Section 19853, or as otherwise posted on*  
 8 *the Internet Web site of the regional notification center.*

9 *SEC. 4. Section 4216.1 of the Government Code is amended*  
 10 *to read:*

11 4216.1. Every operator of a subsurface installation, except the  
 12 Department of Transportation, shall become a member of,  
 13 participate in, and share in the costs of, a regional notification  
 14 center. Operators of subsurface installations who are members of,  
 15 participate in, and share in, the costs of a regional notification  
 16 center, including, but not limited to, the ~~South Shore Utility~~  
 17 ~~Coordinating Council~~, the Underground Service Alert—Northern  
 18 California or the Underground Service Alert—Southern California  
 19 are in compliance with this section and Section 4216.9.

20 *SEC. 5. Section 4216.2 of the Government Code is amended*  
 21 *to read:*

22 4216.2. (a) *Before notifying the appropriate regional*  
 23 *notification center, an excavator planning to conduct an excavation*  
 24 *shall delineate the area to be excavated. If the area is not*  
 25 *delineated, an operator may, at the operator’s discretion, choose*  
 26 *not to locate and field mark until the area to be excavated has*  
 27 *been delineated.*

28 ~~(a)-(1)~~

29 (b) ~~Except in an emergency, any person~~ *an excavator planning*  
 30 *to conduct any an excavation shall contact notify the appropriate*  
 31 *regional notification center, center of the excavator’s intent to*  
 32 *excavate at least two working days, but and not more than 14*  
 33 *calendar days, prior to commencing before beginning that*  
 34 *excavation, if excavation. The date of the excavation will be*  
 35 *conducted in an area that is known, or reasonably should be known,*  
 36 *to contain subsurface installations other notification shall not count*  
 37 *as part of the two-working-day notice. If an excavator gives less*  
 38 *notice than the underground facilities owned or operated by legal*  
 39 *excavation start date and time and the excavator and, if practical,*  
 40 *excavation is not an emergency, the regional notification center*

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1 *will take the information and provide a ticket, but an operator has*  
2 *until the legal excavation start date and time to respond. However,*  
3 *an excavator shall delineate with white paint or other suitable*  
4 *markings the area to be excavated. and an operator may mutually*  
5 *agree to a different notice and start date.*

6 ~~(2)~~

7 (c) When the excavation is proposed within 10 feet of a ~~high~~  
8 ~~priority~~ *high-priority* subsurface installation, the operator of the  
9 ~~high priority~~ *high-priority* subsurface installation shall notify the  
10 excavator of the existence of the ~~high priority~~ *high-priority*  
11 subsurface installation prior to the legal excavation start date and  
12 time, ~~as such date and time are authorized pursuant to paragraph~~  
13 ~~(1) of subdivision (a) of Section 4216.2. The excavator and operator~~  
14 ~~or its representative shall conduct~~ *set up* an onsite meeting at a  
15 ~~mutually agreed on~~ *mutually agreed upon* time to determine  
16 actions or activities required to verify the location ~~of the high~~  
17 ~~priority subsurface installations prior to start time. and prevent~~  
18 *damage to the high-priority subsurface installation. The excavator*  
19 *shall not begin excavating until after the completion of the onsite*  
20 *meeting.*

21 ~~(b)~~

22 (d) Except in an emergency, every excavator covered by Section  
23 4216.8 planning to conduct an excavation on private property *that*  
24 *does not require an excavation permit* may contact the appropriate  
25 regional notification center if the private property is known, or  
26 reasonably should be known, to contain a subsurface installation  
27 other than the underground facility owned or operated by the  
28 excavator ~~and, if practical, excavator. Before notifying the~~  
29 ~~excavator shall delineate with white paint or other suitable~~  
30 ~~markings~~ *appropriate regional notification center, an excavator*  
31 *shall delineate* the area to be excavated. *Any temporary marking*  
32 *placed at the planned excavation location shall be clearly seen,*  
33 *functional, and considerate to surface aesthetics and the local*  
34 *community. An excavator shall check if any local ordinances apply*  
35 *to the placement of temporary markings.*

36 (e) *If an excavator gives less than the legal excavation start*  
37 *date and time and it is not an emergency, the regional notification*  
38 *center shall take the information and provide a ticket but an*  
39 *operator shall have until the legal excavation start date and time*  
40 *to respond.*

1 (e)

2 (f) The regional notification center shall provide ~~an inquiry~~  
 3 ~~identification number~~ a ticket to the person who contacts the center  
 4 pursuant to this section and shall notify any member, if known,  
 5 who has a subsurface installation in the area of the proposed  
 6 excavation. ~~An inquiry identification number may~~ A ticket shall  
 7 be ~~validated~~ valid for ~~more than 28 days when mutually agreed~~  
 8 ~~between~~ from the excavator and any member operator so notified  
 9 that has a subsurface installation in the area of ~~date of issuance~~. If  
 10 work continues beyond 28 days, the ~~proposed excavation~~; and, it  
 11 may be ~~revalidated~~ excavator shall update the ticket either by  
 12 ~~notification to~~ accessing the regional notification center center's  
 13 Internet Web site or by calling "811" by the excavator prior to  
 14 end of the time of its expiration: 28th day.

15 (d)

16 (g) A record of all notifications by ~~excavators and operators~~ an  
 17 excavator or operator to the regional notification center shall be  
 18 maintained for a period of not less than three years. The record  
 19 shall be available for inspection by the excavator and any member,  
 20 or their representative, during normal working hours and according  
 21 to guidelines for inspection as may be established by the regional  
 22 notification centers.

23 (e) ~~As used in this section,~~

24 (h) ~~Unless an emergency exists, an excavator shall not begin~~  
 25 ~~excavation until the delineation is practical when any excavator~~  
 26 ~~receives a positive response from all known subsurface installations~~  
 27 ~~within the delineated boundaries of the following conditions exist:~~  
 28 ~~proposed area of excavation.~~

29 (1) ~~When delineating a prospective excavation site with white~~  
 30 ~~paint could not be misleading to those persons using affected streets~~  
 31 ~~and highways.~~

32 (2) ~~When the delineation could not be misinterpreted as a traffic~~  
 33 ~~or pedestrian control.~~

34 (3) ~~Where~~

35 (i) ~~If a site requires special access, an excavator can determine~~  
 36 ~~the exact location of~~ shall request an excavation prior operator to  
 37 contact the time an area has been field marked pursuant to Section  
 38 4216.3: excavator regarding that special access or give special  
 39 instructions on the location request.

40 (4) ~~Where delineation could not be construed as duplicative.~~

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1 ~~(f) Where~~

2 ~~(j) If a ticket obtained by an excavator makes a determination~~  
3 ~~that it expires but work is not practical to delineate ongoing, the~~  
4 ~~area to be excavated, the excavator shall contact call into the~~  
5 ~~regional notification center to advise the operators that the~~  
6 ~~excavator shall identify the area to be excavated in another manner~~  
7 ~~sufficient to enable the operator to determine the area and get a~~  
8 ~~new ticket and wait a minimum of two working days, not including~~  
9 ~~the date of the call in, before restarting excavation. All excavation~~  
10 ~~to be field marked pursuant to Section 4216.3: shall cease during~~  
11 ~~the waiting period.~~

12 *SEC. 6. Section 4216.3 of the Government Code is amended*  
13 *to read:*

14 4216.3. (a) (1) Any operator of a subsurface installation who  
15 receives timely notification of any proposed excavation work in  
16 accordance with Section 4216.2 shall, within two working days  
17 of that notification, excluding weekends and holidays, or before  
18 (A) *Unless the start of the excavation work, whichever is later, or*  
19 *at excavator and operator mutually agree to a later time mutually*  
20 *agreeable start date and time, or otherwise agree to the operator*  
21 *sequence and timeframe in which the excavator, operator will*  
22 *locate and field mark the approximate location and, if known, the*  
23 *number of subsurface installations that may be affected by the*  
24 *excavation to the extent and degree of accuracy that the information*  
25 *is available either in the records of the mark, an operator or as*  
26 *determined through the use shall do one of standard locating*  
27 *techniques other than excavating, otherwise advise the person who*  
28 *contacted following before the center of the location of the*  
29 *operator's subsurface installations that may be affected by the*  
30 *excavation, or advise the person that the operator does not operate*  
31 *any subsurface installations that would be affected by the proposed*  
32 *excavation: legal excavation start date and time:*

33 *(i) Locate and field mark within the area delineated for*  
34 *excavation and, where multiple subsurface installations of the*  
35 *same type are known to exist together, mark the number of*  
36 *subsurface installations.*

37 *(ii) To the extent and degree of accuracy that the information*  
38 *is available, provide information to an excavator where the*  
39 *operator's active or inactive subsurface installations are located.*

1 (iii) Advise the excavator it operates no subsurface installations  
2 in the area delineated for excavation.

3 (B) An operator shall mark newly installed subsurface  
4 installations in areas with continuing excavation activity.

5 (C) An operator shall indicate with an "A" inside a circle the  
6 presence of any abandoned subsurface installations, if known,  
7 within the delineated area. The markings are to make an excavator  
8 aware that there are abandoned subsurface installations within  
9 that delineated work area.

10 (2) Only a qualified person shall perform subsurface installation  
11 locating activities.

12 (3) A qualified person performing subsurface installation  
13 locating activities on behalf of a subsurface installation an operator  
14 shall use a minimum of a single-frequency utility locating device  
15 and shall have access to alternative sources for verification, if  
16 necessary.

17 ~~(4) Operators of high priority subsurface installations—An~~  
18 ~~operator shall maintain amend, update, maintain, and preserve all~~  
19 ~~plans and records for its subsurface installations. installations as~~  
20 ~~that information becomes known. If there is a change in ownership~~  
21 ~~of a subsurface installation, the records shall be turned over to~~  
22 ~~the new operator. Commencing January 1, 2017, records on~~  
23 ~~abandoned subsurface installations, to the extent that those records~~  
24 ~~exist, shall be retained.~~

25 ~~(b) Every operator of a subsurface installation who field marks~~  
26 ~~the location of a subsurface installation shall make a reasonable~~  
27 ~~effort to make field markings in conformance with the uniform~~  
28 ~~color code of the American Public Works Association.~~

29 ~~(e) If, at any time during~~

30 ~~(b) If the field marks are no longer reasonably visible, an~~  
31 ~~excavation excavator shall renotify the regional notification center~~  
32 ~~with a request for which there is remarks that can be for all or a~~  
33 ~~valid inquiry identification number, an operator's field portion of~~  
34 ~~the excavation. Excavation shall cease in the area to be remarked.~~  
35 ~~If the delineation markings are no longer reasonably visible, the~~  
36 ~~excavator shall contact redelineate the appropriate regional~~  
37 ~~notification center. The regional notification center shall contact~~  
38 ~~any member, if known, who has a subsurface installation in the~~  
39 ~~area of the excavation. Upon receiving timely notification or~~  
40 ~~renotification pursuant to this subdivision, to be remarked. If~~

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1 *remarks are requested, the operator shall re-locate and re-mark,*  
2 *within have two working days, those not including the date of*  
3 *request, to remark the subsurface installations that may installation.*  
4 *If the area to be affected by remarked is not the excavation full*  
5 *extent of the original excavation, the excavator shall delineate the*  
6 *portion to be remarked and provide a description of the extent*  
7 *necessary, in conformance with this section. area requested to be*  
8 *remarked on the ticket. The excavator shall provide a description*  
9 *for the area to be remarked that falls within the area of the original*  
10 *location request.*

11 *(c) Every operator may supply an electronic positive response*  
12 *through the regional notification center before the legal excavation*  
13 *start date and time. The regional notification center shall make*  
14 *those responses available.*

15 *(d) The excavator shall notify the appropriate regional*  
16 *notification center of the failure of an operator to comply with this*  
17 *section. identify subsurface installations pursuant to subparagraph*  
18 *(A) or (B) of paragraph (1) of subdivision (a), or subdivision (b).*  
19 *The notification shall include the inquiry identification number*  
20 *ticket issued by the regional notification center. A record of all*  
21 *notifications received pursuant to this subdivision shall be*  
22 *maintained by the regional notification center for a period of not*  
23 *less than three years. The record shall be available for inspection*  
24 *pursuant to subdivision (d) subdivision(h) of Section 4216.2.*

25 *(e) If an operator or local agency knows that it has a subsurface*  
26 *installation embedded or partially embedded in the pavement that*  
27 *is not visible from the surface, the operator or local agency shall*  
28 *contact the excavator before pavement removal to communicate*  
29 *and determine a plan of action to protect that subsurface*  
30 *installation and excavator.*

31 *SEC. 7. Section 4216.4 of the Government Code is amended*  
32 *to read:*

33 *4216.4. (a) When the (1) Except as provided in paragraph*  
34 *(2), if an excavation is within the approximate location tolerance*  
35 *zone of a subsurface installation, the excavator shall determine the*  
36 *exact location of the subsurface installations in conflict with the*  
37 *excavation by excavating with using hand tools within the area of*  
38 *the approximate location of subsurface installations as provided*  
39 *by the operators in accordance with Section 4216.3 before using*  
40 *any power-operated or power-driven excavating excavation or*

1 boring equipment within the approximate location tolerance zone  
2 of the subsurface installation, except that power-operated or  
3 power-driven excavating or boring equipment may be used for  
4 installations. In all cases the removal of any existing pavement if  
5 there are no subsurface installations contained in the pavement. If  
6 documented notice of the intent to use vacuum excavation devices,  
7 or power-operated or power-driven excavating or boring  
8 equipment, has been provided to the subsurface installation  
9 operator or operators and it is mutually agreeable with the operator  
10 or operators and the excavator, the excavator may utilize vacuum  
11 excavation devices, or power-operated or power-driven excavating  
12 or boring equipment within the approximate location of a  
13 subsurface installation and shall use reasonable care to any depth  
14 prevent damaging subsurface installations.

15 (2) (A) An excavator may use a vacuum excavation device to  
16 expose subsurface installations within the tolerance zone if the  
17 operator has marked the subsurface installation, the excavator  
18 has contacted any operator whose subsurface installations may  
19 be in conflict with the excavation, and the operator has agreed to  
20 the use of a vacuum excavation device. An excavator shall inform  
21 the regional notification center of his or her intent to use a vacuum  
22 excavation device when obtaining a ticket.

23 (B) An excavator may use power-operated or boring equipment  
24 for the removal of any existing pavement only if there is no known  
25 subsurface installation contained in the pavement.

26 (3) An excavator shall presume all subsurface installations to  
27 be active, and shall use the same care around subsurface  
28 installations that may be inactive as the excavator would use  
29 around active subsurface installations.

30 (b) If the exact location of the subsurface installation cannot be  
31 determined by hand excavating in accordance with subdivision  
32 (a), the excavator shall request the operator to provide additional  
33 information to the excavator, to the extent that information is  
34 available to the operator, to enable the excavator to determine the  
35 exact location of the installation. If the excavator has questions  
36 about the markings that an operator has placed, the excavator  
37 may contact the notification center to send a request to have the  
38 operator contact the excavator directly. The regional notification  
39 center shall provide the excavator with the contact phone telephone  
40 number of the subsurface installation operator.

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1 (c) An excavator discovering or causing damage to a subsurface  
2 installation, including all breaks, leaks, nicks, dents, gouges,  
3 grooves, or other damage to subsurface installation lines, conduits,  
4 coatings, or cathodic protection, shall immediately notify the  
5 subsurface installation operator. The excavator may contact the  
6 regional notification center to obtain the contact information of  
7 the subsurface installation operator. If high priority subsurface  
8 installations are damaged and the operator cannot be ~~contacted~~,  
9 *contacted immediately*, the excavator shall call 911 emergency  
10 services.

11 (d) *Each excavator, operator, or locator shall communicate*  
12 *with each other and respect the appropriate safety requirements*  
13 *and ongoing activities of the other parties, if known, at an*  
14 *excavation site.*

15 *SEC. 8. Section 4216.5 of the Government Code is amended*  
16 *to read:*

17 4216.5. The requirements of this article apply to state agencies  
18 and to local agencies ~~which~~ *that* own or operate subsurface  
19 installations, except as otherwise provided in Section 4216.1. A  
20 local agency ~~which~~ *that* is required to provide the services  
21 described in Section 4216.3 may charge a fee in an amount  
22 sufficient to cover the cost of providing that service.

23 *SEC. 9. Section 4216.6 of the Government Code is amended*  
24 *to read:*

25 4216.6. (a) (1) Any operator or excavator who negligently  
26 violates this article is subject to a civil penalty in an amount not  
27 to exceed ten thousand dollars (\$10,000).

28 (2) Any operator or excavator who knowingly and willfully  
29 violates any of the provisions of this article is subject to a civil  
30 penalty in an amount not to exceed fifty thousand dollars (\$50,000).

31 (3) Except as otherwise specifically provided in this article, this  
32 section is not intended to affect any civil remedies otherwise  
33 provided by law for personal injury or for property damage,  
34 including any damage to subsurface installations, nor is this section  
35 intended to create any new civil remedies for those injuries or that  
36 damage.

37 (4) This article shall not be construed to limit any other provision  
38 of law granting governmental immunity to state or local agencies  
39 or to impose any liability or duty of care not otherwise imposed  
40 by law upon any state or local agency.

1 (b) An action may be brought by the Attorney General, the  
2 district attorney, or the local or state agency ~~which~~ *that* issued the  
3 permit to excavate, for the enforcement of the civil penalty pursuant  
4 to this ~~section~~. *section in a civil action brought in the name of the*  
5 *people of the State of California.* If penalties are collected as a  
6 result of a civil suit brought by a state or local agency for collection  
7 of those civil penalties, the penalties imposed shall be paid to the  
8 general fund of the agency. If more than one agency is involved  
9 in enforcement, the penalties imposed shall be apportioned among  
10 them by the court in a manner that will fairly offset the relative  
11 costs incurred by the state or local agencies, or both, in collecting  
12 these fees.

13 (c) *The requirements of this article may also be enforced*  
14 *following a recommendation of the California Underground*  
15 *Facilities Safe Excavation Advisory Committee by a state or local*  
16 *agency, which may include the Attorney General or a district*  
17 *attorney, with jurisdiction over the activity or business undertaken*  
18 *in commission of the violation. The following agencies shall act*  
19 *to accept, amend, or reject the recommendations of the advisory*  
20 *committee as follows:*

21 (1) *The Registrar of Contractors of the Contractors' State*  
22 *License Board shall enforce the provisions of this article on*  
23 *contractors, as defined in Article 2 of Chapter 9 of Division 3 of*  
24 *the Business and Professions Code.*

25 (2) *The Public Utilities Commission shall enforce the provisions*  
26 *of this article on gas corporations, as defined in Section 222 of*  
27 *the Public Utilities Code, and electrical corporations, as defined*  
28 *in Section 218 of the Public Utilities Code.*

29 (3) *The Office of the State Fire Marshal shall enforce the*  
30 *provisions of this article on operators of hazardous liquid pipeline*  
31 *facilities, as defined in Section 60101 of Chapter 601 of Subtitle*  
32 *VIII of Title 49 of the United States Code.*

33 ~~(e)~~

34 (d) Statewide information provided by operators and excavators  
35 regarding facility events shall be compiled and made available in  
36 an annual report by regional notification centers and posted on the  
37 Internet Web sites of the regional notification centers.

38 ~~(d)~~

39 (e) For purposes of subdivision ~~(e)~~, (d), the following terms  
40 have the following meanings:

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1 (1) “Facility event” means the occurrence of excavator  
2 downtime, damages, near misses, and violations.

3 (2) “Statewide information” means information submitted by  
4 operators and excavators using the California Regional Common  
5 Ground Alliance’s Virtual Private Damage Information Reporting  
6 Tool. Supplied data shall comply with the Damage Information  
7 Reporting Tool’s minimum essential information as listed in the  
8 ~~Common Ground Alliance’s most recent~~ *most recent version of*  
9 ~~the Best Practices Handbook.~~ *guide of the Common Ground*  
10 *Alliance.*

11 *SEC. 10. Section 4216.7 of the Government Code is amended*  
12 *to read:*

13 4216.7. (a) If a subsurface installation is damaged by an  
14 excavator as a result of failing to comply with Section 4216.2 or  
15 4216.4, or *subdivision (b) of Section 4216.3, or as a result of failing*  
16 *to comply with the operator’s requests to protect the subsurface*  
17 *installation as specified by the operator* ~~prior to~~ *before* the start of  
18 excavation, the excavator shall be liable to the operator of the  
19 subsurface installation for resulting damages, costs, and expenses  
20 to the extent the damages, costs, and expenses were proximately  
21 caused by the excavator’s failure to comply.

22 (b) ~~If the an operator of a subsurface installation has failed to~~  
23 ~~comply with~~ *become a member of, participate in, or share in the*  
24 *costs of, a regional notification-center system requirements of*  
25 ~~Section 4216.1, center,~~ that operator shall forfeit his or her claim  
26 for damages to his or her subsurface ~~installation,~~ *installation* arising  
27 from ~~the excavation,~~ *an excavation* against an excavator who has  
28 complied with ~~the requirements of Section 4216.2~~ *this article* to  
29 the extent damages were proximately caused by the operator’s  
30 failure to ~~comply.~~ *comply with this article.*

31 (c) If an operator of a subsurface installation *without a*  
32 *reasonable basis, as determined by a court of competent*  
33 *jurisdiction,* has failed to comply with the provisions of Section  
34 4216.3, *including, but not limited to, the requirement to field mark*  
35 *the appropriate location of subsurface installations within two*  
36 *working days of notification, as defined by subdivision (y) of*  
37 *Section 4216 and subdivision (b) of Section 4216.2,* has failed to  
38 comply with ~~paragraph (2) of subdivision (a) (c) of Section 4216.2,~~  
39 or has failed to comply with subdivision (b) of Section 4216.4, the  
40 operator shall be liable *for damages* to the excavator who has

1 complied with ~~Sections 4216.2~~ Section 4216.2, subdivisions (b)  
2 and ~~4216.4~~ for (d) of Section 4216.3, and Section 4216.4, including  
3 liquidated damages, liability, losses, costs, and ~~expenses~~ expenses,  
4 actually incurred by the excavator, resulting from the operator's  
5 failure to comply with these specified requirements to the extent  
6 the damages, costs, and expenses were proximately caused by the  
7 operator's failure to comply.

8 (d) An excavator who damages a subsurface installation due to  
9 an inaccurate field mark by an operator, or by a third party under  
10 contract to perform field marking for the operator, shall not be  
11 liable for damages, replacement costs, or other expenses arising  
12 from damages to the subsurface installation if the excavator  
13 complied with Sections 4216.2 and 4216.4.

14 This section is not intended to create any presumption or to  
15 affect the burden of proof in any action for personal injuries or  
16 property damage, other than damage to the subsurface installation,  
17 nor is this section intended to affect, create, or eliminate any  
18 remedy for personal injury or property damage, other than damage  
19 to the subsurface installation.

20 (e) For the purposes of this section, "inaccurate field mark"  
21 means a mark, or set of markings, made pursuant to Section  
22 4216.3, that did not correctly indicate the approximate location  
23 of a subsurface installation affected by an excavation and includes  
24 the actual physical location of a subsurface installation affected  
25 by an excavation that should have been marked pursuant to Section  
26 4216.3 but was not.

27 ~~(e)~~

28 (f) Nothing in this section shall be construed to do any of the  
29 following:

30 (1) Affect claims including, but not limited to, third-party claims  
31 brought against the excavator or operator by other parties for  
32 damages arising from the excavation.

33 (2) Exempt the excavator or operator from his or her duty to  
34 mitigate any damages as required by common or other applicable  
35 law.

36 (3) Exempt the excavator or operator from liability to each other  
37 or third parties based on equitable indemnity or comparative or  
38 contributory negligence.

39 SEC. 11. Section 4216.8 of the Government Code is amended  
40 to read:

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1 4216.8. This article does not apply to ~~any~~ *either* of the  
2 following persons:

3 ~~(a) An owner of real property who contracts for an excavation~~  
4 ~~project on the property, not requiring a permit issued by a state or~~  
5 ~~local agency, with a contractor or subcontractor licensed pursuant~~  
6 ~~to Article 5 (commencing with Section 7065) of Chapter 9 of~~  
7 ~~Division 3 of the Business and Professions Code.~~

8 ~~(b)~~

9 (a) An owner of residential real property, not engaged as a  
10 contractor or subcontractor licensed pursuant to Article 5  
11 (commencing with Section 7065) of Chapter 9 of Division 3 of  
12 the Business and Professions Code, ~~who~~ *who*, as part of improving  
13 his or her principal residence or ~~appurtenances thereto~~ *an*  
14 *appurtenance thereto*, is performing or *is having an excavation*  
15 *performed—excavation work using hand tools, including the*  
16 *installation of temporary real estate signposts, that does not*  
17 ~~requiring~~ *require* a permit issued by a state or local agency. A  
18 *person described in this subdivision is not an “excavator” as*  
19 *defined in subdivision (h) of Section 4216, however this subdivision*  
20 *shall not discourage a person from voluntarily notifying a regional*  
21 *notification center pursuant to Section 4216.2, and does not relieve*  
22 *an operator of a subsurface facility from the obligation to locate*  
23 *and field mark pursuant to Section 4216.3 following the*  
24 *notification. Notwithstanding Section 4216.2, an owner of real*  
25 *residential property is not required to wait until 14 calendar days*  
26 *before the beginning of an excavation to notify the regional*  
27 *notification center, but rather may do so at any time at least two*  
28 *working days before beginning an excavation to learn the locations*  
29 *of subsurface installations on his or her property. This subdivision*  
30 *does not relieve a person performing excavation activities from a*  
31 *duty of reasonable care to prevent damage to subsurface*  
32 *installations, and failure to exercise reasonable care may result*  
33 *in liability for damage to a subsurface installation that is*  
34 *proximately caused by those activities.*

35 ~~(e)~~

36 (b) Any person or private entity that leases or rents power  
37 operated or power-driven excavating or boring equipment,  
38 regardless of whether an equipment operator is provided for that  
39 piece of equipment or not, to a contractor or subcontractor licensed  
40 pursuant to Article 5 (commencing with Section 7065) of Chapter

1 9 of Division 3 of the Business and Professions Code, if the signed  
2 rental agreement between the person or private entity and the  
3 contractor or subcontractor contains the following provision:

4  
5 “It is the sole responsibility of the lessee or renter to follow  
6 the requirements of the regional notification center law  
7 pursuant to Article 2 (commencing with Section 4216) of  
8 Chapter 3.1 of Division 5 of Title 1 of the Government Code.  
9 By signing this contract, the lessee or renter accepts all  
10 liabilities and responsibilities contained in the regional  
11 notification center law.”

12  
13 *SEC. 12. Section 4216.9 of the Government Code is amended*  
14 *to read:*

15 4216.9. (a) ~~No~~A permit to excavate issued by any local  
16 agency, as defined in Section 4216, or any state agency, shall *not*  
17 be valid unless the applicant has been provided an initial ~~inquiry~~  
18 ~~identification number~~ *ticket* by a regional notification center  
19 pursuant to Section 4216.2. For purposes of this section, “state  
20 agency” means every state agency, department, division, bureau,  
21 board, or commission, including the Department of Transportation.

22 (b) This article does not exempt any person or corporation from  
23 Sections 7951, 7952, and 7953 of the Public Utilities Code.

24 *SEC. 13. Section 4216.12 is added to the Government Code,*  
25 *to read:*

26 4216.12. (a) *The California Underground Facilities Safe*  
27 *Excavation Advisory Committee is hereby created under, and shall*  
28 *be assisted by the staff of, the Contractors’ State License Board*  
29 *in the Department of Consumer Affairs.*

30 (b) *The advisory committee shall perform the following tasks:*

31 (1) *Coordinate education and outreach activities that encourage*  
32 *safe excavation practices, as described in Section 4216.17.*

33 (2) *Develop standards, as described in Section 4216.18.*

34 (3) *Investigate possible violations of this article, as described*  
35 *in Section 4216.19.*

36 (c) *Notwithstanding any other law, the repeal of this section*  
37 *renders the advisory committee subject to review by the*  
38 *appropriate policy committees of the Legislature.*

39 (d) *This section shall remain in effect so long as, pursuant to*  
40 *subdivision (c) of Section 7000.5 of the Business and Professions*

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1 Code, there is in the Department of Consumer Affairs a  
2 Contractors' State License Board.

3 (e) This section shall become operative only if the Legislature  
4 appropriates moneys from the Safe Energy Infrastructure and  
5 Excavation Fund to the California Underground Facilities Safe  
6 Excavation Advisory Committee for the purposes of this section  
7 and grants authority to the Contractors' State License Board to  
8 hire sufficient staff.

9 SEC. 14. Section 4216.13 is added to the Government Code,  
10 to read:

11 4216.13. (a) The advisory committee shall be composed of  
12 nine members, of which four shall be appointed by the Governor,  
13 three shall be appointed by the Contractors' State License Board,  
14 one shall be appointed by the Speaker of the Assembly, and one  
15 shall be appointed by the Senate Committee on Rules.

16 (b) The four members appointed by the Governor shall be  
17 appointed, as follows:

18 (1) Three members shall have knowledge and expertise in the  
19 operation of subsurface installations. Of those three members, one  
20 shall have knowledge and expertise in the operation of the  
21 subsurface installations of a municipal utility. At least one of the  
22 three members shall have knowledge and experience in the  
23 operation of high priority subsurface installations.

24 (2) One member shall have knowledge and expertise in  
25 subsurface installation location and marking and shall not be  
26 under the direct employment of an operator.

27 (c) The three members appointed by the Contractors' State  
28 License Board shall have knowledge and experience in contract  
29 excavation for employers who are not operators of subsurface  
30 installations. Of the three members, one member shall be a general  
31 engineering contractor, one member shall be a general building  
32 contractor, and one member shall be a specialty contractor. For  
33 the purposes of this section, the terms "general engineering  
34 contractor," "general building contractor," and "specialty  
35 contractor" shall have the meanings given in Article 4  
36 (commencing with Section 7055) of Chapter 9 of Division 3 of the  
37 Business and Professions Code.

38 (d) The member appointed by the Speaker of the Assembly shall  
39 have knowledge and expertise in representing in safety matters  
40 the workers employed by contract excavators.

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1 (e) *The member appointed by the Senate Committee on Rules*  
2 *shall have knowledge and expertise in managing the underground*  
3 *installations on one's own property, and may be drawn from*  
4 *agricultural, commercial, or residential, or other, property sectors.*

5 (f) *The advisory committee may invite two directors of*  
6 *operations of regional notification centers to be nonvoting ex*  
7 *officio members of the advisory committee.*

8 *SEC. 15. Section 4216.14 is added to the Government Code,*  
9 *to read:*

10 *4216.14. (a) The term of a member of the advisory committee*  
11 *is two years. Of the first members of the advisory committee, four*  
12 *members, determined by lot, shall serve for one year so that the*  
13 *terms of the members shall be staggered.*

14 (b) *A member shall not be appointed for more than two*  
15 *consecutive full terms.*

16 (c) *To the extent possible, the appointing power shall fill any*  
17 *vacancy in the membership of the advisory committee within 60*  
18 *days after the vacancy occurs.*

19 (d) *Upon the recommendation of the advisory committee, the*  
20 *Governor may remove a member appointed by the Governor for*  
21 *incompetence or misconduct.*

22 (e) *The advisory committee shall select a chairperson from*  
23 *among its members at the first meeting of each calendar year or*  
24 *when a vacancy in the chair exists.*

25 (f) *Subject to subdivision (g), the manner in which the*  
26 *chairperson is selected and the chairperson's term of office shall*  
27 *be determined by the advisory committee.*

28 (g) *A member of the advisory committee shall not serve more*  
29 *than two consecutive years as the chairperson of the advisory*  
30 *committee.*

31 *SEC. 16. Section 4216.15 is added to the Government Code,*  
32 *to read:*

33 *4216.15. The advisory committee shall meet at least once every*  
34 *three months. The advisory committee shall hold meetings in*  
35 *Sacramento and Los Angeles, and in other locations in the state*  
36 *it deems necessary.*

37 *SEC. 17 Section 4216.16 is added to the Government Code, to*  
38 *read:*

39 *4216.16. The advisory committee may obtain funding for its*  
40 *operational expenses from:*

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1 (a) *The Safe Energy Infrastructure and Excavation Fund,*  
2 *created in Section 320.5 of the Public Utilities Code.*

3 (b) *A federal or state grant.*

4 (c) *A fee charged to members of the regional notification centers*  
5 *not to exceed the reasonable regulatory cost incident to*  
6 *enforcement of this article.*

7 (d) *A filing or administrative fee to hear a complaint pursuant*  
8 *to Section 4216.20.*

9 (e) *Any other source.*

10 SEC. 18. *Section 4216.17 is added to the Government Code,*  
11 *to read:*

12 4216.17. (a) *In order to understand the needs for education*  
13 *and outreach, including of those groups with the highest awareness*  
14 *and education needs, such as homeowners, and to facilitate*  
15 *discussion on how to coordinate those efforts, the advisory*  
16 *committee shall annually convene a meeting with state and local*  
17 *government agencies, California operators, regional notification*  
18 *centers, and trade associations that fund outreach and education*  
19 *programs that encourage safe excavation practices.*

20 (b) *The advisory committee shall use the annual meeting*  
21 *described in subdivision (a) to determine the areas in which*  
22 *additional education and outreach efforts should be targeted. The*  
23 *advisory committee shall grant the use of the moneys that may be*  
24 *apportioned to it by the Public Utilities Commission pursuant to*  
25 *paragraph (1) of subdivision (b) of Section 320.5 of the Public*  
26 *Utilities Code to fund public education and outreach programs*  
27 *designed to promote excavation safety around subsurface*  
28 *installations and target towards specific excavator groups, giving*  
29 *priority to those with the highest awareness and education needs,*  
30 *such as homeowners.*

31 SEC. 19. *Section 4216.18 is added to the Government Code,*  
32 *to read:*

33 4216.18. (a) *The advisory committee shall develop a standard*  
34 *or set of standards relevant to safety practices in excavating around*  
35 *subsurface installations and procedures and guidance in*  
36 *encouraging those practices. When possible, standards should be*  
37 *informed by public ly available data, such as that collected by*  
38 *state and federal agencies and by the regional notification centers*  
39 *pursuant to subdivision (d) of Section 4216.6, and the advisory*  
40 *committee should refrain from using data about facility events not*

1 provided either to a state or federal agency or as statewide  
2 information, as defined in paragraph (2) of subdivision (e) of  
3 Section 4216.6. The standard or set of standards are not intended  
4 to replace other relevant standards, including the best practices  
5 of the Common Ground Alliance, but are to inform areas currently  
6 without established standards. The standard or set of standards  
7 shall address all of the following:

8 (1) Evidence necessary for excavators and operators to  
9 demonstrate compliance with Sections 4216.2, 4216.3, and 4216.4.

10 (2) Guidance for recommended sanctions against excavators  
11 and operators for violations of the article designed to improve  
12 safety. Sanctions may include notification and information letters,  
13 direction to attend relevant education, and financial penalties.  
14 The guidance shall state the circumstances under which the  
15 investigation and a recommendation for sanction shall be  
16 transmitted to a state or local agency, which may include the  
17 Attorney General or a district attorney, for enforcement pursuant  
18 to subdivision (b) of Section 4216.20 and may allow for a decision  
19 not to transmit if the investigation was initiated by a complaint,  
20 the parties have settled the matter, and the advisory committee  
21 has determined that further enforcement is not necessary as a  
22 deterrent to maintain the integrity of subsurface installations and  
23 to protect the safety of excavators and the public.  
24 Recommendations for sanctions shall be graduated and shall  
25 consider all of the following:

26 (A) The type of violation and its gravity.

27 (B) The degree of culpability.

28 (C) The operator's or excavator's history of violations.

29 (D) The operator's or excavator's history of work conducted  
30 without violations.

31 (E) The efforts taken by the violator to prevent violation, and,  
32 once the violation occurred, the efforts taken to mitigate the safety  
33 consequences of the violation.

34 (F) That homeowners have high awareness and education needs,  
35 and for this reason, financial penalties shall not be recommended  
36 except in cases in which a person's violations have been willful,  
37 repeated, and flagrant.

38 (3) What constitutes reasonable care, as required by paragraph  
39 (1) of subdivision (a) of Section 4216.4, in using hand tools around  
40 subsurface installations within the tolerance zone, considering the

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1 *need to balance worker safety in trenches with the protection of*  
2 *subsurface installations. As part of determining reasonable care,*  
3 *the advisory committee shall consider the appropriate additional*  
4 *excavating depth an excavator should make if either of the*  
5 *following occur:*

6 (A) *The subsurface installation is delineated within the tolerance*  
7 *zone but it is not in conflict with the excavation.*

8 (B) *The location of a subsurface installation is determined, but*  
9 *additional subsurface installations may exist immediately below*  
10 *the located subsurface installation.*

11 (4) *What constitutes reasonable care, as required by paragraph*  
12 *(1) of subdivision (a) of Section 4216.4, in grading activities on*  
13 *road shoulders and dirt roads which may include standards for*  
14 *potholing.*

15 (b) *On or before December 31, 2018, the advisory committee*  
16 *shall, in consultation with the Department of Food and Agriculture*  
17 *and after an agricultural stakeholder process, make*  
18 *recommendations for long term treatment of agricultural activities*  
19 *that include determining whether the notification requirements of*  
20 *Section 4216.2, the locate and field mark requirements of Section*  
21 *4216.3, and the excavation requirements of Section 4216.4 are*  
22 *appropriate for all types of agricultural activities, or whether they*  
23 *could be modified in ways to promote participation in safe*  
24 *agricultural practices around high priority subsurface installations.*

25 (1) *The recommendations shall be informed by a study that*  
26 *includes, but is not limited to, the following:*

27 (A) *A review of past damages attributable to agricultural*  
28 *activities, including information provided by gas corporations*  
29 *pursuant to subdivision (b) of Section 971 of the Public Utilities*  
30 *Code.*

31 (B) *Estimations of the use of regional notification centers by*  
32 *persons involved in agricultural activities provided by gas*  
33 *corporations, including the methodology used for the development*  
34 *of, the sources of error in, and confidence intervals for the*  
35 *estimations, pursuant to subdivision (c) of Section 971 of the Public*  
36 *Utilities Code.*

37 (C) *A review of the outreach and education practices of*  
38 *operators of high-priority subsurface installations toward persons*  
39 *who undertake agricultural activities and measures of the successes*

1 of those practices, with an explanation of how the measure of  
2 success is defined.

3 (D) A review of existing standards for operator communication  
4 with excavators, such as Recommended Practice 1162 by the  
5 American Petroleum Institute.

6 (2) The recommendations shall address the following questions:

7 (A) Do agricultural activities differ from common types of  
8 excavation in ways that may affect the applicability of Sections  
9 4216.2, 4216.3, and 4216.4 to agricultural activities?

10 (B) Should a person notify the regional notification center before  
11 undertaking agricultural activities that are not in the vicinity of  
12 subsurface installations? What is a sufficient means by which a  
13 person would know if there are subsurface installations in the  
14 vicinity?

15 (C) What is the benefit of the requirement in subdivision (c) of  
16 Section 4216.2 for an onsite meeting in advance of the performance  
17 of agricultural activities in the vicinity of high-priority subsurface  
18 installations? Under what circumstances is an onsite meeting  
19 appropriate in advance of the performance of agricultural  
20 activities, and how far in advance of the performance of  
21 agricultural activities does the onsite meeting requirement retain  
22 its benefit? What is the most convenient and expedient means to  
23 initiate an onsite meeting in advance of the performance of  
24 agricultural activities?

25 (D) What outreach and education activities on the part of  
26 operators of high-priority subsurface installations are important  
27 to promote safety in performing agricultural activities? What  
28 actions should the outreach and education activities induce in  
29 persons performing agricultural activities, and how can success  
30 be measured?

31 (E) How should the success of the advisory committee's  
32 recommendations be measured?

33 SEC. 20. Section 4216.19 is added to the Government Code,  
34 to read:

35 4216.19. (a) The advisory committee shall investigate possible  
36 violations of this article, including complaints from affected parties  
37 and members of the public.

38 (b) In furthering the purposes of this article, the advisory  
39 committee may authorize staff allocated to it by the Contractors'

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1 *State License Board to use compliance audits, including field*  
2 *audits, and investigations of incidents and near-misses.*

3 *(c) This section shall become operative on January 1, 2018.*

4 *SEC. 21. Section 4216.20 is added to the Government Code,*  
5 *to read:*

6 *4216.20. (a) Upon the completion of an investigation of a*  
7 *possible violation of this article, the advisory committee shall*  
8 *inform the following parties of the result of the investigation,*  
9 *including any findings of probable violation:*

10 *(1) The party or parties whose activities were the subject of the*  
11 *investigation.*

12 *(2) The complainant, if the investigation was initiated because*  
13 *of a complaint.*

14 *(3) Any excavator or operator whose activities or subsurface*  
15 *installations were involved in the incident investigated.*

16 *(b) If the advisory committee, upon the completion of an*  
17 *investigation, finds a probable violation of the article, the advisory*  
18 *committee may transmit the investigation results and any*  
19 *recommended penalty to the state or local agency with jurisdiction*  
20 *over the activity or business undertaken in commission of the*  
21 *violation.*

22 *SEC. 22. Section 4216.21 is added to the Government Code,*  
23 *to read:*

24 *4216.21. (a) For an investigation that the advisory committee*  
25 *undertakes as a result of a complaint of a violation of Section*  
26 *4216.2, 4216.3, or 4216.4, the complainant shall not file an action*  
27 *in court for damages based on those violations until the*  
28 *investigation is complete, or for 120 days after the investigation*  
29 *begins, whichever comes first, during which time, applicable*  
30 *statutes of limitation shall be tolled.*

31 *(b) If a complainant files an action in court against a person*  
32 *for damages based upon violations of Section 4216.2, 4216.3, or*  
33 *4216.4, after the completion of an advisory committee investigation*  
34 *in which the person was found not to have violated the article, the*  
35 *complainant shall also notify the advisory committee when the*  
36 *action is filed.*

37 *(c) This section only applies to a claim for damages to a*  
38 *subsurface installation.*

39 *SEC. 23. Section 4216.22 is added to the Government Code,*  
40 *to read:*

1     4216.22. (a) *Notwithstanding Section 10231.5, the advisory*  
2 *committee shall report to the Governor and the Legislature on or*  
3 *before February 1, 2018, and each year thereafter, on the activities*  
4 *of the advisory committee and any recommendations of the*  
5 *advisory committee.*

6     (b) *A report to be submitted pursuant to subdivision (a) shall*  
7 *be submitted in compliance with Section 9795.*

8     SEC. 24. *Section 17921.11 is added to the Health and Safety*  
9 *Code, to read:*

10     17921.11. (a) *During the next regularly scheduled intervening*  
11 *code cycle that commences on or after January 1, 2017, or during*  
12 *a subsequent code adoption cycle, the department shall develop*  
13 *and propose for adoption by the California Building Standards*  
14 *Commission, pursuant to Chapter 4 (commencing with Section*  
15 *18935) of Part 2.5, building standards requiring all new residential*  
16 *nonpressurized building sewers that connect from building*  
17 *structures to the public right-of-way or applicable utility easement*  
18 *to include the installation of tracer tape or wire to aid in detection*  
19 *and tracing of these nonpressurized building sewers.*

20     (b) *In researching, developing, and proposing building*  
21 *standards under this section, the Department of Housing and*  
22 *Community Development is authorized to expend funds from the*  
23 *Building Standards Administration Special Revolving Fund, upon*  
24 *appropriation pursuant to Section 18931.7.*

25     SEC. 25. *Section 18940.8 is added to the Health and Safety*  
26 *Code, to read:*

27     18940.8. (a) *During the next regularly scheduled intervening*  
28 *code cycle that commences on or after January 1, 2017, or during*  
29 *a subsequent code adoption cycle, the commission shall develop*  
30 *and propose for adoption, pursuant to Chapter 4 (commencing*  
31 *with Section 18935) of Part 2.5, building standards requiring all*  
32 *new nonresidential nonpressurized building sewers that connect*  
33 *from building structures to the public right-of-way or applicable*  
34 *utility easement to include the installation of tracer tape or wire*  
35 *to aid in detection and tracing of these nonpressurized building*  
36 *sewers.*

37     (b) *In researching, developing, and proposing building*  
38 *standards under this section, the California Building Standard*  
39 *Commission is authorized to expend funds from the Building*

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1 *Standards Administration Special Revolving Fund, upon*  
2 *appropriation pursuant to Section 18931.7.*

3 *SEC. 26. Section 320.5 is added to the Public Utilities Code,*  
4 *to read:*

5 *320.5. (a) The Safe Energy Infrastructure and Excavation*  
6 *Fund is hereby established in the State Treasury. Moneys deposited*  
7 *into the fund shall be used to cover the administrative expenses of*  
8 *the California Underground Facilities Safe Excavation Advisory*  
9 *Committee, upon appropriation by the Legislature. Additionally,*  
10 *the moneys may be used as described in subdivision (b).*

11 *(b) Up to five hundred thousand dollars (\$500,000) of moneys*  
12 *in the fund that are in excess of the moneys necessary for the*  
13 *administrative expenses of the California Underground Facilities*  
14 *Safe Excavation Advisory Committee may, upon appropriation by*  
15 *the Legislature, be apportioned by the commission for the following*  
16 *purposes:*

17 *(1) The California Underground Facilities Safe Excavation*  
18 *Advisory Committee, to fund public education and outreach*  
19 *programs designed to promote excavation safety around subsurface*  
20 *installations and targeted toward specific excavator groups.*

21 *(2) The commission, to further a gas and electric safety and*  
22 *enforcement workforce development program consistent with its*  
23 *equal employment program. No moneys shall be used to fulfill*  
24 *existing state and federal training requirements or for ongoing*  
25 *operations, but moneys may be used for the purpose of education*  
26 *in emergent safety issues and in best practices pertaining to gas*  
27 *and electric utility inspections, audits, accident investigations, and*  
28 *data tracking and analysis. The commission may only apportion*  
29 *moneys for this purpose upon commission approval of a safety*  
30 *and enforcement workforce development program at a meeting of*  
31 *the commission. No more than one hundred fifty thousand dollars*  
32 *(\$150,000) of the Safe Energy Infrastructure and Excavation Fund*  
33 *may be used for this purpose.*

34 *(c) Any moneys not allocated pursuant to subdivisions (a) and*  
35 *(b) shall be deposited into the General Fund.*

36 *SEC. 27. Section 911.2 is added to the Public Utilities Code,*  
37 *to read:*

38 *911.2. No later than February 1, 2019, the commission shall*  
39 *report to the Legislature and to the California Underground*  
40 *Facilities Safe Excavation Advisory Committee an analysis of*

1 *excavation damage to commission-regulated pipeline facilities.*  
2 *The report shall include analyses of the types of damage and other*  
3 *information described in Section 971.*

4 *SEC. 28. Section 955.5 of the Public Utilities Code is amended*  
5 *to read:*

6 955.5. (a) For purposes of this section, the following terms  
7 have the following meanings:

8 (1) "Gas pipeline" means an intrastate distribution line as  
9 described in paragraph (1) of, or an intrastate transmission line as  
10 described in paragraph (2) of, Section 950.

11 (2) "Hospital" means a licensed general acute care hospital as  
12 defined in subdivision (a) of Section 1250 of the Health and Safety  
13 Code.

14 (3) "School" means a public or private preschool, elementary,  
15 or secondary school.

16 (b) A gas corporation shall provide not less than three working  
17 days' notice to the administration of a school or hospital prior to  
18 undertaking nonemergency excavation or construction of a gas  
19 ~~pipeline~~ pipeline, *excluding any work that only uses hand tools,*  
20 *pneumatic hand tools, or vacuum technology for the purpose of*  
21 *marking and locating a subsurface installation pursuant to Article*  
22 *2 (commencing with Section 4216) of Chapter 3.1 of Division 5 of*  
23 *Title 1 of the Government Code, if the work is located within 500*  
24 *feet of the school or hospital. The notification shall include all of*  
25 *the following:*

26 (1) The name, address, telephone number, and emergency  
27 contact information for the gas corporation.

28 (2) The specific location of the gas pipeline where the excavation  
29 or construction will be performed.

30 (3) The date and time the excavation or construction is to be  
31 conducted and when the work is expected to be completed.

32 (4) An invitation and a telephone number to call for further  
33 information on what the school or hospital should do in the event  
34 of a leak.

35 (c) The gas corporation shall maintain a record of the date and  
36 time of any notification provided to the administration of a school  
37 or hospital prior to undertaking nonemergency excavation or  
38 construction of a gas pipeline and any subsequent contacts with  
39 the administration of a school or hospital relative to the excavation  
40 or construction and the actions taken, if any, in response to those

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1 subsequent contacts. The gas corporation shall maintain these  
2 records and make them available for inspection for no less than  
3 five years from the date of the notification.

4 *SEC. 29. Section 971 is added to the Public Utilities Code, to*  
5 *read:*

6 *971. (a) As a part of its damage prevention program carried*  
7 *out pursuant to Section 192.614 of Part 192 of Title 49 of the Code*  
8 *of Federal Regulations, each gas corporation shall collect data*  
9 *to inform its outreach activities. Until January 1, 2020, the data*  
10 *shall include all of the following:*

11 *(1) Damage to underground commission-regulated pipeline*  
12 *facilities that occurred during the performance of landscaping*  
13 *activities. Each gas corporation shall note in its investigation of*  
14 *excavation damage incidents the approximate depth of the gas*  
15 *facility at the time of damage, the type of excavator involved, which*  
16 *may include "homeowner," "licensed contractor," or "unlicensed*  
17 *contractor," and whether the excavator had called the regional*  
18 *notification center before performing the excavation.*

19 *(2) All claims filed by the gas corporation against an excavator*  
20 *for damage to commission-regulated pipeline facilities.*

21 *(3) Damages to underground commission-regulated pipeline*  
22 *facilities that occurred in the installation of temporary real estate*  
23 *signposts. Each gas corporation shall note in its investigation of*  
24 *excavation damage incidents the type of signpost installed and the*  
25 *method of installation, including the types of tools used.*

26 *(4) Damage to underground commission-regulated pipeline*  
27 *facilities that occurred during agricultural activities, including*  
28 *the type of activity performed and the type of tool involved in the*  
29 *damage.*

30 *(5) Any other information that the commission shall require.*

31 *(b) Until January 1, 2020, each gas corporation shall annually*  
32 *report to the commission and to the California Underground*  
33 *Facilities Safe Excavation Advisory Committee excavation damage*  
34 *data and analyses contained in subdivision (a) in a format of the*  
35 *commission's choosing.*

36 *(c) As a part of its damage prevention program carried out*  
37 *pursuant to Section 192.614 of Part 192 of Title 49 of the Code of*  
38 *Federal Regulations, each gas corporation shall estimate*  
39 *Californians' use of regional notification centers, as defined in*  
40 *Section 4216 of the Government Code, before conducting*

1 *agricultural activities. This estimation shall consider the use of*  
 2 *regional notification centers before conducting agricultural*  
 3 *activities that are both in the vicinity of its natural gas transmission*  
 4 *pipelines and not in the vicinity of its natural gas transmission*  
 5 *pipelines. Each gas corporation shall provide this estimate to the*  
 6 *commission and to the California Underground Facilities Safe*  
 7 *Excavation Advisory Committee on or before July 1, 2017. In*  
 8 *performing this estimation, each gas corporation shall do all of*  
 9 *the following:*

10 (1) *Estimate the amount and locations of agricultural activity*  
 11 *being performed by using relevant publically available information,*  
 12 *such as maps prepared pursuant to the Farmland Mapping and*  
 13 *Monitoring Program of the California Natural Resources Agency,*  
 14 *information from the National Agricultural Statistics Service, and*  
 15 *information available from assessor parcel numbers.*

16 (2) *Determine the number and locations of notifications to*  
 17 *regional notification centers for excavation activities on*  
 18 *agricultural land by using information from its own mark and*  
 19 *locate activities and, to the extent the information is available,*  
 20 *from the regional notification centers or other sources.*

21 (3) *For notifications in the vicinity of its natural gas*  
 22 *transmission pipelines, determine the average number of*  
 23 *notifications on agricultural land per transmission pipeline mile*  
 24 *per year as well as a histogram to describe the number of*  
 25 *transmission pipeline intervals Y, in units of the best available*  
 26 *precision, on which X notifications occurred, where X increases*  
 27 *from zero.*

28 (4) *Describe the methodology used for the development of any*  
 29 *estimates and identify sources of error in the estimation and a*  
 30 *confidence interval for the estimation.*

31 *SEC. 30. Section 1702.5 of the Public Utilities Code is amended*  
 32 *to read:*

33 1702.5. (a) The commission shall, in an existing or new  
 34 proceeding, develop and implement a safety enforcement program  
 35 applicable to gas corporations and electrical corporations ~~which~~  
 36 *that* includes procedures for monitoring, data tracking and analysis,  
 37 and investigations, as well as issuance of citations by commission  
 38 staff, under the direction of the executive director. The enforcement  
 39 program shall be designed to improve gas and electrical system  
 40 safety through the enforcement of applicable law, or order or rule

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1 of the commission related to safety using a variety of enforcement  
2 mechanisms, including the issuance of corrective actions, orders,  
3 and citations by designated commission staff, and recommendations  
4 for action made to the commission by designated commission staff.

5 (1) When considering the issuance of citations and assessment  
6 of penalties, the commission staff shall take into account voluntary  
7 reporting of potential violations, voluntary removal or resolution  
8 efforts undertaken, the prior history of violations, the gravity of  
9 the violation, and the degree of culpability.

10 (2) The procedures shall include, but are not limited to,  
11 providing notice of violation within a reasonable period of time  
12 after the discovery of the violation.

13 (3) The commission shall adopt an administrative limit on the  
14 amount of monetary penalty that may be set by commission staff.

15 (b) The commission shall develop and implement an appeals  
16 process to govern the issuance and appeal of citations or resolution  
17 of corrective action orders issued by the commission staff. The  
18 appeals process shall provide the respondent a reasonable period  
19 of time, upon receiving a citation, to file a notice of appeal, shall  
20 afford an opportunity for a hearing, and shall require the hearing  
21 officer to expeditiously provide a draft disposition.

22 (c) The commission shall, within a reasonable time set by the  
23 commission, conclude a safety enforcement action with a finding  
24 of violation, a corrective action order, a citation, a determination  
25 of no violation, approval of the corrective actions undertaken by  
26 the gas corporation or electrical corporation, or other action. The  
27 commission may institute a formal proceeding regarding the alleged  
28 violation, potentially resulting in additional enforcement action,  
29 regardless of any enforcement action taken at the commission staff  
30 level.

31 (d) The commission shall implement the safety enforcement  
32 program for gas safety by July 1, 2014, and implement the safety  
33 enforcement program for electrical safety no later than January 1,  
34 2015.

35 (e) This section does not apply to an exempt wholesale  
36 generator, a qualifying small power producer, or qualifying  
37 cogenerator, as defined in Section 796 of Title 16 of the United  
38 States Code and the regulations enacted pursuant thereto. Nothing  
39 in this section affects the commission's authority pursuant to  
40 Section 761.3.

1 (f) Notwithstanding any other law, moneys collected as a result  
2 of the issuance of citations pursuant to this section shall be  
3 deposited in the Safe Energy Infrastructure and Excavation Fund.

4 SEC. 31. No reimbursement is required by this act pursuant  
5 to Section 6 of Article XIII B of the California Constitution because  
6 the only costs that may be incurred by a local agency or school  
7 district will be incurred because this act creates a new crime or  
8 infraction, eliminates a crime or infraction, or changes the penalty  
9 for a crime or infraction, within the meaning of Section 17556 of  
10 the Government Code, or changes the definition of a crime within  
11 the meaning of Section 6 of Article XIII B of the California  
12 Constitution.

13  
14  
15 **All matter omitted in this version of the bill**  
16 **appears in the bill as amended in the**  
17 **Senate, April 13, 2015. (JR11)**  
18

## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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<b>Bill Number:</b>	SB 1039 (Hill)
<b>Status/Location:</b>	As Proposed to be Amended - Senate Appropriations Committee
<b>Sponsor:</b>	Various licensing boards
<b>Subject:</b>	Professions and Vocations: Fees
<b>Code Section:</b>	Business & Professions 7137 & 7153.3 (as it pertains to the Contractors State License Board)

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### **Summary:**

This bill makes changes and/or raises fees for several boards within the Department of Consumer Affairs (DCA), specifically the Board of Registered Nursing, the Dental Board, the Board of Pharmacy, the Court Reporters Board, and the Contractors State License Board (CSLB). The bill also eliminates the Telephone Medical Advice Services Bureau.

As it pertains to CSLB, SB 1039 contains the same language to provide for an increase in the statutory fee caps as that contained in AB 2286 (Mullin), CSLB's sponsored bill that the Board reviewed at the April 2016 Board meeting.

### This bill:

1. Authorizes CSLB to establish, by regulation, an expedited process of approval of contractor license applications and home improvement salesperson registrations.
2. Revises CSLB's existing statutory fee schedule to raise most fees, including the initial license and the renewal fee, by 10 percent, setting that amount in statute, and raising the cap by an additional 15 percent, which could be implemented by regulation.
3. Increases the fee to add a classification and to replace a responsible managing officer, responsible managing manager, responsible managing member, or responsible managing employee, from \$75 to no more than \$150.
4. Creates a new fee to add personnel, other than a qualifier, to an existing license. Provides that the fee shall be no more than \$100.
5. Provides that the delinquent renewal fee for a home improvement salesperson shall be 50 percent of the renewal fee, to mirror the contractor delinquent renewal fee.

### Comments:

Senator Hill, as Chair of the Senate Committee on Business, Professions and Economic Development, chose to author an omnibus-type bill, as several DCA boards planned to seek a fee increase this year. Typically, when a board requires a fee increase, it sponsors its own bill and finds its own author, as CSLB did this year with AB 2286. This is the first time a legislator has authored a bill with multiple board fee increases.

Since SB 1039 is moving forward with CSLB's fee increase included in it, the Senate Business, Professions and Economic Development Committee will not hear AB 2286, as it is no longer necessary.

**Fiscal Impact for CSLB:**

Based on CSLB's authorized budget, without a fee increase the Contractor's State License Fund will be in a deficit by the end of fiscal year 2017-18.

**Staff Recommendation and Comments:**

**SUPPORT.** This bill contains the proposed fee increases approved previously by the Board.

CSLB needs a statutory fee increase to continue to fulfill its primary mission of consumer protection. CSLB licenses approximately 285,000 contractors and, as a special fund entity, is funded entirely by the fees paid by these licensees. With approval for a fee increase, CSLB can continue its work to provide online license application and renewal services, which will benefit all licensees. Without a fee increase, CSLB will need to reduce costs in Enforcement, beginning with cuts to proactive enforcement, and hold positions vacant, which will lead to backlogs in license application processing and complaint handling.

CSLB's budget for the current fiscal year is \$63.75 million, with anticipated spending of \$61 million, which reflects continued conservative expenditures. However, CSLB's revenue is about \$57 million a year and the Board has been spending down its reserve to compensate for this discrepancy. By fiscal year 2017-18, CSLB expects to have less than half a month of funding in reserve.

In FY 2012-13, CSLB spent approximately \$54 million and, as noted above, in the current budget year the Board expects to spend approximately \$61 million, an increase of approximately 16 percent, or close to \$8.5 million. While costs have increased in every area over the last few years, the most significant are in Personnel Services, the Department of Consumer Affairs (DCA) pro rata, and Enforcement.

Of that \$8.5 million in increased spending, \$4.4 million went to Personnel Services, which includes salary, benefits, and retirements. During that time, CSLB added four positions, which were approved through the annual budget process. The amount CSLB pays to DCA in pro rata charges (which fund DCA) increased by \$2 million, a significant portion of which is due to the new BreEZe IT system. While CSLB was previously scheduled for inclusion in the BreEZe system, that is not currently the case. CSLB also saw increased Enforcement costs of about \$2 million, primarily for the use of services by the Attorney General's office and the Office of Administrative Hearings.

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**Date:** May 12, 2016

AMENDED IN SENATE MAY 31, 2016  
AMENDED IN SENATE APRIL 21, 2016  
AMENDED IN SENATE APRIL 12, 2016  
AMENDED IN SENATE APRIL 7, 2016

**SENATE BILL**

**No. 1039**

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**Introduced by Senator Hill**

February 12, 2016

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An act to amend Sections *115.6, 144, 146, 651, 656, 683, 800, 805, 805.1, 805.5, 805.6, 810, 2052.5, 2423, 2460, 2461, 2475, 2479, 2486, 2488, 2492, 2499, 2733, 2746.51, 2786.5, 2811, 2811.5, 2815, 2815.5, 2816, 2830.7, 2836.3, 2838.2, 4128.2, 4170, 4175, 4830, 4999, 4999.2, 7137, 7153.3, 8031, 8516, and 8518* of, to amend, repeal, and add ~~Section 4400~~ *Sections 4400, 7137, and 7153.3* of, to add ~~Section 2499.7~~ *to Chapter 3.5 (commencing with Section 1460) to Division 2 of,* to repeal Sections 4999.1, 4999.3, 4999.4, and 4999.6 of, *to repeal Article 22 (commencing with Section 2460) of Chapter 5 of Division 2 of,* and to repeal and add Section 4999.5 of, the Business and Professions Code, *to amend Section 13401 of the Corporations Code,* to amend Section 1348.8 of the Health and Safety Code, and to amend Section 10279 of the Insurance Code, relating to professions and vocations, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1039, as amended, Hill. Professions and vocations.

(1) Existing law requires the Office of Statewide Health Planning and Development to establish the Health Professions Education Foundation to, among other things, solicit and receive funds for the purpose of providing scholarships, as specified.

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The bill would state the intent of the Legislature to enact future legislation that would establish a Dental Corps Scholarship Program, as specified, to increase the supply of dentists serving in medically underserved areas.

(2) The Medical Practice Act creates, within the jurisdiction of the Medical Board of California, the California Board of Podiatric Medicine. Under the act, certificates to practice podiatric medicine and registrations of spectacle lens dispensers and contact lens dispensers, among others, expire on a certain date during the second year of a 2-year term if not renewed.

This bill would instead create the California Board of Podiatric Medicine in the Department of Consumer Affairs, and would make conforming and related changes. The bill would discontinue the above-described requirement for the expiration of the registrations of spectacle lens dispensers and contact lens dispensers.

(3) The Nursing Practice Act provides for the licensure and regulation of nurse practitioners by the Board of Registered Nursing, which is within the Department of Consumer Affairs, and requires the board to adopt regulations establishing standards for continuing education for licensees, as specified. That act requires providers of continuing education programs approved by the board to make records of continuing education courses given to registered nurses available for board inspection. That act also prescribes various fees to be paid by licensees and applicants for licensure, and requires these fees to be credited to the Board of Registered Nursing Fund, which is a continuously appropriated fund as it pertains to fees collected by the board.

This bill would require that the content of a continuing education course be based on generally accepted scientific principles. The bill would also require the board to audit continuing education providers, at least once every 5 years, to ensure adherence to regulatory requirements, and to withhold or rescind approval from any provider that is in violation of regulatory requirements. The bill would raise specified fees, and would provide for additional fees, to be paid by licensees and applicants for licensure pursuant to that act. By increasing fees deposited into a continuously appropriated fund, this bill would make an appropriation.

(4) The Pharmacy Law provides for the licensure and regulation of pharmacists by the California State Board of Pharmacy within the Department of Consumer Affairs. That law prescribes various fees to be paid by licensees and applicants for licensure, and requires all fees

collected on behalf of the board to be credited to the Pharmacy Board Contingent Fund, which is a continuously appropriated fund as it pertains to fees collected by the board.

This bill would, on and after July 1, 2017, modify specified fees to be paid by licensees and applicants for licensure pursuant to that act. By increasing fees deposited into a continuously appropriated fund, this bill would make an appropriation.

*(5) The Veterinary Medicine Practice Act provides for the licensure and regulation of veterinarians by the Veterinary Medical Board, which is within the Department of Consumer Affairs. Under the act, it is unlawful and a misdemeanor for any person to practice veterinary medicine in this state unless he or she holds a valid, unexpired, and unrevoked license issued by the board, except under specified circumstances, including when regularly licensed veterinarians in actual consultation from other states or when regularly licensed veterinarians are actually called from other states to attend cases in this state and do not open an office or appoint a place to do business within the state.*

*This bill would replace those exceptions with an exception for veterinarians holding a current, valid license in good standing in another state or country who provide assistance to a California licensed veterinarian and attend on a specific case, subject to specified conditions.*

~~(5)~~

(6) Existing law requires businesses that employ, or contract or subcontract with, the full-time equivalent of 5 or more persons functioning as health care professionals, as defined, whose primary function is to provide telephone medical advice, that provide telephone medical advice services to a patient at a California address to be registered with the Telephone Medical Advice Services Bureau and further requires telephone medical advice services to comply with the requirements established by the Department of Consumer Affairs, as specified.

This bill would discontinue the requirement that those businesses be registered with the bureau, would instead make the respective healing arts licensing boards responsible for enforcing those requirements and any other laws and regulations affecting those health care professionals licensed in California, and would make conforming and related changes.

~~(6)~~

(7) The Contractors' State License Law provides for the licensure and regulation of contractors by the Contractors' State License Board

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within the Department of Consumer Affairs. That law also prescribes various fees to be paid by licensees and applicants for licensure, *requires the board to set the fees by regulation*, and requires fees and civil penalties received under that law to be deposited in the Contractors' License Fund, which is a continuously appropriated fund as it pertains to fees collected by the board.

~~This bill~~ *bill, on and after July 1, 2017, would raise specified fees fees, would instead authorize the board to set the fees by regulation*, and would require the board to establish criteria for the approval of expedited processing of applications, as specified. By increasing fees deposited into a continuously appropriated fund, this bill would make an appropriation.

~~(7)~~

(8) Existing law provides for the licensure and regulation of shorthand reporters by the Court Reporters Board of California within the Department of Consumer Affairs. That law authorizes the board, by resolution, to establish a fee for the renewal of a certificate issued by the board, and prohibits the fee from exceeding \$125, as specified. Under existing law, all fees and revenues received by the board are deposited into the Court Reporters' Fund, which is a continuously appropriated fund as it pertains to fees collected by the board.

This bill would raise that fee limit to \$250. By authorizing an increase in a fee deposited into a continuously appropriated fund, this bill would make an appropriation.

~~(8)~~

(9) Existing law provides for the licensure and regulation of structural pest control operators and registered companies by the Structural Pest Control Board, which is within the Department of Consumer Affairs, and requires a licensee to pay a specified license fee. Existing law makes any violation of those provisions punishable as a misdemeanor. Existing law places certain requirements on a registered company or licensee with regards to wood destroying pests or organisms, including that a registered company or licensee is prohibited from commencing work on a contract until an inspection has been made by a licensed Branch 3 field representative or operator, that the address of each property inspected or upon which work was completed is required to be reported to the board, as specified, and that a written inspection report be prepared and delivered to the person requesting the inspection or his or her agent. Existing law requires the original inspection report to be submitted to the board upon demand. Existing law requires that written report to

contain certain information, including a foundation diagram or sketch of the structure or portions of the structure inspected, and requires the report, and any contract entered into, to expressly state if a guarantee for the work is made, and if so, the terms and time period of the guarantee. Existing law establishes the Structural Pest Control Fund, which is a continuously appropriated fund as it pertains to fees collected by the board.

This bill would require the operator who is conducting the inspection prior to the commencement of work to be employed by a registered company, except as specified. The bill would not require the address of an inspection report prepared for use by an attorney for litigation to be reported to the board or assessed a filing fee. The bill would require instead that the written inspection report be prepared and delivered to the person requesting it, the property owner, or the property owner's designated agent, as specified. The bill would allow an inspection report to be a complete, limited, supplemental, or reinspection report, as defined. The bill would require all inspection reports to be submitted to the board and maintained with field notes, activity forms, and notices of completion until one year after the guarantee expires if the guarantee extends beyond 3 years. The bill would require the inspection report to clearly list the infested or infected wood members or parts of the structure identified in the required diagram or sketch. By placing new requirements on a registered company or licensee, this bill would expand an existing crime and would, therefore, impose a state-mandated local program.

Existing law requires a registered company to prepare a notice of work completed to give to the owner of the property when the work is completed.

This bill would make this provision only applicable to work relating to wood destroying pests and organisms.

(9)

(10) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: yes.

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*The people of the State of California do enact as follows:*

1 SECTION 1. It is the intent of the Legislature to enact future  
2 legislation that would establish a Dental Corps Scholarship  
3 Program within the Health Professions Education Foundation to  
4 increase the supply of dentists serving in medically underserved  
5 areas.

6 *SEC. 2. Section 115.6 of the Business and Professions Code*  
7 *is amended to read:*

8 115.6. (a) A board within the department shall, after  
9 appropriate investigation, issue the following eligible temporary  
10 licenses to an applicant if he or she meets the requirements set  
11 forth in subdivision (c):

12 (1) Registered nurse license by the Board of Registered Nursing.

13 (2) Vocational nurse license issued by the Board of Vocational  
14 Nursing and Psychiatric Technicians of the State of California.

15 (3) Psychiatric technician license issued by the Board of  
16 Vocational Nursing and Psychiatric Technicians of the State of  
17 California.

18 (4) Speech-language pathologist license issued by the  
19 Speech-Language Pathology and Audiology and Hearing Aid  
20 Dispensers Board.

21 (5) Audiologist license issued by the Speech-Language  
22 Pathology and Audiology and Hearing Aid Dispensers Board.

23 (6) Veterinarian license issued by the Veterinary Medical Board.

24 (7) All licenses issued by the Board for Professional Engineers,  
25 Land Surveyors, and Geologists.

26 (8) All licenses issued by the Medical Board of California.

27 (9) *All licenses issued by the California Board of Podiatric*  
28 *Medicine.*

29 (b) The board may conduct an investigation of an applicant for  
30 purposes of denying or revoking a temporary license issued  
31 pursuant to this section. This investigation may include a criminal  
32 background check.

33 (c) An applicant seeking a temporary license pursuant to this  
34 section shall meet the following requirements:

35 (1) The applicant shall supply evidence satisfactory to the board  
36 that the applicant is married to, or in a domestic partnership or  
37 other legal union with, an active duty member of the Armed Forces

1 of the United States who is assigned to a duty station in this state  
2 under official active duty military orders.

3 (2) The applicant shall hold a current, active, and unrestricted  
4 license that confers upon him or her the authority to practice, in  
5 another state, district, or territory of the United States, the  
6 profession or vocation for which he or she seeks a temporary  
7 license from the board.

8 (3) The applicant shall submit an application to the board that  
9 shall include a signed affidavit attesting to the fact that he or she  
10 meets all of the requirements for the temporary license and that  
11 the information submitted in the application is accurate, to the best  
12 of his or her knowledge. The application shall also include written  
13 verification from the applicant's original licensing jurisdiction  
14 stating that the applicant's license is in good standing in that  
15 jurisdiction.

16 (4) The applicant shall not have committed an act in any  
17 jurisdiction that would have constituted grounds for denial,  
18 suspension, or revocation of the license under this code at the time  
19 the act was committed. A violation of this paragraph may be  
20 grounds for the denial or revocation of a temporary license issued  
21 by the board.

22 (5) The applicant shall not have been disciplined by a licensing  
23 entity in another jurisdiction and shall not be the subject of an  
24 unresolved complaint, review procedure, or disciplinary proceeding  
25 conducted by a licensing entity in another jurisdiction.

26 (6) The applicant shall, upon request by a board, furnish a full  
27 set of fingerprints for purposes of conducting a criminal  
28 background check.

29 (d) A board may adopt regulations necessary to administer this  
30 section.

31 (e) A temporary license issued pursuant to this section may be  
32 immediately terminated upon a finding that the temporary  
33 licenseholder failed to meet any of the requirements described in  
34 subdivision (c) or provided substantively inaccurate information  
35 that would affect his or her eligibility for temporary licensure.  
36 Upon termination of the temporary license, the board shall issue  
37 a notice of termination that shall require the temporary  
38 licenseholder to immediately cease the practice of the licensed  
39 profession upon receipt.

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1 (f) An applicant seeking a temporary license as a civil engineer,  
2 geotechnical engineer, structural engineer, land surveyor,  
3 professional geologist, professional geophysicist, certified  
4 engineering geologist, or certified hydrogeologist pursuant to this  
5 section shall successfully pass the appropriate California-specific  
6 examination or examinations required for licensure in those  
7 respective professions by the Board for Professional Engineers,  
8 Land Surveyors, and Geologists.

9 (g) A temporary license issued pursuant to this section shall  
10 expire 12 months after issuance, upon issuance of an expedited  
11 license pursuant to Section 115.5, or upon denial of the application  
12 for expedited licensure by the board, whichever occurs first.

13 *SEC. 3. Section 144 of the Business and Professions Code is*  
14 *amended to read:*

15 144. (a) Notwithstanding any other provision of law, an agency  
16 designated in subdivision (b) shall require an applicant to furnish  
17 to the agency a full set of fingerprints for purposes of conducting  
18 criminal history record checks. Any agency designated in  
19 subdivision (b) may obtain and receive, at its discretion, criminal  
20 history information from the Department of Justice and the United  
21 States Federal Bureau of Investigation.

22 (b) Subdivision (a) applies to the following:

- 23 (1) California Board of Accountancy.
- 24 (2) State Athletic Commission.
- 25 (3) Board of Behavioral Sciences.
- 26 (4) Court Reporters Board of California.
- 27 (5) State Board of Guide Dogs for the Blind.
- 28 (6) California State Board of Pharmacy.
- 29 (7) Board of Registered Nursing.
- 30 (8) Veterinary Medical Board.
- 31 (9) Board of Vocational Nursing and Psychiatric Technicians.
- 32 (10) Respiratory Care Board of California.
- 33 (11) Physical Therapy Board of California.
- 34 (12) Physician Assistant Committee of the Medical Board of  
35 California.
- 36 (13) Speech-Language Pathology and Audiology and Hearing  
37 Aid Dispenser Board.
- 38 (14) Medical Board of California.
- 39 (15) State Board of Optometry.
- 40 (16) Acupuncture Board.

- 1 (17) Cemetery and Funeral Bureau.
- 2 (18) Bureau of Security and Investigative Services.
- 3 (19) Division of Investigation.
- 4 (20) Board of Psychology.
- 5 (21) California Board of Occupational Therapy.
- 6 (22) Structural Pest Control Board.
- 7 (23) Contractors' State License Board.
- 8 (24) Naturopathic Medicine Committee.
- 9 (25) Professional Fiduciaries Bureau.
- 10 (26) Board for Professional Engineers, Land Surveyors, and
- 11 Geologists.
- 12 (27) Bureau of Medical Marijuana Regulation.
- 13 (28) *California Board of Podiatric Medicine.*

14 (c) For purposes of paragraph (26) of subdivision (b), the term  
15 "applicant" shall be limited to an initial applicant who has never  
16 been registered or licensed by the board or to an applicant for a  
17 new licensure or registration category.

18 *SEC. 4. Section 146 of the Business and Professions Code is*  
19 *amended to read:*

20 146. (a) Notwithstanding any other provision of law, a  
21 violation of any code section listed in subdivision (c) is an  
22 infraction subject to the procedures described in Sections 19.6 and  
23 19.7 of the Penal Code when either of the following applies:

24 (1) A complaint or a written notice to appear in court pursuant  
25 to Chapter 5c (commencing with Section 853.5) of Title 3 of Part  
26 2 of the Penal Code is filed in court charging the offense as an  
27 infraction unless the defendant, at the time he or she is arraigned,  
28 after being advised of his or her rights, elects to have the case  
29 proceed as a misdemeanor.

30 (2) The court, with the consent of the defendant and the  
31 prosecution, determines that the offense is an infraction in which  
32 event the case shall proceed as if the defendant has been arraigned  
33 on an infraction complaint.

34 (b) Subdivision (a) does not apply to a violation of the code  
35 sections listed in subdivision (c) if the defendant has had his or  
36 her license, registration, or certificate previously revoked or  
37 suspended.

38 (c) The following sections require registration, licensure,  
39 certification, or other authorization in order to engage in certain  
40 businesses or professions regulated by this code:

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- 1    ~~(1)~~
- 2    (1) Section 1474.
- 3    (2) Sections 2052 and 2054.
- 4    ~~(2)~~
- 5    (3) Section 2630.
- 6    ~~(3)~~
- 7    (4) Section 2903.
- 8    ~~(4)~~
- 9    (5) Section 3575.
- 10   ~~(5)~~
- 11   (6) Section 3660.
- 12   ~~(6)~~
- 13   (7) Sections 3760 and 3761.
- 14   ~~(7)~~
- 15   (8) Section 4080.
- 16   ~~(8)~~
- 17   (9) Section 4825.
- 18   ~~(9)~~
- 19   (10) Section 4935.
- 20   ~~(10)~~
- 21   (11) Section 4980.
- 22   ~~(11)~~
- 23   (12) Section 4989.50.
- 24   ~~(12)~~
- 25   (13) Section 4996.
- 26   ~~(13)~~
- 27   (14) Section 4999.30.
- 28   ~~(14)~~
- 29   (15) Section 5536.
- 30   ~~(15)~~
- 31   (16) Section 6704.
- 32   ~~(16)~~
- 33   (17) Section 6980.10.
- 34   ~~(17)~~
- 35   (18) Section 7317.
- 36   ~~(18)~~
- 37   (19) Section 7502 or 7592.
- 38   ~~(19)~~
- 39   (20) Section 7520.
- 40   ~~(20)~~

- 1 (21) Section 7617 or 7641.
- 2 ~~(21)~~
- 3 (22) Subdivision (a) of Section 7872.
- 4 ~~(22)~~
- 5 (23) Section 8016.
- 6 ~~(23)~~
- 7 (24) Section 8505.
- 8 ~~(24)~~
- 9 (25) Section 8725.
- 10 ~~(25)~~
- 11 (26) Section 9681.
- 12 ~~(26)~~
- 13 (27) Section 9840.
- 14 ~~(27)~~
- 15 (28) Subdivision (c) of Section 9891.24.
- 16 ~~(28)~~
- 17 (29) Section 19049.

18 (d) Notwithstanding any other law, a violation of any of the  
19 sections listed in subdivision (c), which is an infraction, is  
20 punishable by a fine of not less than two hundred fifty dollars  
21 (\$250) and not more than one thousand dollars (\$1,000). No portion  
22 of the minimum fine may be suspended by the court unless as a  
23 condition of that suspension the defendant is required to submit  
24 proof of a current valid license, registration, or certificate for the  
25 profession or vocation that was the basis for his or her conviction.

26 *SEC. 5. Section 651 of the Business and Professions Code is*  
27 *amended to read:*

28 651. (a) It is unlawful for any person licensed under this  
29 division or under any initiative act referred to in this division to  
30 disseminate or cause to be disseminated any form of public  
31 communication containing a false, fraudulent, misleading, or  
32 deceptive statement, claim, or image for the purpose of or likely  
33 to induce, directly or indirectly, the rendering of professional  
34 services or furnishing of products in connection with the  
35 professional practice or business for which he or she is licensed.  
36 A “public communication” as used in this section includes, but is  
37 not limited to, communication by means of mail, television, radio,  
38 motion picture, newspaper, book, list or directory of healing arts  
39 practitioners, Internet, or other electronic communication.

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1 (b) A false, fraudulent, misleading, or deceptive statement,  
2 claim, or image includes a statement or claim that does any of the  
3 following:

4 (1) Contains a misrepresentation of fact.

5 (2) Is likely to mislead or deceive because of a failure to disclose  
6 material facts.

7 (3) (A) Is intended or is likely to create false or unjustified  
8 expectations of favorable results, including the use of any  
9 photograph or other image that does not accurately depict the  
10 results of the procedure being advertised or that has been altered  
11 in any manner from the image of the actual subject depicted in the  
12 photograph or image.

13 (B) Use of any photograph or other image of a model without  
14 clearly stating in a prominent location in easily readable type the  
15 fact that the photograph or image is of a model is a violation of  
16 subdivision (a). For purposes of this paragraph, a model is anyone  
17 other than an actual patient, who has undergone the procedure  
18 being advertised, of the licensee who is advertising for his or her  
19 services.

20 (C) Use of any photograph or other image of an actual patient  
21 that depicts or purports to depict the results of any procedure, or  
22 presents “before” and “after” views of a patient, without specifying  
23 in a prominent location in easily readable type size what procedures  
24 were performed on that patient is a violation of subdivision (a).  
25 Any “before” and “after” views (i) shall be comparable in  
26 presentation so that the results are not distorted by favorable poses,  
27 lighting, or other features of presentation, and (ii) shall contain a  
28 statement that the same “before” and “after” results may not occur  
29 for all patients.

30 (4) Relates to fees, other than a standard consultation fee or a  
31 range of fees for specific types of services, without fully and  
32 specifically disclosing all variables and other material factors.

33 (5) Contains other representations or implications that in  
34 reasonable probability will cause an ordinarily prudent person to  
35 misunderstand or be deceived.

36 (6) Makes a claim either of professional superiority or of  
37 performing services in a superior manner, unless that claim is  
38 relevant to the service being performed and can be substantiated  
39 with objective scientific evidence.

1 (7) Makes a scientific claim that cannot be substantiated by  
2 reliable, peer reviewed, published scientific studies.

3 (8) Includes any statement, endorsement, or testimonial that is  
4 likely to mislead or deceive because of a failure to disclose material  
5 facts.

6 (c) Any price advertisement shall be exact, without the use of  
7 phrases, including, but not limited to, "as low as," "and up,"  
8 "lowest prices," or words or phrases of similar import. Any  
9 advertisement that refers to services, or costs for services, and that  
10 uses words of comparison shall be based on verifiable data  
11 substantiating the comparison. Any person so advertising shall be  
12 prepared to provide information sufficient to establish the accuracy  
13 of that comparison. Price advertising shall not be fraudulent,  
14 deceitful, or misleading, including statements or advertisements  
15 of bait, discount, premiums, gifts, or any statements of a similar  
16 nature. In connection with price advertising, the price for each  
17 product or service shall be clearly identifiable. The price advertised  
18 for products shall include charges for any related professional  
19 services, including dispensing and fitting services, unless the  
20 advertisement specifically and clearly indicates otherwise.

21 (d) Any person so licensed shall not compensate or give anything  
22 of value to a representative of the press, radio, television, or other  
23 communication medium in anticipation of, or in return for,  
24 professional publicity unless the fact of compensation is made  
25 known in that publicity.

26 (e) Any person so licensed may not use any professional card,  
27 professional announcement card, office sign, letterhead, telephone  
28 directory listing, medical list, medical directory listing, or a similar  
29 professional notice or device if it includes a statement or claim  
30 that is false, fraudulent, misleading, or deceptive within the  
31 meaning of subdivision (b).

32 (f) Any person so licensed who violates this section is guilty of  
33 a misdemeanor. A bona fide mistake of fact shall be a defense to  
34 this subdivision, but only to this subdivision.

35 (g) Any violation of this section by a person so licensed shall  
36 constitute good cause for revocation or suspension of his or her  
37 license or other disciplinary action.

38 (h) Advertising by any person so licensed may include the  
39 following:

40 (1) A statement of the name of the practitioner.

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1 (2) A statement of addresses and telephone numbers of the  
2 offices maintained by the practitioner.

3 (3) A statement of office hours regularly maintained by the  
4 practitioner.

5 (4) A statement of languages, other than English, fluently spoken  
6 by the practitioner or a person in the practitioner's office.

7 (5) (A) A statement that the practitioner is certified by a private  
8 or public board or agency or a statement that the practitioner limits  
9 his or her practice to specific fields.

10 (B) A statement of certification by a practitioner licensed under  
11 Chapter 7 (commencing with Section 3000) shall only include a  
12 statement that he or she is certified or eligible for certification by  
13 a private or public board or parent association recognized by that  
14 practitioner's licensing board.

15 (C) A physician and surgeon licensed under Chapter 5  
16 (commencing with Section 2000) by the Medical Board of  
17 California may include a statement that he or she limits his or her  
18 practice to specific fields, but shall not include a statement that he  
19 or she is certified or eligible for certification by a private or public  
20 board or parent association, including, but not limited to, a  
21 multidisciplinary board or association, unless that board or  
22 association is (i) an American Board of Medical Specialties  
23 member board, (ii) a board or association with equivalent  
24 requirements approved by that physician and surgeon's licensing  
25 board, or (iii) a board or association with an Accreditation Council  
26 for Graduate Medical Education approved postgraduate training  
27 program that provides complete training in that specialty or  
28 subspecialty. A physician and surgeon licensed under Chapter 5  
29 (commencing with Section 2000) by the Medical Board of  
30 California who is certified by an organization other than a board  
31 or association referred to in clause (i), (ii), or (iii) shall not use the  
32 term "board certified" in reference to that certification, unless the  
33 physician and surgeon is also licensed under Chapter 4  
34 (commencing with Section 1600) and the use of the term "board  
35 certified" in reference to that certification is in accordance with  
36 subparagraph (A). A physician and surgeon licensed under Chapter  
37 5 (commencing with Section 2000) by the Medical Board of  
38 California who is certified by a board or association referred to in  
39 clause (i), (ii), or (iii) shall not use the term "board certified" unless  
40 the full name of the certifying board is also used and given

1 comparable prominence with the term “board certified” in the  
2 statement.

3 For purposes of this subparagraph, a “multidisciplinary board  
4 or association” means an educational certifying body that has a  
5 psychometrically valid testing process, as determined by the  
6 Medical Board of California, for certifying medical doctors and  
7 other health care professionals that is based on the applicant’s  
8 education, training, and experience.

9 For purposes of the term “board certified,” as used in this  
10 subparagraph, the terms “board” and “association” mean an  
11 organization that is an American Board of Medical Specialties  
12 member board, an organization with equivalent requirements  
13 approved by a physician and surgeon’s licensing board, or an  
14 organization with an Accreditation Council for Graduate Medical  
15 Education approved postgraduate training program that provides  
16 complete training in a specialty or subspecialty.

17 The Medical Board of California shall adopt regulations to  
18 establish and collect a reasonable fee from each board or  
19 association applying for recognition pursuant to this subparagraph.  
20 The fee shall not exceed the cost of administering this  
21 subparagraph. Notwithstanding Section 2 of Chapter 1660 of the  
22 Statutes of 1990, this subparagraph shall become operative July  
23 1, 1993. However, an administrative agency or accrediting  
24 organization may take any action contemplated by this  
25 subparagraph relating to the establishment or approval of specialist  
26 requirements on and after January 1, 1991.

27 (D) A doctor of podiatric medicine licensed under Chapter 5  
28 ~~(commencing with Section 2000) by the Medical Board of~~  
29 ~~California 3.5 (commencing with Section 1460) by the California~~  
30 *Board of Podiatric Medicine* may include a statement that he or  
31 she is certified or eligible or qualified for certification by a private  
32 or public board or parent association, including, but not limited  
33 to, a multidisciplinary board or association, if that board or  
34 association meets one of the following requirements: (i) is approved  
35 by the Council on Podiatric Medical Education, (ii) is a board or  
36 association with equivalent requirements approved by the  
37 California Board of Podiatric Medicine, or (iii) is a board or  
38 association with the Council on Podiatric Medical Education  
39 approved postgraduate training programs that provide training in  
40 podiatric medicine and podiatric surgery. A doctor of podiatric

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1 medicine licensed under Chapter ~~5 (commencing with Section~~  
2 ~~2000) by the Medical Board of California 3.5 (commencing with~~  
3 ~~Section 1460) by the California Board of Podiatric Medicine~~ who  
4 is certified by a board or association referred to in clause (i), (ii),  
5 or (iii) shall not use the term “board certified” unless the full name  
6 of the certifying board is also used and given comparable  
7 prominence with the term “board certified” in the statement. A  
8 doctor of podiatric medicine licensed under Chapter ~~5~~  
9 ~~(commencing with Section 2000) by the Medical Board of~~  
10 ~~California 3.5 (commencing with Section 1460) by the California~~  
11 ~~Board of Podiatric Medicine~~ who is certified by an organization  
12 other than a board or association referred to in clause (i), (ii), or  
13 (iii) shall not use the term “board certified” in reference to that  
14 certification.

15 For purposes of this subparagraph, a “multidisciplinary board  
16 or association” means an educational certifying body that has a  
17 psychometrically valid testing process, as determined by the  
18 California Board of Podiatric Medicine, for certifying doctors of  
19 podiatric medicine that is based on the applicant’s education,  
20 training, and experience. For purposes of the term “board certified,”  
21 as used in this subparagraph, the terms “board” and “association”  
22 mean an organization that is a Council on Podiatric Medical  
23 Education approved board, an organization with equivalent  
24 requirements approved by the California Board of Podiatric  
25 Medicine, or an organization with a Council on Podiatric Medical  
26 Education approved postgraduate training program that provides  
27 training in podiatric medicine and podiatric surgery.

28 The California Board of Podiatric Medicine shall adopt  
29 regulations to establish and collect a reasonable fee from each  
30 board or association applying for recognition pursuant to this  
31 subparagraph, to be deposited in the State Treasury in the Podiatry  
32 Fund, pursuant to Section ~~2499: 1499~~. The fee shall not exceed  
33 the cost of administering this subparagraph.

34 (6) A statement that the practitioner provides services under a  
35 specified private or public insurance plan or health care plan.

36 (7) A statement of names of schools and postgraduate clinical  
37 training programs from which the practitioner has graduated,  
38 together with the degrees received.

39 (8) A statement of publications authored by the practitioner.

1 (9) A statement of teaching positions currently or formerly held  
2 by the practitioner, together with pertinent dates.

3 (10) A statement of his or her affiliations with hospitals or  
4 clinics.

5 (11) A statement of the charges or fees for services or  
6 commodities offered by the practitioner.

7 (12) A statement that the practitioner regularly accepts  
8 installment payments of fees.

9 (13) Otherwise lawful images of a practitioner, his or her  
10 physical facilities, or of a commodity to be advertised.

11 (14) A statement of the manufacturer, designer, style, make,  
12 trade name, brand name, color, size, or type of commodities  
13 advertised.

14 (15) An advertisement of a registered dispensing optician may  
15 include statements in addition to those specified in paragraphs (1)  
16 to (14), inclusive, provided that any statement shall not violate  
17 subdivision (a), (b), (c), or (e) or any other section of this code.

18 (16) A statement, or statements, providing public health  
19 information encouraging preventative or corrective care.

20 (17) Any other item of factual information that is not false,  
21 fraudulent, misleading, or likely to deceive.

22 (i) Each of the healing arts boards and examining committees  
23 within Division 2 shall adopt appropriate regulations to enforce  
24 this section in accordance with Chapter 3.5 (commencing with  
25 Section 11340) of Part 1 of Division 3 of Title 2 of the Government  
26 Code.

27 Each of the healing arts boards and committees and examining  
28 committees within Division 2 shall, by regulation, define those  
29 efficacious services to be advertised by businesses or professions  
30 under their jurisdiction for the purpose of determining whether  
31 advertisements are false or misleading. Until a definition for that  
32 service has been issued, no advertisement for that service shall be  
33 disseminated. However, if a definition of a service has not been  
34 issued by a board or committee within 120 days of receipt of a  
35 request from a licensee, all those holding the license may advertise  
36 the service. Those boards and committees shall adopt or modify  
37 regulations defining what services may be advertised, the manner  
38 in which defined services may be advertised, and restricting  
39 advertising that would promote the inappropriate or excessive use  
40 of health services or commodities. A board or committee shall not,

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1 by regulation, unreasonably prevent truthful, nondeceptive price  
2 or otherwise lawful forms of advertising of services or  
3 commodities, by either outright prohibition or imposition of  
4 onerous disclosure requirements. However, any member of a board  
5 or committee acting in good faith in the adoption or enforcement  
6 of any regulation shall be deemed to be acting as an agent of the  
7 state.

8 (j) The Attorney General shall commence legal proceedings in  
9 the appropriate forum to enjoin advertisements disseminated or  
10 about to be disseminated in violation of this section and seek other  
11 appropriate relief to enforce this section. Notwithstanding any  
12 other provision of law, the costs of enforcing this section to the  
13 respective licensing boards or committees may be awarded against  
14 any licensee found to be in violation of any provision of this  
15 section. This shall not diminish the power of district attorneys,  
16 county counsels, or city attorneys pursuant to existing law to seek  
17 appropriate relief.

18 (k) A physician and surgeon ~~or doctor of podiatric medicine~~  
19 licensed pursuant to Chapter 5 (commencing with Section 2000)  
20 by the Medical Board of California *or a doctor of podiatric*  
21 *medicine licensed pursuant to Chapter 3.5 (commencing with*  
22 *Section 1460) by the California Board of Podiatric Medicine* who  
23 knowingly and intentionally violates this section may be cited and  
24 assessed an administrative fine not to exceed ten thousand dollars  
25 (\$10,000) per event. Section 125.9 shall govern the issuance of  
26 this citation and fine except that the fine limitations prescribed in  
27 paragraph (3) of subdivision (b) of Section 125.9 shall not apply  
28 to a fine under this subdivision.

29 *SEC. 6. Section 656 of the Business and Professions Code is*  
30 *amended to read:*

31 656. Whenever any person has engaged, or is about to engage,  
32 in any acts or practices that constitute, or will constitute, a violation  
33 of this article, the superior court in and for the county wherein the  
34 acts or practices take place, or are about to take place, may issue  
35 an injunction, or other appropriate order, restraining the conduct  
36 on application of the State Board of Optometry, the Medical Board  
37 of California, *the California Board of Podiatric Medicine*, the  
38 Osteopathic Medical Board of California, the Attorney General,  
39 or the district attorney of the county.

1 The proceedings under this section shall be governed by Chapter  
2 3 (commencing with Section 525) of Title 7 of Part 2 of the Code  
3 of Civil Procedure.

4 The remedy provided for in this section shall be in addition to,  
5 and not a limitation upon, the authority provided by any other  
6 provision of this code.

7 *SEC. 7. Section 683 of the Business and Professions Code is*  
8 *amended to read:*

9 683. (a) A board shall report, within 10 working days, to the  
10 State Department of Health Care Services the name and license  
11 number of a person whose license has been revoked, suspended,  
12 surrendered, made inactive by the licensee, or placed in another  
13 category that prohibits the licensee from practicing his or her  
14 profession. The purpose of the reporting requirement is to prevent  
15 reimbursement by the state for Medi-Cal and Denti-Cal services  
16 provided after the cancellation of a provider's professional license.

17 (b) "Board," as used in this section, means the Dental Board of  
18 California, the Medical Board of California, the Board of  
19 Psychology, the State Board of Optometry, the California State  
20 Board of Pharmacy, the Osteopathic Medical Board of California,  
21 the State Board of Chiropractic Examiners, the Board of Behavioral  
22 Sciences, *the California Board of Podiatric Medicine*, and the  
23 California Board of Occupational Therapy.

24 ~~(c) This section shall become operative on January 1, 2015.~~

25 *SEC. 8. Section 800 of the Business and Professions Code is*  
26 *amended to read:*

27 800. (a) The Medical Board of California, *the California Board*  
28 *of Podiatric Medicine*, the Board of Psychology, the Dental Board  
29 of California, the Dental Hygiene Committee of California, the  
30 Osteopathic Medical Board of California, the State Board of  
31 Chiropractic Examiners, the Board of Registered Nursing, the  
32 Board of Vocational Nursing and Psychiatric Technicians of the  
33 State of California, the State Board of Optometry, the Veterinary  
34 Medical Board, the Board of Behavioral Sciences, the Physical  
35 Therapy Board of California, the California State Board of  
36 Pharmacy, the Speech-Language Pathology and Audiology and  
37 Hearing Aid Dispensers Board, the California Board of  
38 Occupational Therapy, the Acupuncture Board, and the Physician  
39 Assistant Board shall each separately create and maintain a central  
40 file of the names of all persons who hold a license, certificate, or

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1 similar authority from that board. Each central file shall be created  
2 and maintained to provide an individual historical record for each  
3 licensee with respect to the following information:

4 (1) Any conviction of a crime in this or any other state that  
5 constitutes unprofessional conduct pursuant to the reporting  
6 requirements of Section 803.

7 (2) Any judgment or settlement requiring the licensee or his or  
8 her insurer to pay any amount of damages in excess of three  
9 thousand dollars (\$3,000) for any claim that injury or death was  
10 proximately caused by the licensee’s negligence, error or omission  
11 in practice, or by rendering unauthorized professional services,  
12 pursuant to the reporting requirements of Section 801 or 802.

13 (3) Any public complaints for which provision is made pursuant  
14 to subdivision (b).

15 (4) Disciplinary information reported pursuant to Section 805,  
16 including any additional exculpatory or explanatory statements  
17 submitted by the licentiate pursuant to subdivision (f) of Section  
18 805. If a court finds, in a final judgment, that the peer review  
19 resulting in the 805 report was conducted in bad faith and the  
20 licensee who is the subject of the report notifies the board of that  
21 finding, the board shall include that finding in the central file. For  
22 purposes of this paragraph, “peer review” has the same meaning  
23 as defined in Section 805.

24 (5) Information reported pursuant to Section 805.01, including  
25 any explanatory or exculpatory information submitted by the  
26 licensee pursuant to subdivision (b) of that section.

27 (b) (1) Each board shall prescribe and promulgate forms on  
28 which members of the public and other licensees or certificate  
29 holders may file written complaints to the board alleging any act  
30 of misconduct in, or connected with, the performance of  
31 professional services by the licensee.

32 (2) If a board, or division thereof, a committee, or a panel has  
33 failed to act upon a complaint or report within five years, or has  
34 found that the complaint or report is without merit, the central file  
35 shall be purged of information relating to the complaint or report.

36 (3) Notwithstanding this subdivision, the Board of Psychology,  
37 the Board of Behavioral Sciences, and the Respiratory Care Board  
38 of California shall maintain complaints or reports as long as each  
39 board deems necessary.

1 (c) (1) The contents of any central file that are not public  
2 records under any other provision of law shall be confidential  
3 except that the licensee involved, or his or her counsel or  
4 representative, shall have the right to inspect and have copies made  
5 of his or her complete file except for the provision that may  
6 disclose the identity of an information source. For the purposes of  
7 this section, a board may protect an information source by  
8 providing a copy of the material with only those deletions necessary  
9 to protect the identity of the source or by providing a  
10 comprehensive summary of the substance of the material.  
11 Whichever method is used, the board shall ensure that full  
12 disclosure is made to the subject of any personal information that  
13 could reasonably in any way reflect or convey anything detrimental,  
14 disparaging, or threatening to a licensee's reputation, rights,  
15 benefits, privileges, or qualifications, or be used by a board to  
16 make a determination that would affect a licensee's rights, benefits,  
17 privileges, or qualifications. The information required to be  
18 disclosed pursuant to Section 803.1 shall not be considered among  
19 the contents of a central file for the purposes of this subdivision.

20 (2) The licensee may, but is not required to, submit any  
21 additional exculpatory or explanatory statement or other  
22 information that the board shall include in the central file.

23 (3) Each board may permit any law enforcement or regulatory  
24 agency when required for an investigation of unlawful activity or  
25 for licensing, certification, or regulatory purposes to inspect and  
26 have copies made of that licensee's file, unless the disclosure is  
27 otherwise prohibited by law.

28 (4) These disclosures shall effect no change in the confidential  
29 status of these records.

30 *SEC. 9. Section 805 of the Business and Professions Code is*  
31 *amended to read:*

32 805. (a) As used in this section, the following terms have the  
33 following definitions:

34 (1) (A) "Peer review" means both of the following:

35 (i) A process in which a peer review body reviews the basic  
36 qualifications, staff privileges, employment, medical outcomes,  
37 or professional conduct of licentiates to make recommendations  
38 for quality improvement and education, if necessary, in order to  
39 do either or both of the following:

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1 (I) Determine whether a licentiate may practice or continue to  
2 practice in a health care facility, clinic, or other setting providing  
3 medical services, and, if so, to determine the parameters of that  
4 practice.

5 (II) Assess and improve the quality of care rendered in a health  
6 care facility, clinic, or other setting providing medical services.

7 (ii) Any other activities of a peer review body as specified in  
8 subparagraph (B).

9 (B) "Peer review body" includes:

10 (i) A medical or professional staff of any health care facility or  
11 clinic licensed under Division 2 (commencing with Section 1200)  
12 of the Health and Safety Code or of a facility certified to participate  
13 in the federal Medicare program as an ambulatory surgical center.

14 (ii) A health care service plan licensed under Chapter 2.2  
15 (commencing with Section 1340) of Division 2 of the Health and  
16 Safety Code or a disability insurer that contracts with licentiates  
17 to provide services at alternative rates of payment pursuant to  
18 Section 10133 of the Insurance Code.

19 (iii) Any medical, psychological, marriage and family therapy,  
20 social work, professional clinical counselor, dental, or podiatric  
21 professional society having as members at least 25 percent of the  
22 eligible licentiates in the area in which it functions (which must  
23 include at least one county), which is not organized for profit and  
24 which has been determined to be exempt from taxes pursuant to  
25 Section 23701 of the Revenue and Taxation Code.

26 (iv) A committee organized by any entity consisting of or  
27 employing more than 25 licentiates of the same class that functions  
28 for the purpose of reviewing the quality of professional care  
29 provided by members or employees of that entity.

30 (2) "Licentiate" means a physician and surgeon, doctor of  
31 podiatric medicine, clinical psychologist, marriage and family  
32 therapist, clinical social worker, professional clinical counselor,  
33 dentist, or physician assistant. "Licentiate" also includes a person  
34 authorized to practice medicine pursuant to Section 2113 or 2168.

35 (3) "Agency" means the relevant state licensing agency having  
36 regulatory jurisdiction over the licentiates listed in paragraph (2).

37 (4) "Staff privileges" means any arrangement under which a  
38 licentiate is allowed to practice in or provide care for patients in  
39 a health facility. Those arrangements shall include, but are not  
40 limited to, full staff privileges, active staff privileges, limited staff

1 privileges, auxiliary staff privileges, provisional staff privileges,  
2 temporary staff privileges, courtesy staff privileges, locum tenens  
3 arrangements, and contractual arrangements to provide professional  
4 services, including, but not limited to, arrangements to provide  
5 outpatient services.

6 (5) "Denial or termination of staff privileges, membership, or  
7 employment" includes failure or refusal to renew a contract or to  
8 renew, extend, or reestablish any staff privileges, if the action is  
9 based on medical disciplinary cause or reason.

10 (6) "Medical disciplinary cause or reason" means that aspect  
11 of a licentiate's competence or professional conduct that is  
12 reasonably likely to be detrimental to patient safety or to the  
13 delivery of patient care.

14 (7) "805 report" means the written report required under  
15 subdivision (b).

16 (b) The chief of staff of a medical or professional staff or other  
17 chief executive officer, medical director, or administrator of any  
18 peer review body and the chief executive officer or administrator  
19 of any licensed health care facility or clinic shall file an 805 report  
20 with the relevant agency within 15 days after the effective date on  
21 which any of the following occur as a result of an action of a peer  
22 review body:

23 (1) A licentiate's application for staff privileges or membership  
24 is denied or rejected for a medical disciplinary cause or reason.

25 (2) A licentiate's membership, staff privileges, or employment  
26 is terminated or revoked for a medical disciplinary cause or reason.

27 (3) Restrictions are imposed, or voluntarily accepted, on staff  
28 privileges, membership, or employment for a cumulative total of  
29 30 days or more for any 12-month period, for a medical disciplinary  
30 cause or reason.

31 (c) If a licentiate takes any action listed in paragraph (1), (2),  
32 or (3) after receiving notice of a pending investigation initiated  
33 for a medical disciplinary cause or reason or after receiving notice  
34 that his or her application for membership or staff privileges is  
35 denied or will be denied for a medical disciplinary cause or reason,  
36 the chief of staff of a medical or professional staff or other chief  
37 executive officer, medical director, or administrator of any peer  
38 review body and the chief executive officer or administrator of any  
39 licensed health care facility or clinic where the licentiate is  
40 employed or has staff privileges or membership or where the

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1 licentiate applied for staff privileges or membership, or sought the  
2 renewal thereof, shall file an 805 report with the relevant agency  
3 within 15 days after the licentiate takes the action.

4 (1) Resigns or takes a leave of absence from membership, staff  
5 privileges, or employment.

6 (2) Withdraws or abandons his or her application for staff  
7 privileges or membership.

8 (3) Withdraws or abandons his or her request for renewal of  
9 staff privileges or membership.

10 (d) For purposes of filing an 805 report, the signature of at least  
11 one of the individuals indicated in subdivision (b) or (c) on the  
12 completed form shall constitute compliance with the requirement  
13 to file the report.

14 (e) An 805 report shall also be filed within 15 days following  
15 the imposition of summary suspension of staff privileges,  
16 membership, or employment, if the summary suspension remains  
17 in effect for a period in excess of 14 days.

18 (f) A copy of the 805 report, and a notice advising the licentiate  
19 of his or her right to submit additional statements or other  
20 information, electronically or otherwise, pursuant to Section 800,  
21 shall be sent by the peer review body to the licentiate named in  
22 the report. The notice shall also advise the licentiate that  
23 information submitted electronically will be publicly disclosed to  
24 those who request the information.

25 The information to be reported in an 805 report shall include the  
26 name and license number of the licentiate involved, a description  
27 of the facts and circumstances of the medical disciplinary cause  
28 or reason, and any other relevant information deemed appropriate  
29 by the reporter.

30 A supplemental report shall also be made within 30 days  
31 following the date the licentiate is deemed to have satisfied any  
32 terms, conditions, or sanctions imposed as disciplinary action by  
33 the reporting peer review body. In performing its dissemination  
34 functions required by Section 805.5, the agency shall include a  
35 copy of a supplemental report, if any, whenever it furnishes a copy  
36 of the original 805 report.

37 If another peer review body is required to file an 805 report, a  
38 health care service plan is not required to file a separate report  
39 with respect to action attributable to the same medical disciplinary  
40 cause or reason. If the Medical Board of California or a licensing

1 agency of another state revokes or suspends, without a stay, the  
 2 license of a physician and surgeon, a peer review body is not  
 3 required to file an 805 report when it takes an action as a result of  
 4 the revocation or suspension. *If the California Board of Podiatric  
 5 Medicine or a licensing agency of another state revokes or  
 6 suspends, without a stay, the license of a doctor of podiatric  
 7 medicine, a peer review body is not required to file an 805 report  
 8 when it takes an action as a result of the revocation or suspension.*

9 (g) The reporting required by this section shall not act as a  
 10 waiver of confidentiality of medical records and committee reports.  
 11 The information reported or disclosed shall be kept confidential  
 12 except as provided in subdivision (c) of Section 800 and Sections  
 13 803.1 and 2027, provided that a copy of the report containing the  
 14 information required by this section may be disclosed as required  
 15 by Section 805.5 with respect to reports received on or after  
 16 January 1, 1976.

17 (h) The Medical Board of California, *the California Board of  
 18 Podiatric Medicine*, the Osteopathic Medical Board of California,  
 19 and the Dental Board of California shall disclose reports as required  
 20 by Section 805.5.

21 (i) An 805 report shall be maintained electronically by an agency  
 22 for dissemination purposes for a period of three years after receipt.

23 (j) No person shall incur any civil or criminal liability as the  
 24 result of making any report required by this section.

25 (k) A willful failure to file an 805 report by any person who is  
 26 designated or otherwise required by law to file an 805 report is  
 27 punishable by a fine not to exceed one hundred thousand dollars  
 28 (\$100,000) per violation. The fine may be imposed in any civil or  
 29 administrative action or proceeding brought by or on behalf of any  
 30 agency having regulatory jurisdiction over the person regarding  
 31 whom the report was or should have been filed. If the person who  
 32 is designated or otherwise required to file an 805 report is a  
 33 licensed physician and surgeon, the action or proceeding shall be  
 34 brought by the Medical Board of California. *If the person who is  
 35 designated or otherwise required to file an 805 report is a licensed  
 36 doctor of podiatric medicine, the action or proceeding shall be  
 37 brought by the California Board of Podiatric Medicine.* The fine  
 38 shall be paid to that agency but not expended until appropriated  
 39 by the Legislature. A violation of this subdivision may constitute  
 40 unprofessional conduct by the licentiate. A person who is alleged

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1 to have violated this subdivision may assert any defense available  
2 at law. As used in this subdivision, “willful” means a voluntary  
3 and intentional violation of a known legal duty.

4 (l) Except as otherwise provided in subdivision (k), any failure  
5 by the administrator of any peer review body, the chief executive  
6 officer or administrator of any health care facility, or any person  
7 who is designated or otherwise required by law to file an 805  
8 report, shall be punishable by a fine that under no circumstances  
9 shall exceed fifty thousand dollars (\$50,000) per violation. The  
10 fine may be imposed in any civil or administrative action or  
11 proceeding brought by or on behalf of any agency having  
12 regulatory jurisdiction over the person regarding whom the report  
13 was or should have been filed. If the person who is designated or  
14 otherwise required to file an 805 report is a licensed physician and  
15 surgeon, the action or proceeding shall be brought by the Medical  
16 Board of California. *If the person who is designated or otherwise*  
17 *required to file an 805 report is a licensed doctor of podiatric*  
18 *medicine, the action or proceeding shall be brought by the*  
19 *California Board of Podiatric Medicine.* The fine shall be paid to  
20 that agency but not expended until appropriated by the Legislature.  
21 The amount of the fine imposed, not exceeding fifty thousand  
22 dollars (\$50,000) per violation, shall be proportional to the severity  
23 of the failure to report and shall differ based upon written findings,  
24 including whether the failure to file caused harm to a patient or  
25 created a risk to patient safety; whether the administrator of any  
26 peer review body, the chief executive officer or administrator of  
27 any health care facility, or any person who is designated or  
28 otherwise required by law to file an 805 report exercised due  
29 diligence despite the failure to file or whether they knew or should  
30 have known that an 805 report would not be filed; and whether  
31 there has been a prior failure to file an 805 report. The amount of  
32 the fine imposed may also differ based on whether a health care  
33 facility is a small or rural hospital as defined in Section 124840  
34 of the Health and Safety Code.

35 (m) A health care service plan licensed under Chapter 2.2  
36 (commencing with Section 1340) of Division 2 of the Health and  
37 Safety Code or a disability insurer that negotiates and enters into  
38 a contract with licentiates to provide services at alternative rates  
39 of payment pursuant to Section 10133 of the Insurance Code, when  
40 determining participation with the plan or insurer, shall evaluate,

1 on a case-by-case basis, licentiates who are the subject of an 805  
2 report, and not automatically exclude or deselect these licentiates.

3 *SEC. 10. Section 805.1 of the Business and Professions Code*  
4 *is amended to read:*

5 805.1. (a) The Medical Board of California, *the California*  
6 *Board of Podiatric Medicine*, the Osteopathic Medical Board of  
7 California, and the Dental Board of California shall be entitled to  
8 inspect and copy the following documents in the record of any  
9 disciplinary proceeding resulting in action that is required to be  
10 reported pursuant to Section 805:

- 11 (1) Any statement of charges.
- 12 (2) Any document, medical chart, or exhibits in evidence.
- 13 (3) Any opinion, findings, or conclusions.
- 14 (4) Any certified copy of medical records, as permitted by other  
15 applicable law.

16 (b) The information so disclosed shall be kept confidential and  
17 not subject to discovery, in accordance with Section 800, except  
18 that it may be reviewed, as provided in subdivision (c) of Section  
19 800, and may be disclosed in any subsequent disciplinary hearing  
20 conducted pursuant to the Administrative Procedure Act (Chapter  
21 5 (commencing with Section 11500) of Part 1 of Division 3 of  
22 Title 2 of the Government Code).

23 *SEC. 11. Section 805.5 of the Business and Professions Code*  
24 *is amended to read:*

25 805.5. (a) Prior to granting or renewing staff privileges for  
26 any physician and surgeon, psychologist, podiatrist, or dentist, any  
27 health facility licensed pursuant to Division 2 (commencing with  
28 Section 1200) of the Health and Safety Code, any health care  
29 service plan or medical care foundation, the medical staff of the  
30 institution, a facility certified to participate in the federal Medicare  
31 Program as an ambulatory surgical center, or an outpatient setting  
32 accredited pursuant to Section 1248.1 of the Health and Safety  
33 Code shall request a report from the Medical Board of California,  
34 the Board of Psychology, *the California Board of Podiatric*  
35 *Medicine*, the Osteopathic Medical Board of California, or the  
36 Dental Board of California to determine if any report has been  
37 made pursuant to Section 805 indicating that the applying physician  
38 and surgeon, psychologist, podiatrist, or dentist has been denied  
39 staff privileges, been removed from a medical staff, or had his or  
40 her staff privileges restricted as provided in Section 805. The

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1 request shall include the name and California license number of  
2 the physician and surgeon, psychologist, podiatrist, or dentist.  
3 Furnishing of a copy of the 805 report shall not cause the 805  
4 report to be a public record.

5 (b) Upon a request made by, or on behalf of, an institution  
6 described in subdivision (a) or its medical staff the board shall  
7 furnish a copy of any report made pursuant to Section 805 as well  
8 as any additional exculpatory or explanatory information submitted  
9 electronically to the board by the licensee pursuant to subdivision  
10 (f) of that section. However, the board shall not send a copy of a  
11 report (1) if the denial, removal, or restriction was imposed solely  
12 because of the failure to complete medical records, (2) if the board  
13 has found the information reported is without merit, (3) if a court  
14 finds, in a final judgment, that the peer review, as defined in  
15 Section 805, resulting in the report was conducted in bad faith and  
16 the licensee who is the subject of the report notifies the board of  
17 that finding, or (4) if a period of three years has elapsed since the  
18 report was submitted. This three-year period shall be tolled during  
19 any period the licensee has obtained a judicial order precluding  
20 disclosure of the report, unless the board is finally and permanently  
21 precluded by judicial order from disclosing the report. If a request  
22 is received by the board while the board is subject to a judicial  
23 order limiting or precluding disclosure, the board shall provide a  
24 disclosure to any qualified requesting party as soon as practicable  
25 after the judicial order is no longer in force.

26 If the board fails to advise the institution within 30 working days  
27 following its request for a report required by this section, the  
28 institution may grant or renew staff privileges for the physician  
29 and surgeon, psychologist, podiatrist, or dentist.

30 (c) Any institution described in subdivision (a) or its medical  
31 staff that violates subdivision (a) is guilty of a misdemeanor and  
32 shall be punished by a fine of not less than two hundred dollars  
33 (\$200) nor more than one thousand two hundred dollars (\$1,200).

34 *SEC. 12. Section 805.6 of the Business and Professions Code*  
35 *is amended to read:*

36 805.6. (a) The Medical Board of California, *the California*  
37 *Board of Podiatric Medicine*, the Osteopathic Medical Board, and  
38 the Dental Board of California shall establish a system of electronic  
39 notification that is either initiated by the board or can be accessed  
40 by qualified subscribers, and that is designed to achieve early

1 notification to qualified recipients of the existence of new reports  
2 that are filed pursuant to Section 805.

3 (b) The State Department of Health Services shall notify the  
4 appropriate licensing agency of any reporting violations pursuant  
5 to Section 805.

6 (c) The Department of Managed Health Care shall notify the  
7 appropriate licensing agency of any reporting violations pursuant  
8 to Section 805.

9 *SEC. 13. Section 810 of the Business and Professions Code is*  
10 *amended to read:*

11 810. (a) It shall constitute unprofessional conduct and grounds  
12 for disciplinary action, including suspension or revocation of a  
13 license or certificate, for a health care professional to do any of  
14 the following in connection with his or her professional activities:

15 (1) Knowingly present or cause to be presented any false or  
16 fraudulent claim for the payment of a loss under a contract of  
17 insurance.

18 (2) Knowingly prepare, make, or subscribe any writing, with  
19 intent to present or use the same, or to allow it to be presented or  
20 used in support of any false or fraudulent claim.

21 (b) It shall constitute cause for revocation or suspension of a  
22 license or certificate for a health care professional to engage in  
23 any conduct prohibited under Section 1871.4 of the Insurance Code  
24 or Section 549 or 550 of the Penal Code.

25 (c) (1) It shall constitute cause for automatic suspension of a  
26 license or certificate issued pursuant to *Chapter 3.5 (commencing*  
27 *with Section 1460)*, Chapter 4 (commencing with Section 1600),  
28 Chapter 5 (commencing with Section 2000), Chapter 6.6  
29 (commencing with Section 2900), Chapter 7 (commencing with  
30 Section 3000), or Chapter 9 (commencing with Section 4000), or  
31 pursuant to the Chiropractic Act or the Osteopathic Act, if a  
32 licensee or certificate holder has been convicted of any felony  
33 involving fraud committed by the licensee or certificate holder in  
34 conjunction with providing benefits covered by worker's  
35 compensation insurance, or has been convicted of any felony  
36 involving Medi-Cal fraud committed by the licensee or certificate  
37 holder in conjunction with the Medi-Cal program, including the  
38 Denti-Cal element of the Medi-Cal program, pursuant to Chapter  
39 7 (commencing with Section 14000), or Chapter 8 (commencing  
40 with Section 14200), of Part 3 of Division 9 of the Welfare and

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1 Institutions Code. The board shall convene a disciplinary hearing  
2 to determine whether or not the license or certificate shall be  
3 suspended, revoked, or some other disposition shall be considered,  
4 including, but not limited to, revocation with the opportunity to  
5 petition for reinstatement, suspension, or other limitations on the  
6 license or certificate as the board deems appropriate.

7 (2) It shall constitute cause for automatic suspension and for  
8 revocation of a license or certificate issued pursuant to *Chapter*  
9 *3.5 (commencing with Section 1460)*, Chapter 4 (commencing with  
10 Section 1600), Chapter 5 (commencing with Section 2000), Chapter  
11 6.6 (commencing with Section 2900), Chapter 7 (commencing  
12 with Section 3000), or Chapter 9 (commencing with Section 4000),  
13 or pursuant to the Chiropractic Act or the Osteopathic Act, if a  
14 licensee or certificate holder has more than one conviction of any  
15 felony arising out of separate prosecutions involving fraud  
16 committed by the licensee or certificate holder in conjunction with  
17 providing benefits covered by worker's compensation insurance,  
18 or in conjunction with the Medi-Cal program, including the  
19 Denti-Cal element of the Medi-Cal program pursuant to Chapter  
20 7 (commencing with Section 14000), or Chapter 8 (commencing  
21 with Section 14200), of Part 3 of Division 9 of the Welfare and  
22 Institutions Code. The board shall convene a disciplinary hearing  
23 to revoke the license or certificate and an order of revocation shall  
24 be issued unless the board finds mitigating circumstances to order  
25 some other disposition.

26 (3) It is the intent of the Legislature that paragraph (2) apply to  
27 a licensee or certificate holder who has one or more convictions  
28 prior to January 1, 2004, as provided in this subdivision.

29 (4) Nothing in this subdivision shall preclude a board from  
30 suspending or revoking a license or certificate pursuant to any  
31 other provision of law.

32 (5) "Board," as used in this subdivision, means the Dental Board  
33 of California, the Medical Board of California, *the California*  
34 *Board of Podiatric Medicine*, the Board of Psychology, the State  
35 Board of Optometry, the California State Board of Pharmacy, the  
36 Osteopathic Medical Board of California, and the State Board of  
37 Chiropractic Examiners.

38 (6) "More than one conviction," as used in this subdivision,  
39 means that the licensee or certificate holder has one or more  
40 convictions prior to January 1, 2004, and at least one conviction

1 on or after that date, or the licensee or certificate holder has two  
2 or more convictions on or after January 1, 2004. However, a  
3 licensee or certificate holder who has one or more convictions  
4 prior to January 1, 2004, but who has no convictions and is  
5 currently licensed or holds a certificate after that date, does not  
6 have “more than one conviction” for the purposes of this  
7 subdivision.

8 (d) As used in this section, health care professional means any  
9 person licensed or certified pursuant to this division, or licensed  
10 pursuant to the Osteopathic Initiative Act, or the Chiropractic  
11 Initiative Act.

12 *SEC. 14. Chapter 3.5 (commencing with Section 1460) is added*  
13 *to Division 2 of the Business and Professions Code, to read:*

14  
15 *CHAPTER 3.5. PODIATRIC MEDICINE*

16  
17 *1460. (a) There is created within the Department of Consumer*  
18 *Affairs a California Board of Podiatric Medicine.*

19 *(b) This section shall remain in effect only until January 1, 2017,*  
20 *and as of that date is repealed, unless a later enacted statute, that*  
21 *is enacted before January 1, 2017, deletes or extends that date.*  
22 *Notwithstanding any other provision of law, the repeal of this*  
23 *section renders the California Board of Podiatric Medicine subject*  
24 *to review by the appropriate policy committees of the Legislature.*

25 *1460.1. Protection of the public shall be the highest priority*  
26 *for the California Board of Podiatric Medicine in exercising its*  
27 *licensing, regulatory, and disciplinary functions. Whenever the*  
28 *protection of the public is inconsistent with other interests sought*  
29 *to be promoted, the protection of the public shall be paramount.*

30 *1461. As used in this chapter:*

31 *(a) “Board” means the California Board of Podiatric Medicine.*

32 *(b) “Podiatric licensing authority” refers to any officer, board,*  
33 *commission, committee, or department of another state that may*  
34 *issue a license to practice podiatric medicine.*

35 *1462. The board shall consist of seven members, three of whom*  
36 *shall be public members. Not more than one member of the board*  
37 *shall be a full-time faculty member of a college or school of*  
38 *podiatric medicine.*

39 *The Governor shall appoint the four members qualified as*  
40 *provided in Section 2463 and one public member. The Senate Rules*

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1 *Committee and the Speaker of the Assembly shall each appoint a*  
2 *public member.*

3 *1463. Each member of the board, except the public members,*  
4 *shall be appointed from persons having all of the following*  
5 *qualifications:*

6 *(a) Be a citizen of this state for at least five years next preceding*  
7 *his or her appointment.*

8 *(b) Be a graduate of a recognized school or college of podiatric*  
9 *medicine.*

10 *(c) Have a valid certificate to practice podiatric medicine in*  
11 *this state.*

12 *(d) Have engaged in the practice of podiatric medicine in this*  
13 *state for at least five years next preceding his or her appointment.*

14 *1464. The public members shall be appointed from persons*  
15 *having all of the following qualifications:*

16 *(a) Be a citizen of this state for at least five years next preceding*  
17 *his or her appointment.*

18 *(b) Shall not be an officer or faculty member of any college,*  
19 *school, or other institution engaged in podiatric medical*  
20 *instruction.*

21 *(c) Shall not be a licentiate of the board or of any board under*  
22 *this division or of any board created by an initiative act under this*  
23 *division.*

24 *1465. No person who directly or indirectly owns any interest*  
25 *in any college, school, or other institution engaged in podiatric*  
26 *medical instruction shall be appointed to the board nor shall any*  
27 *incumbent member of the board have or acquire any interest, direct*  
28 *or indirect, in any such college, school, or institution.*

29 *1466. All members of the board shall be appointed for terms*  
30 *of four years. Vacancies shall immediately be filled by the*  
31 *appointing power for the unexpired portion of the terms in which*  
32 *they occur. No person shall serve as a member of the board for*  
33 *more than two consecutive terms.*

34 *1467. (a) The board may convene from time to time as it deems*  
35 *necessary.*

36 *(b) Four members of the board constitute a quorum for the*  
37 *transaction of business at any meeting.*

38 *(c) It shall require the affirmative vote of a majority of those*  
39 *members present at a meeting, those members constituting at least*  
40 *a quorum, to pass any motion, resolution, or measure.*

1 (d) The board shall annually elect one of its members to act as  
2 president and a member to act as vice president who shall hold  
3 their respective positions at the pleasure of the board. The  
4 president may call meetings of the board and any duly appointed  
5 committee at a specified time and place.

6 1468. Notice of each meeting of the board shall be given in  
7 accordance with the Bagley-Keene Open Meeting Act (Article 9  
8 (commencing with Section 11120) of Chapter 1 of Part 1 of  
9 Division 3 of Title 2 of the Government Code).

10 1469. Each member of the board shall receive per diem and  
11 expenses as provided in Section 2016.

12 1470. The board may adopt, amend, or repeal, in accordance  
13 with the provisions of the Administrative Procedure Act (Chapter  
14 3.5 (commencing with Section 11340) of Part 1 of Division 1 of  
15 Title 2 of the Government Code), regulations necessary to enable  
16 the board to carry into effect the provisions of law relating to the  
17 practice of podiatric medicine.

18 1471. Except as provided by Section 159.5, the board may  
19 employ, within the limits of the funds received by the board, all  
20 personnel necessary to carry out this chapter and the provisions  
21 of Chapter 5 (commencing with Section 2000) relating to podiatric  
22 medicine.

23 1472. (a) The certificate to practice podiatric medicine  
24 authorizes the holder to practice podiatric medicine.

25 (b) As used in this chapter, "podiatric medicine" means the  
26 diagnosis, medical, surgical, mechanical, manipulative, and  
27 electrical treatment of the human foot, including the ankle and  
28 tendons that insert into the foot and the nonsurgical treatment of  
29 the muscles and tendons of the leg governing the functions of the  
30 foot.

31 (c) A doctor of podiatric medicine shall not administer an  
32 anesthetic other than local. If an anesthetic other than local is  
33 required for any procedure, the anesthetic shall be administered  
34 by another licensed health care practitioner who is authorized to  
35 administer the required anesthetic within the scope of his or her  
36 practice.

37 (d) (1) A doctor of podiatric medicine may do the following:

38 (A) Perform surgical treatment of the ankle and tendons at the  
39 level of the ankle pursuant to subdivision (e).

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1     (B) Perform services under the direct supervision of a physician  
2     and surgeon, as an assistant at surgery, in surgical procedures  
3     that are otherwise beyond the scope of practice of a doctor of  
4     podiatric medicine.

5     (C) Perform a partial amputation of the foot no further proximal  
6     than the Chopart's joint.

7     (2) Nothing in this subdivision shall be construed to permit a  
8     doctor of podiatric medicine to function as a primary surgeon for  
9     any procedure beyond his or her scope of practice.

10    (e) A doctor of podiatric medicine may perform surgical  
11    treatment of the ankle and tendons at the level of the ankle only  
12    in the following locations:

13    (1) A licensed general acute care hospital, as defined in Section  
14    1250 of the Health and Safety Code.

15    (2) A licensed surgical clinic, as defined in Section 1204 of the  
16    Health and Safety Code, if the doctor of podiatric medicine has  
17    surgical privileges, including the privilege to perform surgery on  
18    the ankle, in a general acute care hospital described in paragraph  
19    (1) and meets all the protocols of the surgical clinic.

20    (3) An ambulatory surgical center that is certified to participate  
21    in the Medicare program under Title XVIII (42 U.S.C. Sec. 1395  
22    et seq.) of the federal Social Security Act, if the doctor of podiatric  
23    medicine has surgical privileges, including the privilege to perform  
24    surgery on the ankle, in a general acute care hospital described  
25    in paragraph (1) and meets all the protocols of the surgical center.

26    (4) A freestanding physical plant housing outpatient services  
27    of a licensed general acute care hospital, as defined in Section  
28    1250 of the Health and Safety Code, if the doctor of podiatric  
29    medicine has surgical privileges, including the privilege to perform  
30    surgery on the ankle, in a general acute care hospital described  
31    in paragraph (1). For purposes of this section, a "freestanding  
32    physical plant" means any building that is not physically attached  
33    to a building where inpatient services are provided.

34    (5) An outpatient setting accredited pursuant to subdivision (g)  
35    of Section 1248.1 of the Health and Safety Code.

36    1474. Any person who uses in any sign or in any advertisement  
37    or otherwise, the word or words "doctor of podiatric medicine,"  
38    "doctor of podiatry," "podiatric doctor," "D.P.M.," "podiatrist,"  
39    "foot specialist," or any other term or terms or any letters  
40    indicating or implying that he or she is a doctor of podiatric

1 *medicine, or that he or she practices podiatric medicine, or holds*  
 2 *himself out as practicing podiatric medicine or foot correction as*  
 3 *defined in Section 1472, without having at the time of so doing a*  
 4 *valid, unrevoked, and unsuspended certificate as provided for in*  
 5 *this chapter or Chapter 5 (commencing with Section 2000), is*  
 6 *guilty of a misdemeanor.*

7 *2475. Unless otherwise provided by law, no postgraduate*  
 8 *trainee, intern, resident postdoctoral fellow, or instructor may*  
 9 *engage in the practice of podiatric medicine, or receive*  
 10 *compensation therefor, or offer to engage in the practice of*  
 11 *podiatric medicine unless he or she holds a valid, unrevoked, and*  
 12 *unsuspended certificate to practice podiatric medicine issued by*  
 13 *the board. However, a graduate of an approved college or school*  
 14 *of podiatric medicine upon whom the degree doctor of podiatric*  
 15 *medicine has been conferred, who is issued a resident's license,*  
 16 *which may be renewed annually for up to eight years for this*  
 17 *purpose by the board, and who is enrolled in a postgraduate*  
 18 *training program approved by the board, may engage in the*  
 19 *practice of podiatric medicine whenever and wherever required*  
 20 *as a part of that program and may receive compensation for that*  
 21 *practice under the following conditions:*

22 *(a) A graduate with a resident's license in an approved*  
 23 *internship, residency, or fellowship program may participate in*  
 24 *training rotations outside the scope of podiatric medicine, under*  
 25 *the supervision of a physician and surgeon who holds a medical*  
 26 *doctor or doctor of osteopathy degree wherever and whenever*  
 27 *required as a part of the training program, and may receive*  
 28 *compensation for that practice. If the graduate fails to receive a*  
 29 *license to practice podiatric medicine under this chapter within*  
 30 *three years from the commencement of the postgraduate training,*  
 31 *all privileges and exemptions under this section shall automatically*  
 32 *cease.*

33 *(b) Hospitals functioning as a part of the teaching program of*  
 34 *an approved college or school of podiatric medicine in this state*  
 35 *may exchange instructors or resident or assistant resident doctors*  
 36 *of podiatric medicine with another approved college or school of*  
 37 *podiatric medicine not located in this state, or those hospitals may*  
 38 *appoint a graduate of an approved school as such a resident for*  
 39 *purposes of postgraduate training. Those instructors and residents*  
 40 *may practice and be compensated as provided in this section, but*

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1 *that practice and compensation shall be for a period not to exceed*  
2 *two years.*

3 *1475.1. Before a resident's license may be issued, each*  
4 *applicant shall show by evidence satisfactory to the board,*  
5 *submitted directly to the board by the national score reporting*  
6 *institution, that he or she has, within the past 10 years, passed*  
7 *Parts I and II of the examination administered by the National*  
8 *Board of Podiatric Medical Examiners of the United States or has*  
9 *passed a written examination that is recognized by the board to*  
10 *be the equivalent in content to the examination administered by*  
11 *the National Board of Podiatric Medical Examiners of the United*  
12 *States.*

13 *1475.2. As used in this chapter, "podiatric residency" means*  
14 *a program of supervised postgraduate clinical training, one year*  
15 *or more in duration, approved by the board.*

16 *1475.3. (a) The board shall approve podiatric residency*  
17 *programs, as defined in Section 1475.2, in the field of podiatric*  
18 *medicine, for persons who are applicants for or have been issued*  
19 *a certificate to practice podiatric medicine pursuant to this article.*

20 *(b) The board may only approve a podiatric residency that it*  
21 *determines meets all of the following requirements:*

22 *(1) Reasonably conforms with the Accreditation Council for*  
23 *Graduate Medical Education's Institutional Requirements of the*  
24 *Essentials of Accredited Residencies in Graduate Medical*  
25 *Education: Institutional and Program Requirements.*

26 *(2) Is approved by the Council on Podiatric Medical Education.*

27 *(3) Complies with the requirements of this state.*

28 *1476. Nothing in this chapter or Chapter 5 (commencing with*  
29 *Section 2000) shall be construed to prevent a regularly*  
30 *matriculated student undertaking a course of professional*  
31 *instruction in an approved college or school of podiatric medicine*  
32 *from participating in training beyond the scope of podiatric*  
33 *medicine under the supervision of a physician and surgeon who*  
34 *holds a medical doctor or doctor of osteopathy degree whenever*  
35 *and wherever prescribed as part of his or her course of study.*

36 *1477. Nothing in this chapter prohibits the manufacture, the*  
37 *recommendation, or the sale of either corrective shoes or*  
38 *appliances for the human feet.*

39 *1479. The board shall issue a certificate to practice podiatric*  
40 *medicine to each applicant who meets the requirements of this*

1 *chapter. Every applicant for a certificate to practice podiatric*  
2 *medicine shall comply with the provisions of Article 4 (commencing*  
3 *with Section 2080) of Chapter 5 which are not specifically*  
4 *applicable to applicants for a physician's and surgeon's certificate,*  
5 *in addition to the provisions of this chapter and Chapter 5*  
6 *(commencing with Section 2000).*

7 *1480. The board shall have full authority to investigate and to*  
8 *evaluate each applicant applying for a certificate to practice*  
9 *podiatric medicine and to make a determination of the admission*  
10 *of the applicant to the examination and the issuance of a certificate*  
11 *in accordance with this chapter and Chapter 5 (commencing with*  
12 *Section 2000).*

13 *1481. Each applicant who commenced professional instruction*  
14 *in podiatric medicine after September 1, 1959, shall show by an*  
15 *official transcript or other official evidence submitted directly to*  
16 *the board by the academic institution that he or she has completed*  
17 *two years of preprofessional postsecondary education, or its*  
18 *equivalent, including the subjects of chemistry, biology or other*  
19 *biological science, and physics or mathematics, before completing*  
20 *the resident course of professional instruction.*

21 *1483. (a) Each applicant for a certificate to practice podiatric*  
22 *medicine shall show by an official transcript or other official*  
23 *evidence satisfactory to the board that is submitted directly to the*  
24 *board by the academic institution that he or she has successfully*  
25 *completed a medical curriculum extending over a period of at least*  
26 *four academic years, or 32 months of actual instruction, in a*  
27 *college or school of podiatric medicine approved by the board.*  
28 *The total number of hours of all courses shall consist of a minimum*  
29 *of 4,000 hours.*

30 *The board, by regulation, shall adopt standards for determining*  
31 *equivalent training authorized by this section.*

32 *(b) The curriculum for all applicants shall provide for adequate*  
33 *instruction related to podiatric medicine in the following:*

- 34 *(1) Alcoholism and other chemical substance detection*  
35 *(2) Local anesthesia*  
36 *(3) Anatomy, including embryology, histology, and*  
37 *neuroanatomy*  
38 *(4) Behavioral science*  
39 *(5) Biochemistry*  
40 *(6) Biomechanics-foot and ankle*

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- 1 (7) *Child abuse detection*
- 2 (8) *Dermatology*
- 3 (9) *Geriatric medicine*
- 4 (10) *Human sexuality*
- 5 (11) *Infectious diseases*
- 6 (12) *Medical ethics*
- 7 (13) *Neurology*
- 8 (14) *Orthopedic surgery*
- 9 (15) *Pathology, microbiology, and immunology*
- 10 (16) *Pediatrics*
- 11 (17) *Pharmacology, including materia medica and toxicology*
- 12 (18) *Physical and laboratory diagnosis*
- 13 (19) *Physical medicine*
- 14 (20) *Physiology*
- 15 (21) *Podiatric medicine*
- 16 (22) *Podiatric surgery*
- 17 (23) *Preventive medicine, including nutrition*
- 18 (24) *Psychiatric problem detection*
- 19 (25) *Radiology and radiation safety*
- 20 (26) *Spousal or partner abuse detection*
- 21 (27) *Therapeutics*
- 22 (28) *Women's health*

23 1484. *In addition to any other requirements of this chapter or*  
24 *Chapter 5 (commencing with Section 2000), before a certificate*  
25 *to practice podiatric medicine may be issued, each applicant shall*  
26 *show by evidence satisfactory to the board, submitted directly to*  
27 *the board by the sponsoring institution, that he or she has*  
28 *satisfactorily completed at least two years of postgraduate*  
29 *podiatric medical and podiatric surgical training in a general*  
30 *acute care hospital approved by the Council on Podiatric Medical*  
31 *Education.*

32 1486. *The board shall issue a certificate to practice podiatric*  
33 *medicine if the applicant has submitted directly to the board from*  
34 *the credentialing organizations verification that he or she meets*  
35 *all of the following requirements:*

36 (a) *The applicant has graduated from an approved school or*  
37 *college of podiatric medicine and meets the requirements of Section*  
38 *2483.*

39 (b) *The applicant, within the past 10 years, has passed parts I,*  
40 *II, and III of the examination administered by the National Board*

1 of Podiatric Medical Examiners of the United States or has passed  
2 a written examination that is recognized by the board to be the  
3 equivalent in content to the examination administered by the  
4 National Board of Podiatric Medical Examiners of the United  
5 States.

6 (c) The applicant has satisfactorily completed the postgraduate  
7 training required by Section 2484.

8 (d) The applicant has passed within the past 10 years any oral  
9 and practical examination that may be required of all applicants  
10 by the board to ascertain clinical competence.

11 (e) The applicant has committed no acts or crimes constituting  
12 grounds for denial of a certificate under Division 1.5 (commencing  
13 with Section 475).

14 (f) The board determines that no disciplinary action has been  
15 taken against the applicant by any podiatric licensing authority  
16 and that the applicant has not been the subject of adverse  
17 judgments or settlements resulting from the practice of podiatric  
18 medicine that the board determines constitutes evidence of a  
19 pattern of negligence or incompetence.

20 (g) A disciplinary databank report regarding the applicant is  
21 received by the board from the Federation of Podiatric Medical  
22 Boards.

23 1488. Notwithstanding any other law, the board shall issue a  
24 certificate to practice podiatric medicine by credentialing if the  
25 applicant has submitted directly to the board from the credentialing  
26 organizations verification that he or she is licensed as a doctor of  
27 podiatric medicine in any other state and meets all of the following  
28 requirements:

29 (a) The applicant has graduated from an approved school or  
30 college of podiatric medicine.

31 (b) The applicant, within the past 10 years, has passed either  
32 part III of the examination administered by the National Board of  
33 Podiatric Medical Examiners of the United States or a written  
34 examination that is recognized by the board to be the equivalent  
35 in content to the examination administered by the National Board  
36 of Podiatric Medical Examiners of the United States.

37 (c) The applicant has satisfactorily completed a postgraduate  
38 training program approved by the Council on Podiatric Medical  
39 Education.

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1     (d) *The applicant, within the past 10 years, has passed any oral*  
2 *and practical examination that may be required of all applicants*  
3 *by the board to ascertain clinical competence.*

4     (e) *The applicant has committed no acts or crimes constituting*  
5 *grounds for denial of a certificate under Division 1.5 (commencing*  
6 *with Section 475).*

7     (f) *The board determines that no disciplinary action has been*  
8 *taken against the applicant by any podiatric licensing authority*  
9 *and that the applicant has not been the subject of adverse*  
10 *judgments or settlements resulting from the practice of podiatric*  
11 *medicine that the board determines constitutes evidence of a*  
12 *pattern of negligence or incompetence.*

13     (g) *A disciplinary databank report regarding the applicant is*  
14 *received by the board from the Federation of Podiatric Medical*  
15 *Boards.*

16     1492. (a) *The board shall examine every applicant for a*  
17 *certificate to practice podiatric medicine to ensure a minimum of*  
18 *entry-level competence at the time and place designated by the*  
19 *board in its discretion, but at least twice a year.*

20     (b) *Unless the applicant meets the requirements of Section 1486,*  
21 *applicants shall be required to have taken and passed the*  
22 *examination administered by the National Board of Podiatric*  
23 *Medical Examiners.*

24     (c) *The board may appoint qualified persons to give the whole*  
25 *or any portion of any examination as provided in this article, who*  
26 *shall be designated as examination commissioners. The board may*  
27 *fix the compensation of those persons subject to the provisions of*  
28 *applicable state laws and regulations.*

29     (d) *The provisions of Article 9 (commencing with Section 2170)*  
30 *of Chapter 5 shall apply to examinations administered by the board*  
31 *except where those provisions are in conflict with or inconsistent*  
32 *with the provisions of this chapter.*

33     1493. *An applicant for a certificate to practice podiatric*  
34 *medicine shall pass an examination in the subjects required by*  
35 *Section 1483 in order to ensure a minimum of entry-level*  
36 *competence.*

37     1495. *Notwithstanding any other provision of this chapter, the*  
38 *board may delegate to officials of the board the authority to*  
39 *approve the admission of applicants to the examination and to*  
40 *approve the issuance of certificates to practice podiatric medicine*

1 to applicants who have met the specific requirements therefor in  
2 routine cases where applicants clearly meet the requirements of  
3 this chapter.

4 1496. In order to ensure the continuing competence of persons  
5 licensed to practice podiatric medicine, the board shall adopt and  
6 administer regulations requiring continuing education of those  
7 licensees. The board shall require those licensees to demonstrate  
8 satisfaction of the continuing education requirements and one of  
9 the following requirements at each license renewal:

10 (a) Passage of an examination administered by the board within  
11 the past 10 years.

12 (b) Passage of an examination administered by an approved  
13 specialty certifying board within the past 10 years.

14 (c) Current diplomate, board-eligible, or board-qualified status  
15 granted by an approved specialty certifying board within the past  
16 10 years.

17 (d) Recertification of current status by an approved specialty  
18 certifying board within the past 10 years.

19 (e) Successful completion of an approved residency or fellowship  
20 program within the past 10 years.

21 (f) Granting or renewal of current staff privileges within the  
22 past five years by a health care facility that is licensed, certified,  
23 accredited, conducted, maintained, operated, or otherwise  
24 approved by an agency of the federal or state government or an  
25 organization approved by the Medical Board of California.

26 (g) Successful completion within the past five years of an  
27 extended course of study approved by the board.

28 (h) Passage within the past 10 years of Part III of the  
29 examination administered by the National Board of Podiatric  
30 Medical Examiners.

31 1497. (a) The board may order the denial of an application  
32 for, or the suspension of, or the revocation of, or the imposition  
33 of probationary conditions upon, a certificate to practice podiatric  
34 medicine for any of the causes set forth in Article 12 (commencing  
35 with Section 2220) of Chapter 5 in accordance with Section 2222.

36 (b) The board may hear all matters, including but not limited  
37 to, any contested case or may assign any such matters to an  
38 administrative law judge. The proceedings shall be held in  
39 accordance with Section 2230. If a contested case is heard by the  
40 board itself, the administrative law judge who presided at the

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1 *hearing shall be present during the board's consideration of the*  
2 *case and shall assist and advise the board.*

3 *1497.5. (a) The board may request the administrative law*  
4 *judge, under his or her proposed decision in resolution of a*  
5 *disciplinary proceeding before the board, to direct any licensee*  
6 *found guilty of unprofessional conduct to pay to the board a sum*  
7 *not to exceed the actual and reasonable costs of the investigation*  
8 *and prosecution of the case.*

9 *(b) The costs to be assessed shall be fixed by the administrative*  
10 *law judge and shall not be increased by the board unless the board*  
11 *does not adopt a proposed decision and in making its own decision*  
12 *finds grounds for increasing the costs to be assessed, not to exceed*  
13 *the actual and reasonable costs of the investigation and*  
14 *prosecution of the case.*

15 *(c) When the payment directed in the board's order for payment*  
16 *of costs is not made by the licensee, the board may enforce the*  
17 *order for payment by bringing an action in any appropriate court.*  
18 *This right of enforcement shall be in addition to any other rights*  
19 *the board may have as to any licensee directed to pay costs.*

20 *(d) In any judicial action for the recovery of costs, proof of the*  
21 *board's decision shall be conclusive proof of the validity of the*  
22 *order of payment and the terms for payment.*

23 *(e) (1) Except as provided in paragraph (2), the board shall*  
24 *not renew or reinstate the license of any licensee who has failed*  
25 *to pay all of the costs ordered under this section.*

26 *(2) Notwithstanding paragraph (1), the board may, in its*  
27 *discretion, conditionally renew or reinstate for a maximum of one*  
28 *year the license of any licensee who demonstrates financial*  
29 *hardship and who enters into a formal agreement with the board*  
30 *to reimburse the board within that one-year period for those unpaid*  
31 *costs.*

32 *(f) All costs recovered under this section shall be deposited in*  
33 *the Board of Podiatric Medicine Fund as a reimbursement in either*  
34 *the fiscal year in which the costs are actually recovered or the*  
35 *previous fiscal year, as the board may direct.*

36 *1498. (a) The board shall have the responsibility for reviewing*  
37 *the quality of podiatric medical practice carried out by persons*  
38 *licensed to practice podiatric medicine.*

39 *(b) Each member of the board, or any licensed doctor of*  
40 *podiatric medicine appointed by the board, shall additionally have*

1 *the authority to inspect, or require reports from, a general or*  
2 *specialized hospital and the podiatric medical staff thereof, with*  
3 *respect to the podiatric medical care, services, or facilities*  
4 *provided therein, and may inspect podiatric medical patient*  
5 *records with respect to the care, services, or facilities. The*  
6 *authority to make inspections and to require reports as provided*  
7 *by this section shall not be delegated by a member of the board to*  
8 *any person other than a doctor of podiatric medicine and shall be*  
9 *subject to the restrictions against disclosure described in Section*  
10 *2263.*

11 *1499. There is in the State Treasury the Board of Podiatric*  
12 *Medicine Fund. Notwithstanding Section 2445, the board shall*  
13 *report to the Controller at the beginning of each calendar month*  
14 *for the month preceding the amount and source of all revenue*  
15 *received by the board, pursuant to this chapter, and shall pay the*  
16 *entire amount thereof to the Treasurer for deposit into the fund.*  
17 *All revenue received by the board from fees authorized to be*  
18 *charged relating to the practice of podiatric medicine shall be*  
19 *deposited in the fund as provided in this section, and shall be used*  
20 *to carry out this chapter or the provisions of Chapter 5*  
21 *(commencing with Section 2000) relating to the regulation of the*  
22 *practice of podiatric medicine.*

23 *1499.5. The following fees apply to certificates to practice*  
24 *podiatric medicine. The amount of fees prescribed for doctors of*  
25 *podiatric medicine shall be those set forth in this section unless a*  
26 *lower fee is established by the board in accordance with Section*  
27 *1499.6. Fees collected pursuant to this section shall be fixed by*  
28 *the board in amounts not to exceed the actual costs of providing*  
29 *the service for which the fee is collected.*

30 *(a) Each applicant for a certificate to practice podiatric*  
31 *medicine shall pay an application fee of twenty dollars (\$20) at*  
32 *the time the application is filed. If the applicant qualifies for a*  
33 *certificate, he or she shall pay a fee which shall be fixed by the*  
34 *board at an amount not to exceed one hundred dollars (\$100) nor*  
35 *less than five dollars (\$5) for the issuance of the certificate.*

36 *(b) The oral examination fee shall be seven hundred dollars*  
37 *(\$700), or the actual cost, whichever is lower, and shall be paid*  
38 *by each applicant. If the applicant's credentials are insufficient*  
39 *or if the applicant does not desire to take the examination, and*  
40 *has so notified the board 30 days prior to the examination date,*

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1 *only the examination fee is returnable to the applicant. The board*  
2 *may charge an examination fee for any subsequent reexamination*  
3 *of the applicant.*

4 *(c) Each applicant who qualifies for a certificate, as a condition*  
5 *precedent to its issuance, in addition to other fees required by this*  
6 *section, shall pay an initial license fee. The initial license fee shall*  
7 *be eight hundred dollars (\$800). The initial license shall expire*  
8 *the second year after its issuance on the last day of the month of*  
9 *birth of the licensee. The board may reduce the initial license fee*  
10 *by up to 50 percent of the amount of the fee for any applicant who*  
11 *is enrolled in a postgraduate training program approved by the*  
12 *board or who has completed a postgraduate training program*  
13 *approved by the board within six months prior to the payment of*  
14 *the initial license fee.*

15 *(d) The biennial renewal fee shall be nine hundred dollars*  
16 *(\$900). Any licensee enrolled in an approved residency program*  
17 *shall be required to pay only 50 percent of the biennial renewal*  
18 *fee at the time of his or her first renewal.*

19 *(e) The delinquency fee is one hundred fifty dollars (\$150).*

20 *(f) The duplicate wall certificate fee is forty dollars (\$40).*

21 *(g) The duplicate renewal receipt fee is forty dollars (\$40).*

22 *(h) The endorsement fee is thirty dollars (\$30).*

23 *(i) The letter of good standing fee or for loan deferment is thirty*  
24 *dollars (\$30).*

25 *(j) There shall be a fee of sixty dollars (\$60) for the issuance of*  
26 *a resident's license under Section 1475.*

27 *(k) The application fee for ankle certification under Section*  
28 *1472 for persons licensed prior to January 1, 1984, shall be fifty*  
29 *dollars (\$50). The examination and reexamination fee for this*  
30 *certification shall be seven hundred dollars (\$700).*

31 *(l) The filing fee to appeal the failure of an oral examination*  
32 *shall be twenty-five dollars (\$25).*

33 *(m) The fee for approval of a continuing education course or*  
34 *program shall be one hundred dollars (\$100).*

35 *1499.6. The fees in this chapter shall be fixed by the board in*  
36 *accordance with Section 313.1.*

37 *1499.7. (a) Certificates to practice podiatric medicine shall*  
38 *expire at 12 midnight on the last day of the birth month of the*  
39 *licensee during the second year of a two-year term.*

1 (b) To renew an unexpired certificate, the licensee, on or before  
2 the date on which the certificate would otherwise expire, shall  
3 apply for renewal on a form prescribed by the board and pay the  
4 prescribed renewal fee.

5 1499.8. Any licensee who demonstrates to the satisfaction of  
6 the board that he or she is unable to practice podiatric medicine  
7 due to a disability may request a waiver of the license renewal fee.  
8 The granting of a waiver shall be at the discretion of the board  
9 and may be terminated at any time. Waivers shall be based on the  
10 inability of a licensee to practice podiatric medicine. A licensee  
11 whose renewal fee has been waived pursuant to this section shall  
12 not engage in the practice of podiatric medicine unless and until  
13 the licensee pays the current renewal fee and does either of the  
14 following:

15 (a) Establishes to the satisfaction of the board, on a form  
16 prescribed by the board and signed under penalty of perjury, that  
17 the licensee's disability either no longer exists or does not affect  
18 his or her ability to practice podiatric medicine safely.

19 (b) Signs an agreement on a form prescribed by the board,  
20 signed under penalty of perjury, in which the licensee agrees to  
21 limit his or her practice in the manner prescribed by the reviewing  
22 physician.

23 SEC. 15. Section 2052.5 of the Business and Professions Code  
24 is amended to read:

25 2052.5. (a) The proposed registration program developed  
26 pursuant to subdivision (b) shall provide that, for purposes of the  
27 proposed registration program:

28 (1) A physician and surgeon practices medicine in this state  
29 across state lines when that person is located outside of this state  
30 but, through the use of any medium, including an electronic  
31 medium, practices or attempts to practice, or advertises or holds  
32 himself or herself out as practicing, any system or mode of treating  
33 the sick or afflicted in this state, or diagnoses, treats, operates for,  
34 or prescribes for any ailment, blemish, deformity, disease,  
35 disfigurement, disorder, injury, or other physical or mental  
36 condition of any person in this state.

37 (2) A doctor of podiatric medicine practices podiatric medicine  
38 in this state across state lines when that person is located outside  
39 of this state but, through the use of any medium, including an

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1 electronic medium, practices or attempts to practice podiatric  
2 medicine, as defined in Section ~~2472~~, 1472, in this state.

3 (3) The proposed registration program shall not apply to any  
4 consultation described in Section 2060.

5 (b) The board may, at its discretion, develop a proposed  
6 registration program to permit a physician and surgeon, or a doctor  
7 of podiatric medicine, located outside this state to register with  
8 the board to practice medicine or podiatric medicine in this state  
9 across state lines.

10 (1) The proposed registration program shall include proposed  
11 requirements for registration, including, but not limited to, licensure  
12 in the state or country where the physician and surgeon, or the  
13 doctor of podiatric medicine, resides, and education and training  
14 requirements.

15 (2) The proposed registration program may also include all of  
16 the following: (A) standards for confidentiality, format, and  
17 retention of medical records, (B) access to medical records by the  
18 board, (C) registration fees, renewal fees, delinquency fees, and  
19 replacement document fees in an amount not to exceed the actual  
20 cost of administering the registration program, and (D) provisions  
21 ensuring that enforcement and consumer education shall be integral  
22 parts of administering the registration program.

23 (3) The proposed registration program may also provide all of  
24 the following:

25 (A) All laws, rules, and regulations that govern the practice of  
26 medicine or podiatric medicine in this state, including, but not  
27 limited to, confidentiality and reporting requirements, shall apply  
28 to a physician and surgeon, or a doctor of podiatric medicine, who  
29 is registered by the board to practice medicine or podiatric medicine  
30 in this state across state lines.

31 (B) The board may deny an application for registration or may  
32 suspend, revoke, or otherwise discipline a registrant for any of the  
33 following: (i) on any ground prescribed by this chapter, (ii) failure  
34 to possess or to maintain a valid license in the state where the  
35 registrant resides, or (iii) if the applicant or registrant is not licensed  
36 by the state or country in which he or she resides, and that state or  
37 country prohibits the practice of medicine or podiatric medicine  
38 from that state or country into any other state or country without  
39 a valid registration or license issued by the state or country in  
40 which the applicant or registrant practices. Action to deny or

1 discipline a registrant shall be taken in the manner provided for in  
2 this chapter.

3 (C) Any of the following shall be grounds for discipline of a  
4 registrant: (i) to allow any person to engage in the practice of  
5 medicine or podiatric medicine in this state across state lines under  
6 his or her registration, including, but not limited to, any nurse,  
7 physician assistant, medical assistant, or other person, (ii) to fail  
8 to include his or her registration number on any invoice or other  
9 type of billing statement submitted for care or treatment provided  
10 to a patient located in this state, (iii) to practice medicine or  
11 podiatric medicine in any other state or country without meeting  
12 the legal requirements to practice medicine or podiatric medicine  
13 in that state or country, or (iv) to fail to notify the board, in a  
14 manner prescribed by the board, of any restrictions placed on his  
15 or her medical license, or podiatric medical license, in any state.

16 (D) A registration issued pursuant to the registration program  
17 shall automatically be suspended upon receipt of a copy, from the  
18 state that issued the license, of the surrender, revocation,  
19 suspension, or other similar type of action taken by another state  
20 or country against a medical license, or podiatric medical license,  
21 issued to a registrant. The board shall notify the registrant in writing  
22 of the suspension and of the registrant's right to a hearing.

23 (4) Section 2314 shall not apply to the registration program.

24 (c) This section shall not be construed to authorize the board to  
25 implement a registration program for physicians and surgeons or  
26 doctors of podiatric medicine located outside this state. This section  
27 is intended to authorize the board to develop a proposed registration  
28 program to be authorized for implementation by future legislation.

29 (d) *For purposes of this section, "board" refers to either the*  
30 *Medical Board of California or the California Board of Podiatric*  
31 *Medicine, as applicable.*

32 ~~SEC. 2.~~

33 *SEC. 16.* Section 2423 of the Business and Professions Code  
34 is amended to read:

35 2423. (a) Notwithstanding Section 2422:

36 (1) All physician and surgeon's certificates and certificates to  
37 practice midwifery shall expire at 12 midnight on the last day of  
38 the birth month of the licensee during the second year of a two-year  
39 term if not renewed.

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1 (2) Registrations of dispensing opticians will expire at midnight  
2 on the last day of the month in which the license was issued during  
3 the second year of a two-year term if not renewed.

4 (b) The board shall establish by regulation procedures for the  
5 administration of a birth date renewal program, including, but not  
6 limited to, the establishment of a system of staggered license  
7 expiration dates such that a relatively equal number of licenses  
8 expire monthly.

9 (c) To renew an unexpired license, the licensee shall, on or  
10 before the dates on which it would otherwise expire, apply for  
11 renewal on a form prescribed by the licensing authority and pay  
12 the prescribed renewal fee.

13 *SEC. 17. Article 22 (commencing with Section 2460) of Chapter*  
14 *5 of Division 2 of the Business and Professions Code is repealed.*

15 ~~SEC. 3. Section 2460 of the Business and Professions Code is~~  
16 ~~amended to read:~~

17 ~~2460. (a) There is created within the Department of Consumer~~  
18 ~~Affairs a California Board of Podiatric Medicine.~~

19 ~~(b) This section shall remain in effect only until January 1, 2017,~~  
20 ~~and as of that date is repealed, unless a later enacted statute, that~~  
21 ~~is enacted before January 1, 2017, deletes or extends that date.~~  
22 ~~Notwithstanding any other provision of law, the repeal of this~~  
23 ~~section renders the California Board of Podiatric Medicine subject~~  
24 ~~to review by the appropriate policy committees of the Legislature.~~

25 ~~SEC. 4. Section 2461 of the Business and Professions Code is~~  
26 ~~amended to read:~~

27 ~~2461. As used in this article:~~

28 ~~(a) "Board" means the California Board of Podiatric Medicine.~~

29 ~~(b) "Podiatric licensing authority" refers to any officer, board,~~  
30 ~~commission, committee, or department of another state that may~~  
31 ~~issue a license to practice podiatric medicine.~~

32 ~~SEC. 5. Section 2475 of the Business and Professions Code is~~  
33 ~~amended to read:~~

34 ~~2475. Unless otherwise provided by law, no postgraduate~~  
35 ~~trainee, intern, resident postdoctoral fellow, or instructor may~~  
36 ~~engage in the practice of podiatric medicine, or receive~~  
37 ~~compensation therefor, or offer to engage in the practice of~~  
38 ~~podiatric medicine unless he or she holds a valid, unrevoked, and~~  
39 ~~unsuspended certificate to practice podiatric medicine issued by~~  
40 ~~the board. However, a graduate of an approved college or school~~

1 of podiatric medicine upon whom the degree doctor of podiatric  
2 medicine has been conferred, who is issued a resident's license,  
3 which may be renewed annually for up to eight years for this  
4 purpose by the board, and who is enrolled in a postgraduate training  
5 program approved by the board, may engage in the practice of  
6 podiatric medicine whenever and wherever required as a part of  
7 that program and may receive compensation for that practice under  
8 the following conditions:

9 (a) A graduate with a resident's license in an approved  
10 internship, residency, or fellowship program may participate in  
11 training rotations outside the scope of podiatric medicine, under  
12 the supervision of a physician and surgeon who holds a medical  
13 doctor or doctor of osteopathy degree wherever and whenever  
14 required as a part of the training program, and may receive  
15 compensation for that practice. If the graduate fails to receive a  
16 license to practice podiatric medicine under this chapter within  
17 three years from the commencement of the postgraduate training,  
18 all privileges and exemptions under this section shall automatically  
19 cease.

20 (b) Hospitals functioning as a part of the teaching program of  
21 an approved college or school of podiatric medicine in this state  
22 may exchange instructors or resident or assistant resident doctors  
23 of podiatric medicine with another approved college or school of  
24 podiatric medicine not located in this state, or those hospitals may  
25 appoint a graduate of an approved school as such a resident for  
26 purposes of postgraduate training. Those instructors and residents  
27 may practice and be compensated as provided in this section, but  
28 that practice and compensation shall be for a period not to exceed  
29 two years.

30 SEC. 6. Section 2479 of the Business and Professions Code is  
31 amended to read:

32 2479. The board shall issue a certificate to practice podiatric  
33 medicine to each applicant who meets the requirements of this  
34 chapter. Every applicant for a certificate to practice podiatric  
35 medicine shall comply with the provisions of Article 4  
36 (commencing with Section 2080) which are not specifically  
37 applicable to applicants for a physician's and surgeon's certificate,  
38 in addition to the provisions of this article.

39 SEC. 7. Section 2486 of the Business and Professions Code is  
40 amended to read:

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1     ~~2486. The board shall issue a certificate to practice podiatric~~  
2 ~~medicine if the applicant has submitted directly to the board from~~  
3 ~~the credentialing organizations verification that he or she meets~~  
4 ~~all of the following requirements:~~

5     ~~(a) The applicant has graduated from an approved school or~~  
6 ~~college of podiatric medicine and meets the requirements of Section~~  
7 ~~2483.~~

8     ~~(b) The applicant, within the past 10 years, has passed parts I,~~  
9 ~~II, and III of the examination administered by the National Board~~  
10 ~~of Podiatric Medical Examiners of the United States or has passed~~  
11 ~~a written examination that is recognized by the board to be the~~  
12 ~~equivalent in content to the examination administered by the~~  
13 ~~National Board of Podiatric Medical Examiners of the United~~  
14 ~~States.~~

15     ~~(c) The applicant has satisfactorily completed the postgraduate~~  
16 ~~training required by Section 2484.~~

17     ~~(d) The applicant has passed within the past 10 years any oral~~  
18 ~~and practical examination that may be required of all applicants~~  
19 ~~by the board to ascertain clinical competence.~~

20     ~~(e) The applicant has committed no acts or crimes constituting~~  
21 ~~grounds for denial of a certificate under Division 1.5 (commencing~~  
22 ~~with Section 475).~~

23     ~~(f) The board determines that no disciplinary action has been~~  
24 ~~taken against the applicant by any podiatric licensing authority~~  
25 ~~and that the applicant has not been the subject of adverse judgments~~  
26 ~~or settlements resulting from the practice of podiatric medicine~~  
27 ~~that the board determines constitutes evidence of a pattern of~~  
28 ~~negligence or incompetence.~~

29     ~~(g) A disciplinary databank report regarding the applicant is~~  
30 ~~received by the board from the Federation of Podiatric Medical~~  
31 ~~Boards.~~

32     ~~SEC. 8. Section 2488 of the Business and Professions Code is~~  
33 ~~amended to read:~~

34     ~~2488. Notwithstanding any other law, the board shall issue a~~  
35 ~~certificate to practice podiatric medicine by credentialing if the~~  
36 ~~applicant has submitted directly to the board from the credentialing~~  
37 ~~organizations verification that he or she is licensed as a doctor of~~  
38 ~~podiatric medicine in any other state and meets all of the following~~  
39 ~~requirements:~~

1 ~~(a) The applicant has graduated from an approved school or~~  
2 ~~college of podiatric medicine.~~

3 ~~(b) The applicant, within the past 10 years, has passed either~~  
4 ~~part III of the examination administered by the National Board of~~  
5 ~~Podiatric Medical Examiners of the United States or a written~~  
6 ~~examination that is recognized by the board to be the equivalent~~  
7 ~~in content to the examination administered by the National Board~~  
8 ~~of Podiatric Medical Examiners of the United States.~~

9 ~~(c) The applicant has satisfactorily completed a postgraduate~~  
10 ~~training program approved by the Council on Podiatric Medical~~  
11 ~~Education.~~

12 ~~(d) The applicant, within the past 10 years, has passed any oral~~  
13 ~~and practical examination that may be required of all applicants~~  
14 ~~by the board to ascertain clinical competence.~~

15 ~~(e) The applicant has committed no acts or crimes constituting~~  
16 ~~grounds for denial of a certificate under Division 1.5 (commencing~~  
17 ~~with Section 475).~~

18 ~~(f) The board determines that no disciplinary action has been~~  
19 ~~taken against the applicant by any podiatric licensing authority~~  
20 ~~and that the applicant has not been the subject of adverse judgments~~  
21 ~~or settlements resulting from the practice of podiatric medicine~~  
22 ~~that the board determines constitutes evidence of a pattern of~~  
23 ~~negligence or incompetence.~~

24 ~~(g) A disciplinary databank report regarding the applicant is~~  
25 ~~received by the board from the Federation of Podiatric Medical~~  
26 ~~Boards.~~

27 ~~SEC. 9. Section 2492 of the Business and Professions Code is~~  
28 ~~amended to read:~~

29 ~~2492. (a) The board shall examine every applicant for a~~  
30 ~~certificate to practice podiatric medicine to ensure a minimum of~~  
31 ~~entry-level competence at the time and place designated by the~~  
32 ~~board in its discretion, but at least twice a year.~~

33 ~~(b) Unless the applicant meets the requirements of Section 2486,~~  
34 ~~applicants shall be required to have taken and passed the~~  
35 ~~examination administered by the National Board of Podiatric~~  
36 ~~Medical Examiners.~~

37 ~~(c) The board may appoint qualified persons to give the whole~~  
38 ~~or any portion of any examination as provided in this article, who~~  
39 ~~shall be designated as examination commissioners. The board may~~

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1 fix the compensation of those persons subject to the provisions of  
2 applicable state laws and regulations.

3 ~~(d) The provisions of Article 9 (commencing with Section 2170)~~  
4 ~~shall apply to examinations administered by the board except where~~  
5 ~~those provisions are in conflict with or inconsistent with the~~  
6 ~~provisions of this article.~~

7 ~~SEC. 10. Section 2499 of the Business and Professions Code~~  
8 ~~is amended to read:~~

9 ~~2499. There is in the State Treasury the Board of Podiatric~~  
10 ~~Medicine Fund. Notwithstanding Section 2445, the board shall~~  
11 ~~report to the Controller at the beginning of each calendar month~~  
12 ~~for the month preceding the amount and source of all revenue~~  
13 ~~received by the board, pursuant to this chapter, and shall pay the~~  
14 ~~entire amount thereof to the Treasurer for deposit into the fund.~~  
15 ~~All revenue received by the board from fees authorized to be~~  
16 ~~charged relating to the practice of podiatric medicine shall be~~  
17 ~~deposited in the fund as provided in this section, and shall be used~~  
18 ~~to carry out the provisions of this chapter relating to the regulation~~  
19 ~~of the practice of podiatric medicine.~~

20 ~~SEC. 11. Section 2499.7 is added to the Business and~~  
21 ~~Professions Code, to read:~~

22 ~~2499.7. (a) Certificates to practice podiatric medicine shall~~  
23 ~~expire at 12 midnight on the last day of the birth month of the~~  
24 ~~licensee during the second year of a two-year term.~~

25 ~~(b) To renew an unexpired certificate, the licensee, on or before~~  
26 ~~the date on which the certificate would otherwise expire, shall~~  
27 ~~apply for renewal on a form prescribed by the board and pay the~~  
28 ~~prescribed renewal fee.~~

29 ~~SEC. 12.~~

30 ~~SEC. 18. Section 2733 of the Business and Professions Code~~  
31 ~~is amended to read:~~

32 ~~2733. (a) (1) (A) Upon approval of an application filed~~  
33 ~~pursuant to subdivision (b) of Section 2732.1, and upon the~~  
34 ~~payment of the fee prescribed by subdivision (k) of Section 2815,~~  
35 ~~the board may issue a temporary license to practice professional~~  
36 ~~nursing, and a temporary certificate to practice as a certified public~~  
37 ~~health nurse for a period of six months from the date of issuance.~~

38 ~~(B) Upon approval of an application filed pursuant to~~  
39 ~~subdivision (b) of Section 2732.1, and upon the payment of the~~  
40 ~~fee prescribed by subdivision (d) of Section 2838.2, the board may~~

1 issue a temporary certificate to practice as a certified clinical nurse  
2 specialist for a period of six months from the date of issuance.

3 (C) Upon approval of an application filed pursuant to  
4 subdivision (b) of Section 2732.1, and upon the payment of the  
5 fee prescribed by subdivision (e) of Section 2815.5, the board may  
6 issue a temporary certificate to practice as a certified nurse-midwife  
7 for a period of six months from the date of issuance.

8 (D) Upon approval of an application filed pursuant to  
9 subdivision (b) of Section 2732.1, and upon the payment of the  
10 fee prescribed by subdivision (d) of Section 2830.7, the board may  
11 issue a temporary certificate to practice as a certified nurse  
12 anesthetist for a period of six months from the date of issuance.

13 (E) Upon approval of an application filed pursuant to subdivision  
14 (b) of Section 2732.1, and upon the payment of the fee prescribed  
15 by subdivision (p) of Section 2815, the board may issue a  
16 temporary certificate to practice as a certified nurse practitioner  
17 for a period of six months from the date of issuance.

18 (2) A temporary license or temporary certificate shall terminate  
19 upon notice thereof by certified mail, return receipt requested, if  
20 it is issued by mistake or if the application for permanent licensure  
21 is denied.

22 (b) Upon written application, the board may reissue a temporary  
23 license or temporary certificate to any person who has applied for  
24 a regular renewable license pursuant to subdivision (b) of Section  
25 2732.1 and who, in the judgment of the board has been excusably  
26 delayed in completing his or her application for or the minimum  
27 requirements for a regular renewable license, but the board may  
28 not reissue a temporary license or temporary certificate more than  
29 twice to any one person.

30 ~~SEC. 13.~~

31 *SEC. 19.* Section 2746.51 of the Business and Professions Code  
32 is amended to read:

33 2746.51. (a) Neither this chapter nor any other provision of  
34 law shall be construed to prohibit a certified nurse-midwife from  
35 furnishing or ordering drugs or devices, including controlled  
36 substances classified in Schedule II, III, IV, or V under the  
37 California Uniform Controlled Substances Act (Division 10  
38 (commencing with Section 11000) of the Health and Safety Code),  
39 when all of the following apply:

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1 (1) The drugs or devices are furnished or ordered incidentally  
2 to the provision of any of the following:

3 (A) Family planning services, as defined in Section 14503 of  
4 the Welfare and Institutions Code.

5 (B) Routine health care or perinatal care, as defined in  
6 subdivision (d) of Section 123485 of the Health and Safety Code.

7 (C) Care rendered, consistent with the certified nurse-midwife's  
8 educational preparation or for which clinical competency has been  
9 established and maintained, to persons within a facility specified  
10 in subdivision (a), (b), (c), (d), (i), or (j) of Section 1206 of the  
11 Health and Safety Code, a clinic as specified in Section 1204 of  
12 the Health and Safety Code, a general acute care hospital as defined  
13 in subdivision (a) of Section 1250 of the Health and Safety Code,  
14 a licensed birth center as defined in Section 1204.3 of the Health  
15 and Safety Code, or a special hospital specified as a maternity  
16 hospital in subdivision (f) of Section 1250 of the Health and Safety  
17 Code.

18 (2) The drugs or devices are furnished or ordered by a certified  
19 nurse-midwife in accordance with standardized procedures or  
20 protocols. For purposes of this section, standardized procedure  
21 means a document, including protocols, developed and approved  
22 by the supervising physician and surgeon, the certified  
23 nurse-midwife, and the facility administrator or his or her designee.  
24 The standardized procedure covering the furnishing or ordering  
25 of drugs or devices shall specify all of the following:

26 (A) Which certified nurse-midwife may furnish or order drugs  
27 or devices.

28 (B) Which drugs or devices may be furnished or ordered and  
29 under what circumstances.

30 (C) The extent of physician and surgeon supervision.

31 (D) The method of periodic review of the certified  
32 nurse-midwife's competence, including peer review, and review  
33 of the provisions of the standardized procedure.

34 (3) If Schedule II or III controlled substances, as defined in  
35 Sections 11055 and 11056 of the Health and Safety Code, are  
36 furnished or ordered by a certified nurse-midwife, the controlled  
37 substances shall be furnished or ordered in accordance with a  
38 patient-specific protocol approved by the treating or supervising  
39 physician and surgeon. For Schedule II controlled substance  
40 protocols, the provision for furnishing the Schedule II controlled

1 substance shall address the diagnosis of the illness, injury, or  
2 condition for which the Schedule II controlled substance is to be  
3 furnished.

4 (4) The furnishing or ordering of drugs or devices by a certified  
5 nurse-midwife occurs under physician and surgeon supervision.  
6 For purposes of this section, no physician and surgeon shall  
7 supervise more than four certified nurse-midwives at one time.  
8 Physician and surgeon supervision shall not be construed to require  
9 the physical presence of the physician, but does include all of the  
10 following:

11 (A) Collaboration on the development of the standardized  
12 procedure or protocol.

13 (B) Approval of the standardized procedure or protocol.

14 (C) Availability by telephonic contact at the time of patient  
15 examination by the certified nurse-midwife.

16 (b) (1) The furnishing or ordering of drugs or devices by a  
17 certified nurse-midwife is conditional on the issuance by the board  
18 of a number to the applicant who has successfully completed the  
19 requirements of paragraph (2). The number shall be included on  
20 all transmittals of orders for drugs or devices by the certified  
21 nurse-midwife. The board shall maintain a list of the certified  
22 nurse-midwives that it has certified pursuant to this paragraph and  
23 the number it has issued to each one. The board shall make the list  
24 available to the California State Board of Pharmacy upon its  
25 request. Every certified nurse-midwife who is authorized pursuant  
26 to this section to furnish or issue a drug order for a controlled  
27 substance shall register with the United States Drug Enforcement  
28 Administration.

29 (2) The board has certified in accordance with paragraph (1)  
30 that the certified nurse-midwife has satisfactorily completed a  
31 course in pharmacology covering the drugs or devices to be  
32 furnished or ordered under this section. The board shall establish  
33 the requirements for satisfactory completion of this paragraph.  
34 The board may charge the applicant a fee to cover all necessary  
35 costs to implement this section, that shall be not less than four  
36 hundred dollars (\$400) nor more than one thousand five hundred  
37 dollars (\$1,500) for an initial application, nor less than one hundred  
38 fifty dollars (\$150) nor more than one thousand dollars (\$1,000)  
39 for an application for renewal. The board may charge a penalty  
40 fee for failure to renew a furnishing number within the prescribed

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1 time that shall be not less than seventy-five dollars (\$75) nor more  
2 than five hundred dollars (\$500).

3 (3) A physician and surgeon may determine the extent of  
4 supervision necessary pursuant to this section in the furnishing or  
5 ordering of drugs and devices.

6 (4) A copy of the standardized procedure or protocol relating  
7 to the furnishing or ordering of controlled substances by a certified  
8 nurse-midwife shall be provided upon request to any licensed  
9 pharmacist who is uncertain of the authority of the certified  
10 nurse-midwife to perform these functions.

11 (5) Certified nurse-midwives who are certified by the board and  
12 hold an active furnishing number, who are currently authorized  
13 through standardized procedures or protocols to furnish Schedule  
14 II controlled substances, and who are registered with the United  
15 States Drug Enforcement Administration shall provide  
16 documentation of continuing education specific to the use of  
17 Schedule II controlled substances in settings other than a hospital  
18 based on standards developed by the board.

19 (c) Drugs or devices furnished or ordered by a certified  
20 nurse-midwife may include Schedule II controlled substances  
21 under the California Uniform Controlled Substances Act (Division  
22 10 (commencing with Section 11000) of the Health and Safety  
23 Code) under the following conditions:

24 (1) The drugs and devices are furnished or ordered in accordance  
25 with requirements referenced in paragraphs (2) to (4), inclusive,  
26 of subdivision (a) and in paragraphs (1) to (3), inclusive, of  
27 subdivision (b).

28 (2) When Schedule II controlled substances, as defined in  
29 Section 11055 of the Health and Safety Code, are furnished or  
30 ordered by a certified nurse-midwife, the controlled substances  
31 shall be furnished or ordered in accordance with a patient-specific  
32 protocol approved by the treating or supervising physician and  
33 surgeon.

34 (d) Furnishing of drugs or devices by a certified nurse-midwife  
35 means the act of making a pharmaceutical agent or agents available  
36 to the patient in strict accordance with a standardized procedure  
37 or protocol. Use of the term “furnishing” in this section shall  
38 include the following:

39 (1) The ordering of a drug or device in accordance with the  
40 standardized procedure or protocol.

1 (2) Transmitting an order of a supervising physician and  
2 surgeon.

3 (e) “Drug order” or “order” for purposes of this section means  
4 an order for medication or for a drug or device that is dispensed  
5 to or for an ultimate user, issued by a certified nurse-midwife as  
6 an individual practitioner, within the meaning of Section 1306.03  
7 of Title 21 of the Code of Federal Regulations. Notwithstanding  
8 any other provision of law, (1) a drug order issued pursuant to this  
9 section shall be treated in the same manner as a prescription of the  
10 supervising physician; (2) all references to “prescription” in this  
11 code and the Health and Safety Code shall include drug orders  
12 issued by certified nurse-midwives; and (3) the signature of a  
13 certified nurse-midwife on a drug order issued in accordance with  
14 this section shall be deemed to be the signature of a prescriber for  
15 purposes of this code and the Health and Safety Code.

16 ~~SEC. 14.~~

17 *SEC. 20.* Section 2786.5 of the Business and Professions Code  
18 is amended to read:

19 2786.5. (a) An institution of higher education or a private  
20 postsecondary school of nursing approved by the board pursuant  
21 to subdivision (b) of Section 2786 shall remit to the board for  
22 deposit in the Board of Registered Nursing Fund the following  
23 fees, in accordance with the following schedule:

24 (1) The fee for approval of a school of nursing shall be fixed  
25 by the board at not less than forty thousand dollars (\$40,000) nor  
26 more than eighty thousand dollars (\$80,000).

27 (2) The fee for continuing approval of a nursing program  
28 established after January 1, 2013, shall be fixed by the board at  
29 not less than fifteen thousand dollars (\$15,000) nor more than  
30 thirty thousand dollars (\$30,000).

31 (3) The processing fee for authorization of a substantive change  
32 to an approval of a school of nursing shall be fixed by the board  
33 at not less than two thousand five hundred dollars (\$2,500) nor  
34 more than five thousand dollars (\$5,000).

35 (b) If the board determines that the annual cost of providing  
36 oversight and review of a school of nursing, as required by this  
37 article, is less than the amount of any fees required to be paid by  
38 that institution pursuant to this article, the board may decrease the  
39 fees applicable to that institution to an amount that is proportional  
40 to the board’s costs associated with that institution.

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1     ~~SEC. 15.~~

2     *SEC. 21.* Section 2811 of the Business and Professions Code  
3 is amended to read:

4     2811. (a) Each person holding a regular renewable license  
5 under this chapter, whether in an active or inactive status, shall  
6 apply for a renewal of his *or her* license and pay the biennial  
7 renewal fee required by this chapter each two years on or before  
8 the last day of the month following the month in which his *or her*  
9 birthday occurs, beginning with the second birthday following the  
10 date on which the license was issued, whereupon the board shall  
11 renew the license.

12     (b) Each such license not renewed in accordance with this  
13 section shall expire but may within a period of eight years  
14 thereafter be reinstated upon payment of the fee required by this  
15 chapter and upon submission of such proof of the applicant's  
16 qualifications as may be required by the board, except that during  
17 such eight-year period no examination shall be required as a  
18 condition for the reinstatement of any such expired license which  
19 has lapsed solely by reason of nonpayment of the renewal fee.  
20 After the expiration of such eight-year period the board may require  
21 as a condition of reinstatement that the applicant pass such  
22 examination as it deems necessary to determine his present fitness  
23 to resume the practice of professional nursing.

24     (c) A license in an inactive status may be restored to an active  
25 status if the licensee meets the continuing education standards of  
26 Section 2811.5.

27     ~~SEC. 16.~~

28     *SEC. 22.* Section 2811.5 of the Business and Professions Code  
29 is amended to read:

30     2811.5. (a) Each person renewing his or her license under  
31 Section 2811 shall submit proof satisfactory to the board that,  
32 during the preceding two-year period, he or she has been informed  
33 of the developments in the registered nurse field or in any special  
34 area of practice engaged in by the licensee, occurring since the  
35 last renewal thereof, either by pursuing a course or courses of  
36 continuing education in the registered nurse field or relevant to  
37 the practice of the licensee, and approved by the board, or by other  
38 means deemed equivalent by the board.

39     (b) For purposes of this section, the board shall, by regulation,  
40 establish standards for continuing education. The standards shall

1 be established in a manner to ensure that a variety of alternative  
2 forms of continuing education are available to licensees, including,  
3 but not limited to, academic studies, in-service education, institutes,  
4 seminars, lectures, conferences, workshops, extension studies, and  
5 home study programs. The standards shall take cognizance of  
6 specialized areas of practice, and content shall be relevant to the  
7 practice of nursing and shall be related to the scientific knowledge  
8 or technical skills required for the practice of nursing or be related  
9 to direct or indirect patient or client care. The continuing education  
10 standards established by the board shall not exceed 30 hours of  
11 direct participation in a course or courses approved by the board,  
12 or its equivalent in the units of measure adopted by the board.

13 (c) The board shall audit continuing education providers at least  
14 once every five years to ensure adherence to regulatory  
15 requirements, and shall withhold or rescind approval from any  
16 provider that is in violation of the regulatory requirements.

17 (d) The board shall encourage continuing education in spousal  
18 or partner abuse detection and treatment. In the event the board  
19 establishes a requirement for continuing education coursework in  
20 spousal or partner abuse detection or treatment, that requirement  
21 shall be met by each licensee within no more than four years from  
22 the date the requirement is imposed.

23 (e) In establishing standards for continuing education, the board  
24 shall consider including a course in the special care needs of  
25 individuals and their families facing end-of-life issues, including,  
26 but not limited to, all of the following:

- 27 (1) Pain and symptom management.
- 28 (2) The psycho-social dynamics of death.
- 29 (3) Dying and bereavement.
- 30 (4) Hospice care.

31 (f) In establishing standards for continuing education, the board  
32 may include a course on pain management.

33 (g) This section shall not apply to licensees during the first two  
34 years immediately following their initial licensure in California  
35 or any other governmental jurisdiction.

36 (h) The board may, in accordance with the intent of this section,  
37 make exceptions from continuing education requirements for  
38 licensees residing in another state or country, or for reasons of  
39 health, military service, or other good cause.

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1     ~~SEC. 17.~~

2     *SEC. 23.* Section 2815 of the Business and Professions Code  
3 is amended to read:

4     2815. Subject to the provisions of Section 128.5, the amount  
5 of the fees prescribed by this chapter in connection with the  
6 issuance of licenses for registered nurses under its provisions is  
7 that fixed by the following schedule:

8     (a) (1) The fee to be paid upon the filing by a graduate of an  
9 approved school of nursing in this state of an application for a  
10 licensure by examination shall be fixed by the board at not less  
11 than three hundred dollars (\$300) nor more than one thousand  
12 dollars (\$1,000).

13     (2) The fee to be paid upon the filing by a graduate of a school  
14 of nursing in another state, district, or territory of the United States  
15 of an application for a licensure by examination shall be fixed by  
16 the board at not less than three hundred fifty dollars (\$350) nor  
17 more than one thousand dollars (\$1,000).

18     (3) The fee to be paid upon the filing by a graduate of a school  
19 of nursing in another country of an application for a licensure by  
20 examination shall be fixed by the board at not less than seven  
21 hundred fifty dollars (\$750) nor more than one thousand five  
22 hundred dollars (\$1,500).

23     (4) The fee to be paid upon the filing of an application for  
24 licensure by a repeat examination shall be fixed by the board at  
25 not less than two hundred fifty dollars (\$250) and not more than  
26 one thousand dollars (\$1,000).

27     (b) The fee to be paid for taking each examination shall be the  
28 actual cost to purchase an examination from a vendor approved  
29 by the board.

30     (c) (1) The fee to be paid for application by a person who is  
31 licensed or registered as a nurse in another state, district, or territory  
32 of the United States for licensure by endorsement shall be fixed  
33 by the board at not less than three hundred fifty dollars (\$350) nor  
34 more than one thousand dollars (\$1,000).

35     (2) The fee to be paid for application by a person who is licensed  
36 or registered as a nurse in another country for licensure by  
37 endorsement shall be fixed by the board at not less than seven  
38 hundred fifty dollars (\$750) nor more than one thousand five  
39 hundred dollars (\$1,500).

1 (d) (1) The biennial fee to be paid upon the filing of an  
2 application for renewal of the license shall be not less than one  
3 hundred eighty dollars (\$180) nor more than seven hundred fifty  
4 dollars (\$750). In addition, an assessment of ten dollars (\$10) shall  
5 be collected and credited to the Registered Nurse Education Fund,  
6 pursuant to Section 2815.1.

7 (2) The fee to be paid upon the filing of an application for  
8 reinstatement pursuant to subdivision (b) of Section 2811 shall be  
9 not less than three hundred fifty dollars (\$350) nor more than one  
10 thousand dollars (\$1,000).

11 (e) The penalty fee for failure to renew a license within the  
12 prescribed time shall be fixed by the board at not more than 50  
13 percent of the regular renewal fee, but not less than ninety dollars  
14 (\$90) nor more than three hundred seventy-five dollars (\$375).

15 (f) The fee to be paid for approval of a continuing education  
16 provider shall be fixed by the board at not less than five hundred  
17 dollars (\$500) nor more than one thousand dollars (\$1,000).

18 (g) The biennial fee to be paid upon the filing of an application  
19 for renewal of provider approval shall be fixed by the board at not  
20 less than seven hundred fifty dollars (\$750) nor more than one  
21 thousand dollars (\$1,000).

22 (h) The penalty fee for failure to renew provider approval within  
23 the prescribed time shall be fixed at not more than 50 percent of  
24 the regular renewal fee, but not less than one hundred twenty-five  
25 dollars (\$125) nor more than five hundred dollars (\$500).

26 (i) The penalty for submitting insufficient funds or fictitious  
27 check, draft or order on any bank or depository for payment of  
28 any fee to the board shall be fixed at not less than fifteen dollars  
29 (\$15) nor more than thirty dollars (\$30).

30 (j) The fee to be paid for an interim permit shall be fixed by the  
31 board at not less than one hundred dollars (\$100) nor more than  
32 two hundred fifty dollars (\$250).

33 (k) The fee to be paid for a temporary license shall be fixed by  
34 the board at not less than one hundred dollars (\$100) nor more  
35 than two hundred fifty dollars (\$250).

36 (l) The fee to be paid for processing endorsement papers to other  
37 states shall be fixed by the board at not less than one hundred  
38 dollars (\$100) nor more than two hundred dollars (\$200).

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1 (m) The fee to be paid for a certified copy of a school transcript  
2 shall be fixed by the board at not less than fifty dollars (\$50) nor  
3 more than one hundred dollars (\$100).

4 (n) (1) The fee to be paid for a duplicate pocket license shall  
5 be fixed by the board at not less than fifty dollars (\$50) nor more  
6 than seventy-five dollars (\$75).

7 (2) The fee to be paid for a duplicate wall certificate shall be  
8 fixed by the board at not less than sixty dollars (\$60) nor more  
9 than one hundred dollars (\$100).

10 (o) (1) The fee to be paid by a registered nurse for an evaluation  
11 of his or her qualifications to use the title “nurse practitioner” shall  
12 be fixed by the board at not less than five hundred dollars (\$500)  
13 nor more than one thousand five hundred dollars (\$1,500).

14 (2) The fee to be paid by a registered nurse for a temporary  
15 certificate to practice as a nurse practitioner shall be fixed by the  
16 board at not less than one hundred fifty dollars (\$150) nor more  
17 than five hundred dollars (\$500).

18 (3) The fee to be paid upon the filing of an application for  
19 renewal of a certificate to practice as a nurse practitioner shall be  
20 not less than one hundred fifty dollars (\$150) nor more than one  
21 thousand dollars (\$1,000).

22 (4) The penalty fee for failure to renew a certificate to practice  
23 as a nurse practitioner within the prescribed time shall be not less  
24 than seventy-five dollars (\$75) nor more than five hundred dollars  
25 (\$500).

26 (p) The fee to be paid by a registered nurse for listing as a  
27 “psychiatric mental health nurse” shall be fixed by the board at  
28 not less than three hundred fifty dollars (\$350) nor more than seven  
29 hundred fifty dollars (\$750).

30 (q) The fee to be paid for duplicate National Council Licensure  
31 Examination for registered nurses (NCLEX-RN) examination  
32 results shall be not less than sixty dollars (\$60) nor more than one  
33 hundred dollars (\$100).

34 (r) The fee to be paid for a letter certifying a license shall be  
35 not less than twenty dollars (\$20) nor more than thirty dollars  
36 (\$30).

37 No further fee shall be required for a license or a renewal thereof  
38 other than as prescribed by this chapter.

1 ~~SEC. 18.~~

2 *SEC. 24.* Section 2815.5 of the Business and Professions Code  
3 is amended to read:

4 2815.5. The amount of the fees prescribed by this chapter in  
5 connection with the issuance of certificates as nurse-midwives is  
6 that fixed by the following schedule:

7 (a) The fee to be paid upon the filing of an application for a  
8 certificate shall be fixed by the board at not less than five hundred  
9 dollars (\$500) nor more than one thousand five hundred dollars  
10 (\$1,500).

11 (b) The biennial fee to be paid upon the application for a renewal  
12 of a certificate shall be fixed by the board at not less than one  
13 hundred fifty dollars (\$150) nor more than one thousand dollars  
14 (\$1,000).

15 (c) The penalty fee for failure to renew a certificate within the  
16 prescribed time shall be 50 percent of the renewal fee in effect on  
17 the date of the renewal of the license, but not less than seventy-five  
18 dollars (\$75) nor more than five hundred dollars (\$500).

19 (d) The fee to be paid upon the filing of an application for the  
20 nurse-midwife equivalency examination shall be fixed by the board  
21 at not less than one hundred dollars (\$100) nor more than two  
22 hundred dollars (\$200).

23 (e) The fee to be paid for a temporary certificate shall be fixed  
24 by the board at not less than one hundred fifty dollars (\$150) nor  
25 more than five hundred dollars (\$500).

26 ~~SEC. 19.~~

27 *SEC. 25.* Section 2816 of the Business and Professions Code  
28 is amended to read:

29 2816. The nonrefundable fee to be paid by a registered nurse  
30 for an evaluation of his or her qualifications to use the title “public  
31 health nurse” shall be equal to the fees set out in subdivision (o)  
32 of Section 2815. The fee to be paid upon the application for  
33 renewal of the certificate to practice as a public health nurse shall  
34 be fixed by the board at not less than one hundred twenty-five  
35 dollars (\$125) and not more than five hundred dollars (\$500). All  
36 fees payable under this section shall be collected by and paid to  
37 the Registered Nursing Fund. It is the intention of the Legislature  
38 that the costs of carrying out the purposes of this article shall be  
39 covered by the revenue collected pursuant to this section.

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1     ~~SEC. 20.~~

2     *SEC. 26.* Section 2830.7 of the Business and Professions Code  
3 is amended to read:

4     2830.7. The amount of the fees prescribed by this chapter in  
5 connection with the issuance of certificates as nurse anesthetists  
6 is that fixed by the following schedule:

7     (a) The fee to be paid upon the filing of an application for a  
8 certificate shall be fixed by the board at not less than five hundred  
9 dollars (\$500) nor more than one thousand five hundred dollars  
10 (\$1,500).

11     (b) The biennial fee to be paid upon the application for a renewal  
12 of a certificate shall be fixed by the board at not less than one  
13 hundred fifty dollars (\$150) nor more than one thousand dollars  
14 (\$1,000).

15     (c) The penalty fee for failure to renew a certificate within the  
16 prescribed time shall be 50 percent of the renewal fee in effect on  
17 the date of the renewal of the license, but not less than seventy-five  
18 dollars (\$75) nor more than five hundred dollars (\$500).

19     (d) The fee to be paid for a temporary certificate shall be fixed  
20 by the board at not less than one hundred fifty dollars (\$150) nor  
21 more than five hundred dollars (\$500).

22     ~~SEC. 21.~~

23     *SEC. 27.* Section 2836.3 of the Business and Professions Code  
24 is amended to read:

25     2836.3. (a) The furnishing of drugs or devices by nurse  
26 practitioners is conditional on issuance by the board of a number  
27 to the nurse applicant who has successfully completed the  
28 requirements of subdivision (g) of Section 2836.1. The number  
29 shall be included on all transmittals of orders for drugs or devices  
30 by the nurse practitioner. The board shall make the list of numbers  
31 issued available to the Board of Pharmacy. The board may charge  
32 the applicant a fee to cover all necessary costs to implement this  
33 section, that shall be not less than four hundred dollars (\$400) nor  
34 more than one thousand five hundred dollars (\$1,500) for an initial  
35 application, nor less than one hundred fifty dollars (\$150) nor more  
36 than one thousand dollars (\$1,000) for an application for renewal.  
37 The board may charge a penalty fee for failure to renew a  
38 furnishing number within the prescribed time that shall be not less  
39 than seventy-five dollars (\$75) nor more than five hundred dollars  
40 (\$500).

1 (b) The number shall be renewable at the time of the applicant's  
2 registered nurse license renewal.

3 (c) The board may revoke, suspend, or deny issuance of the  
4 numbers for incompetence or gross negligence in the performance  
5 of functions specified in Sections 2836.1 and 2836.2.

6 ~~SEC. 22.~~

7 SEC. 28. Section 2838.2 of the Business and Professions Code  
8 is amended to read:

9 2838.2. (a) A clinical nurse specialist is a registered nurse with  
10 advanced education, who participates in expert clinical practice,  
11 education, research, consultation, and clinical leadership as the  
12 major components of his or her role.

13 (b) The board may establish categories of clinical nurse  
14 specialists and the standards required to be met for nurses to hold  
15 themselves out as clinical nurse specialists in each category. The  
16 standards shall take into account the types of advanced levels of  
17 nursing practice that are or may be performed and the clinical and  
18 didactic education, experience, or both needed to practice safely  
19 at those levels. In setting the standards, the board shall consult  
20 with clinical nurse specialists, physicians and surgeons appointed  
21 by the Medical Board with expertise with clinical nurse specialists,  
22 and health care organizations that utilize clinical nurse specialists.

23 (c) A registered nurse who meets one of the following  
24 requirements may apply to become a clinical nurse specialist:

25 (1) Possession of a master's degree in a clinical field of nursing.

26 (2) Possession of a master's degree in a clinical field related to  
27 nursing with ~~course work~~ *coursework* in the components referred  
28 to in subdivision (a).

29 (3) On or before July 1, 1998, meets the following requirements:

30 (A) Current licensure as a registered nurse.

31 (B) Performs the role of a clinical nurse specialist as described  
32 in subdivision (a).

33 (C) Meets any other criteria established by the board.

34 (d) (1) A nonrefundable fee of not less than five hundred dollars  
35 (\$500), but not to exceed one thousand five hundred dollars  
36 (\$1,500) shall be paid by a registered nurse applying to be a clinical  
37 nurse specialist for the evaluation of his or her qualifications to  
38 use the title "clinical nurse specialist."

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1 (2) The fee to be paid for a temporary certificate to practice as  
2 a clinical nurse specialist shall be not less than thirty dollars (\$30)  
3 nor more than fifty dollars (\$50).

4 (3) A biennial renewal fee shall be paid upon submission of an  
5 application to renew the clinical nurse specialist certificate and  
6 shall be established by the board at no less than one hundred fifty  
7 dollars (\$150) and no more than one thousand dollars (\$1,000).

8 (4) The penalty fee for failure to renew a certificate within the  
9 prescribed time shall be 50 percent of the renewal fee in effect on  
10 the date of the renewal of the license, but not less than seventy-five  
11 dollars (\$75) nor more than five hundred dollars (\$500).

12 (5) The fees authorized by this subdivision shall not exceed the  
13 amount necessary to cover the costs to the board to administer this  
14 section.

15 ~~SEC. 23.~~

16 *SEC. 29.* Section 4128.2 of the Business and Professions Code  
17 is amended to read:

18 4128.2. (a) In addition to the pharmacy license requirement  
19 described in Section 4110, a centralized hospital packaging  
20 pharmacy shall obtain a specialty license from the board prior to  
21 engaging in the functions described in Section 4128.

22 (b) An applicant seeking a specialty license pursuant to this  
23 article shall apply to the board on forms established by the board.

24 (c) Before issuing the specialty license, the board shall inspect  
25 the pharmacy and ensure that the pharmacy is in compliance with  
26 this article and regulations established by the board.

27 (d) A license to perform the functions described in Section 4128  
28 may only be issued to a pharmacy that is licensed by the board as  
29 a hospital pharmacy.

30 (e) A license issued pursuant to this article shall be renewed  
31 annually and is not transferrable.

32 (f) An applicant seeking renewal of a specialty license shall  
33 apply to the board on forms established by the board.

34 (g) A license to perform the functions described in Section 4128  
35 shall not be renewed until the pharmacy has been inspected by the  
36 board and found to be in compliance with this article and  
37 regulations established by the board.

38 (h) *Until July 1, 2017, the fee for issuance or annual renewal*  
39 *of a centralized hospital packaging pharmacy license shall be six*

1 *hundred dollars (\$600) and may be increased by the board to eight*  
2 *hundred dollars (\$800).*

3 *SEC. 30. Section 4170 of the Business and Professions Code*  
4 *is amended to read:*

5 4170. (a) No prescriber shall dispense drugs or dangerous  
6 devices to patients in his or her office or place of practice unless  
7 all of the following conditions are met:

8 (1) The dangerous drugs or dangerous devices are dispensed to  
9 the prescriber's own patient, and the drugs or dangerous devices  
10 are not furnished by a nurse or physician attendant.

11 (2) The dangerous drugs or dangerous devices are necessary in  
12 the treatment of the condition for which the prescriber is attending  
13 the patient.

14 (3) The prescriber does not keep a pharmacy, open shop, or  
15 drugstore, advertised or otherwise, for the retailing of dangerous  
16 drugs, dangerous devices, or poisons.

17 (4) The prescriber fulfills all of the labeling requirements  
18 imposed upon pharmacists by Section 4076, all of the  
19 recordkeeping requirements of this chapter, and all of the packaging  
20 requirements of good pharmaceutical practice, including the use  
21 of childproof containers.

22 (5) The prescriber does not use a dispensing device unless he  
23 or she personally owns the device and the contents of the device,  
24 and personally dispenses the dangerous drugs or dangerous devices  
25 to the patient packaged, labeled, and recorded in accordance with  
26 paragraph (4).

27 (6) The prescriber, prior to dispensing, offers to give a written  
28 prescription to the patient that the patient may elect to have filled  
29 by the prescriber or by any pharmacy.

30 (7) The prescriber provides the patient with written disclosure  
31 that the patient has a choice between obtaining the prescription  
32 from the dispensing prescriber or obtaining the prescription at a  
33 pharmacy of the patient's choice.

34 (8) A certified nurse-midwife who functions pursuant to a  
35 standardized procedure or protocol described in Section 2746.51,  
36 a nurse practitioner who functions pursuant to a standardized  
37 procedure described in Section 2836.1, or protocol, a physician  
38 assistant who functions pursuant to Section 3502.1, or a  
39 naturopathic doctor who functions pursuant to Section 3640.5,  
40 may hand to a patient of the supervising physician and surgeon a

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1 properly labeled prescription drug prepackaged by a physician and  
2 surgeon, a manufacturer as defined in this chapter, or a pharmacist.

3 (b) The Medical Board of California, *the California Board of*  
4 *Podiatric Medicine*, the State Board of Optometry, the Bureau of  
5 Naturopathic Medicine, the Dental Board of California, the  
6 Osteopathic Medical Board of California, the Board of Registered  
7 Nursing, the Veterinary Medical Board, and the Physician Assistant  
8 Committee shall have authority with the California State Board of  
9 Pharmacy to ensure compliance with this section, and those boards  
10 are specifically charged with the enforcement of this chapter with  
11 respect to their respective licensees.

12 (c) "Prescriber," as used in this section, means a person, who  
13 holds a physician's and surgeon's certificate, a license to practice  
14 optometry, a license to practice naturopathic medicine, a license  
15 to practice dentistry, a license to practice veterinary medicine, or  
16 a certificate to practice podiatry, and who is duly registered by the  
17 Medical Board of California, *the California Board of Podiatric*  
18 *Medicine*, the State Board of Optometry, the Bureau of  
19 Naturopathic Medicine, the Dental Board of California, the  
20 Veterinary Medical Board, or the Board of Osteopathic Examiners  
21 of this state.

22 *SEC. 31. Section 4175 of the Business and Professions Code*  
23 *is amended to read:*

24 4175. (a) The California State Board of Pharmacy shall  
25 promptly forward to the appropriate licensing entity, including the  
26 Medical Board of California, *the California Board of Podiatric*  
27 *Medicine*, the Veterinary Medical Board, the Dental Board of  
28 California, the State Board of Optometry, the Osteopathic Medical  
29 Board of California, the Board of Registered Nursing, the Bureau  
30 of Naturopathic Medicine, or the Physician Assistant Committee,  
31 all complaints received related to dangerous drugs or dangerous  
32 devices dispensed by a prescriber, certified nurse-midwife, nurse  
33 practitioner, naturopathic doctor, or physician assistant pursuant  
34 to Section 4170.

35 (b) All complaints involving serious bodily injury due to  
36 dangerous drugs or dangerous devices dispensed by prescribers,  
37 certified nurse-midwives, nurse practitioners, naturopathic doctors,  
38 or physician assistants pursuant to Section 4170 shall be handled  
39 by the Medical Board of California, *the California Board of*  
40 *Podiatric Medicine*, the Dental Board of California, the State Board

1 of Optometry, the Osteopathic Medical Board of California, the  
2 Bureau of Naturopathic Medicine, the Board of Registered Nursing,  
3 the Veterinary Medical Board, or the Physician Assistant  
4 Committee as a case of greatest potential harm to a patient.

5 ~~SEC. 24.~~

6 *SEC. 32.* Section 4400 of the Business and Professions Code  
7 is amended to read:

8 4400. The amount of fees and penalties prescribed by this  
9 chapter, except as otherwise provided, is that fixed by the board  
10 according to the following schedule:

11 (a) The fee for a nongovernmental pharmacy license shall be  
12 four hundred dollars (\$400) and may be increased to five hundred  
13 twenty dollars (\$520). The fee for the issuance of a temporary  
14 nongovernmental pharmacy permit shall be two hundred fifty  
15 dollars (\$250) and may be increased to three hundred twenty-five  
16 dollars (\$325).

17 (b) The fee for a nongovernmental pharmacy license annual  
18 renewal shall be two hundred fifty dollars (\$250) and may be  
19 increased to three hundred twenty-five dollars (\$325).

20 (c) The fee for the pharmacist application and examination shall  
21 be two hundred dollars (\$200) and may be increased to two  
22 hundred sixty dollars (\$260).

23 (d) The fee for regrading an examination shall be ninety dollars  
24 (\$90) and may be increased to one hundred fifteen dollars (\$115).  
25 If an error in grading is found and the applicant passes the  
26 examination, the regrading fee shall be refunded.

27 (e) The fee for a pharmacist license and biennial renewal shall  
28 be one hundred fifty dollars (\$150) and may be increased to one  
29 hundred ninety-five dollars (\$195).

30 (f) The fee for a nongovernmental wholesaler or third-party  
31 logistics provider license and annual renewal shall be seven  
32 hundred eighty dollars (\$780) and may be decreased to no less  
33 than six hundred dollars (\$600). The application fee for any  
34 additional location after licensure of the first 20 locations shall be  
35 three hundred dollars (\$300) and may be decreased to no less than  
36 two hundred twenty-five dollars (\$225). A temporary license fee  
37 shall be seven hundred fifteen dollars (\$715) and may be decreased  
38 to no less than five hundred fifty dollars (\$550).

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1 (g) The fee for a hypodermic license and renewal shall be one  
2 hundred twenty-five dollars (\$125) and may be increased to one  
3 hundred sixty-five dollars (\$165).

4 (h) (1) The fee for application, investigation, and issuance of  
5 a license as a designated representative pursuant to Section 4053,  
6 or as a designated representative-3PL pursuant to Section 4053.1,  
7 shall be three hundred thirty dollars (\$330) and may be decreased  
8 to no less than two hundred fifty-five dollars (\$255).

9 (2) The fee for the annual renewal of a license as a designated  
10 representative or designated representative-3PL shall be one  
11 hundred ninety-five dollars (\$195) and may be decreased to no  
12 less than one hundred fifty dollars (\$150).

13 (i) (1) The fee for the application, investigation, and issuance  
14 of a license as a designated representative for a veterinary  
15 food-animal drug retailer pursuant to Section 4053 shall be three  
16 hundred thirty dollars (\$330) and may be decreased to no less than  
17 two hundred fifty-five dollars (\$255).

18 (2) The fee for the annual renewal of a license as a designated  
19 representative for a veterinary food-animal drug retailer shall be  
20 one hundred ninety-five dollars (\$195) and may be decreased to  
21 no less than one hundred fifty dollars (\$150).

22 (j) (1) The application fee for a nonresident wholesaler or  
23 third-party logistics provider license issued pursuant to Section  
24 4161 shall be seven hundred eighty dollars (\$780) and may be  
25 decreased to no less than six hundred dollars (\$600).

26 (2) For nonresident wholesalers or third-party logistics providers  
27 that have 21 or more facilities operating nationwide the application  
28 fees for the first 20 locations shall be seven hundred eighty dollars  
29 (\$780) and may be decreased to no less than six hundred dollars  
30 (\$600). The application fee for any additional location after  
31 licensure of the first 20 locations shall be three hundred dollars  
32 (\$300) and may be decreased to no less than two hundred  
33 twenty-five dollars (\$225). A temporary license fee shall be seven  
34 hundred fifteen dollars (\$715) and may be decreased to no less  
35 than five hundred fifty dollars (\$550).

36 (3) The annual renewal fee for a nonresident wholesaler license  
37 or third-party logistics provider license issued pursuant to Section  
38 4161 shall be seven hundred eighty dollars (\$780) and may be  
39 decreased to no less than six hundred dollars (\$600).

1 (k) The fee for evaluation of continuing education courses for  
2 accreditation shall be set by the board at an amount not to exceed  
3 forty dollars (\$40) per course hour.

4 (l) The fee for an intern pharmacist license shall be ninety dollars  
5 (\$90) and may be increased to one hundred fifteen dollars (\$115).  
6 The fee for transfer of intern hours or verification of licensure to  
7 another state shall be twenty-five dollars (\$25) and may be  
8 increased to thirty dollars (\$30).

9 (m) The board may waive or refund the additional fee for the  
10 issuance of a license where the license is issued less than 45 days  
11 before the next regular renewal date.

12 (n) The fee for the reissuance of any license, or renewal thereof,  
13 that has been lost or destroyed or reissued due to a name change  
14 shall be thirty-five dollars (\$35) and may be increased to forty-five  
15 dollars (\$45).

16 (o) The fee for the reissuance of any license, or renewal thereof,  
17 that must be reissued because of a change in the information, shall  
18 be one hundred dollars (\$100) and may be increased to one hundred  
19 thirty dollars (\$130).

20 (p) It is the intent of the Legislature that, in setting fees pursuant  
21 to this section, the board shall seek to maintain a reserve in the  
22 Pharmacy Board Contingent Fund equal to approximately one  
23 year's operating expenditures.

24 (q) The fee for any applicant for a nongovernmental clinic  
25 license shall be four hundred dollars (\$400) and may be increased  
26 to five hundred twenty dollars (\$520) for each license. The annual  
27 fee for renewal of the license shall be two hundred fifty dollars  
28 (\$250) and may be increased to three hundred twenty-five dollars  
29 (\$325) for each license.

30 (r) The fee for the issuance of a pharmacy technician license  
31 shall be eighty dollars (\$80) and may be increased to one hundred  
32 five dollars (\$105). The fee for renewal of a pharmacy technician  
33 license shall be one hundred dollars (\$100) and may be increased  
34 to one hundred thirty dollars (\$130).

35 (s) The fee for a veterinary food-animal drug retailer license  
36 shall be four hundred five dollars (\$405) and may be increased to  
37 four hundred twenty-five dollars (\$425). The annual renewal fee  
38 for a veterinary food-animal drug retailer license shall be two  
39 hundred fifty dollars (\$250) and may be increased to three hundred  
40 twenty-five dollars (\$325).

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1 (t) The fee for issuance of a retired license pursuant to Section  
2 4200.5 shall be thirty-five dollars (\$35) and may be increased to  
3 forty-five dollars (\$45).

4 (u) The fee for issuance or renewal of a nongovernmental sterile  
5 compounding pharmacy license shall be six hundred dollars (\$600)  
6 and may be increased to seven hundred eighty dollars (\$780). The  
7 fee for a temporary license shall be five hundred fifty dollars (\$550)  
8 and may be increased to seven hundred fifteen dollars (\$715).

9 (v) The fee for the issuance or renewal of a nonresident sterile  
10 compounding pharmacy license shall be seven hundred eighty  
11 dollars (\$780). In addition to paying that application fee, the  
12 nonresident sterile compounding pharmacy shall deposit, when  
13 submitting the application, a reasonable amount, as determined by  
14 the board, necessary to cover the board's estimated cost of  
15 performing the inspection required by Section 4127.2. If the  
16 required deposit is not submitted with the application, the  
17 application shall be deemed to be incomplete. If the actual cost of  
18 the inspection exceeds the amount deposited, the board shall  
19 provide to the applicant a written invoice for the remaining amount  
20 and shall not take action on the application until the full amount  
21 has been paid to the board. If the amount deposited exceeds the  
22 amount of actual and necessary costs incurred, the board shall  
23 remit the difference to the applicant.

24 (w) This section shall become inoperative on July 1, 2017, and  
25 as of January 1, 2018, is repealed.

26 ~~SEC. 25.~~

27 *SEC. 33.* Section 4400 is added to the Business and Professions  
28 Code, to read:

29 4400. The amount of fees and penalties prescribed by this  
30 chapter, except as otherwise provided, is that fixed by the board  
31 according to the following schedule:

32 (a) The fee for a nongovernmental pharmacy license shall be  
33 five hundred twenty dollars (\$520) and may be increased to five  
34 hundred seventy dollars (\$570). The fee for the issuance of a  
35 temporary nongovernmental pharmacy permit shall be two hundred  
36 fifty dollars (\$250) and may be increased to three hundred  
37 twenty-five dollars (\$325).

38 (b) The fee for a nongovernmental pharmacy license annual  
39 renewal shall be six hundred sixty-five dollars (\$665) and may be  
40 increased to nine hundred thirty dollars (\$930).

1 (c) The fee for the pharmacist application and examination shall  
2 be two hundred sixty dollars (\$260) and may be increased to two  
3 hundred eighty-five dollars (\$285).

4 (d) The fee for regrading an examination shall be ninety dollars  
5 (\$90) and may be increased to one hundred fifteen dollars (\$115).  
6 If an error in grading is found and the applicant passes the  
7 examination, the regrading fee shall be refunded.

8 (e) The fee for a pharmacist license shall be one hundred  
9 ninety-five dollars (\$195) and may be increased to two hundred  
10 fifteen dollars (\$215). The fee for a pharmacist biennial renewal  
11 shall be three hundred sixty dollars (\$360) and may be increased  
12 to five hundred five dollars (\$505).

13 (f) The fee for a nongovernmental wholesaler or third-party  
14 logistics provider license and annual renewal shall be seven  
15 hundred eighty dollars (\$780) and may be increased to eight  
16 hundred twenty dollars (\$820). The application fee for any  
17 additional location after licensure of the first 20 locations shall be  
18 three hundred dollars (\$300) and may be decreased to no less than  
19 two hundred twenty-five dollars (\$225). A temporary license fee  
20 shall be seven hundred fifteen dollars (\$715) and may be decreased  
21 to no less than five hundred fifty dollars (\$550).

22 (g) The fee for a hypodermic license shall be one hundred  
23 seventy dollars (\$170) and may be increased to two hundred forty  
24 dollars (\$240). The fee for a hypodermic license renewal shall be  
25 two hundred dollars (\$200) and may be increased to two hundred  
26 eighty dollars (\$280).

27 (h) (1) The fee for application, investigation, and issuance of  
28 a license as a designated representative pursuant to Section 4053,  
29 or as a designated representative-3PL pursuant to Section 4053.1,  
30 shall be one hundred fifty dollars (\$150) and may be increased to  
31 two hundred ten dollars (\$210).

32 (2) The fee for the annual renewal of a license as a designated  
33 representative or designated representative-3PL shall be two  
34 hundred fifteen dollars (\$215) and may be increased to three  
35 hundred dollars (\$300).

36 (i) (1) The fee for the application, investigation, and issuance  
37 of a license as a designated representative for a veterinary  
38 food-animal drug retailer pursuant to Section 4053 shall be one  
39 hundred fifty dollars (\$150) and may be increased to two hundred  
40 ten dollars (\$210).

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1 (2) The fee for the annual renewal of a license as a designated  
2 representative for a veterinary food-animal drug retailer shall be  
3 two hundred fifteen dollars (\$215) and may be increased to three  
4 hundred dollars (\$300).

5 (j) (1) The application fee for a nonresident wholesaler or  
6 third-party logistics provider license issued pursuant to Section  
7 4161 shall be seven hundred eighty dollars (\$780) and may be  
8 increased to eight hundred twenty dollars (\$820).

9 (2) For nonresident wholesalers or third-party logistics providers  
10 that have 21 or more facilities operating nationwide the application  
11 fees for the first 20 locations shall be seven hundred eighty dollars  
12 (\$780) and may be increased to eight hundred twenty dollars  
13 (\$820). The application fee for any additional location after  
14 licensure of the first 20 locations shall be three hundred dollars  
15 (\$300) and may be decreased to no less than two hundred  
16 twenty-five dollars (\$225). A temporary license fee shall be seven  
17 hundred fifteen dollars (\$715) and may be decreased to no less  
18 than five hundred fifty dollars (\$550).

19 (3) The annual renewal fee for a nonresident wholesaler license  
20 or third-party logistics provider license issued pursuant to Section  
21 4161 shall be seven hundred eighty dollars (\$780) and may be  
22 increased to eight hundred twenty dollars (\$820).

23 (k) The fee for evaluation of continuing education courses for  
24 accreditation shall be set by the board at an amount not to exceed  
25 forty dollars (\$40) per course hour.

26 (l) The fee for an intern pharmacist license shall be one hundred  
27 sixty-five dollars (\$165) and may be increased to two hundred  
28 thirty dollars (\$230). The fee for transfer of intern hours or  
29 verification of licensure to another state shall be twenty-five dollars  
30 (\$25) and may be increased to thirty dollars (\$30).

31 (m) The board may waive or refund the additional fee for the  
32 issuance of a license where the license is issued less than 45 days  
33 before the next regular renewal date.

34 (n) The fee for the reissuance of any license, or renewal thereof,  
35 that has been lost or destroyed or reissued due to a name change  
36 shall be thirty-five dollars (\$35) and may be increased to forty-five  
37 dollars (\$45).

38 (o) The fee for the reissuance of any license, or renewal thereof,  
39 that must be reissued because of a change in the information, shall

1 be one hundred dollars (\$100) and may be increased to one hundred  
2 thirty dollars (\$130).

3 (p) It is the intent of the Legislature that, in setting fees pursuant  
4 to this section, the board shall seek to maintain a reserve in the  
5 Pharmacy Board Contingent Fund equal to approximately one  
6 year's operating expenditures.

7 (q) The fee for any applicant for a nongovernmental clinic  
8 license shall be five hundred twenty dollars (\$520) for each license  
9 and may be increased to five hundred seventy dollars (\$570). The  
10 annual fee for renewal of the license shall be three hundred  
11 twenty-five dollars (\$325) for each license and may be increased  
12 to three hundred sixty dollars (\$360).

13 (r) The fee for the issuance of a pharmacy technician license  
14 shall be one hundred forty dollars (\$140) and may be increased to  
15 one hundred ninety-five dollars (\$195). The fee for renewal of a  
16 pharmacy technician license shall be one hundred forty dollars  
17 (\$140) and may be increased to one hundred ninety-five dollars  
18 (\$195).

19 (s) The fee for a veterinary food-animal drug retailer license  
20 shall be four hundred thirty-five dollars (\$435) and may be  
21 increased to six hundred ten dollars (\$610). The annual renewal  
22 fee for a veterinary food-animal drug retailer license shall be three  
23 hundred thirty dollars (\$330) and may be increased to four hundred  
24 sixty dollars (\$460).

25 (t) The fee for issuance of a retired license pursuant to Section  
26 4200.5 shall be thirty-five dollars (\$35) and may be increased to  
27 forty-five dollars (\$45).

28 (u) The fee for issuance of a nongovernmental sterile  
29 compounding pharmacy license shall be one thousand six hundred  
30 forty-five dollars (\$1,645) and may be increased to two thousand  
31 three hundred five dollars (\$2,305). The fee for a temporary license  
32 shall be five hundred fifty dollars (\$550) and may be increased to  
33 seven hundred fifteen dollars (\$715). The annual renewal fee of  
34 the license shall be one thousand three hundred twenty-five dollars  
35 (\$1,325) and may be increased to one thousand eight hundred  
36 fifty-five dollars (\$1,855).

37 (v) The fee for the issuance of a nonresident sterile compounding  
38 pharmacy license shall be two thousand three hundred eighty  
39 dollars (\$2,380) and may be increased to three thousand three  
40 hundred thirty-five dollars (\$3,335). The annual renewal of the

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1 license shall be two thousand two hundred seventy dollars (\$2,270)  
2 and may be increased to three thousand one hundred eighty dollars  
3 (\$3,180). In addition to paying that application fee, the nonresident  
4 sterile compounding pharmacy shall deposit, when submitting the  
5 application, a reasonable amount, as determined by the board,  
6 necessary to cover the board's estimated cost of performing the  
7 inspection required by Section 4127.2. If the required deposit is  
8 not submitted with the application, the application shall be deemed  
9 to be incomplete. If the actual cost of the inspection exceeds the  
10 amount deposited, the board shall provide to the applicant a written  
11 invoice for the remaining amount and shall not take action on the  
12 application until the full amount has been paid to the board. If the  
13 amount deposited exceeds the amount of actual and necessary  
14 costs incurred, the board shall remit the difference to the applicant.

15 (w) The fee for the issuance of a centralized hospital packaging  
16 license shall be eight hundred twenty dollars (\$820) and may be  
17 increased to one thousand one hundred fifty dollars (\$1,150). The  
18 annual renewal of the license shall be eight hundred five dollars  
19 (\$805) and may be increased to one thousand one hundred  
20 twenty-five dollars (\$1,125).

21 (x) This section shall become operative on July 1, 2017.

22 *SEC. 34. Section 4830 of the Business and Professions Code*  
23 *is amended to read:*

24 4830. (a) This chapter does not apply to:

25 (1) Veterinarians while serving in any armed branch of the  
26 military service of the United States or the United States  
27 Department of Agriculture while actually engaged and employed  
28 in their official capacity.

29 ~~(2) Regularly licensed veterinarians in actual consultation from~~  
30 ~~other states.~~

31 ~~(3) Regularly licensed veterinarians actually called from other~~  
32 ~~states to attend cases in this state, but who do not open an office~~  
33 ~~or appoint a place to do business within this state.~~

34 (2) Veterinarians holding a current, valid license in good  
35 standing in another state or country who provide assistance to a  
36 California licensed veterinarian and attend on a specific case. The  
37 California licensed veterinarian shall maintain a valid  
38 veterinarian-client-patient relationship. The veterinarian providing  
39 the assistance shall not establish a veterinarian-client-patient  
40 relationship with the client by attending the case or at a future

1 *time and shall not practice veterinary medicine, open an office,*  
2 *appoint a place to meet patients, communicate with clients who*  
3 *reside within the limits of this state, give orders, or have ultimate*  
4 *authority over the care or primary diagnosis of a patient that is*  
5 *located within this state.*

6 (3) Veterinarians called into the state by a law enforcement  
7 agency or animal control agency pursuant to subdivision (b).

8 (4) Veterinarians employed by the University of California  
9 while engaged in the performance of duties in connection with the  
10 College of Agriculture, the Agricultural Experiment Station, the  
11 School of Veterinary Medicine, or the agricultural extension work  
12 of the university or employed by the Western University of Health  
13 Sciences while engaged in the performance of duties in connection  
14 with the College of Veterinary Medicine or the agricultural  
15 extension work of the university.

16 (5) Students in the School of Veterinary Medicine of the  
17 University of California or the College of Veterinary Medicine of  
18 the Western University of Health Sciences who participate in  
19 diagnosis and treatment as part of their educational experience,  
20 including those in off-campus educational programs under the  
21 direct supervision of a licensed veterinarian in good standing, as  
22 defined in paragraph (1) of subdivision (b) of Section 4848,  
23 appointed by the University of California, Davis, or the Western  
24 University of Health Sciences.

25 (6) A veterinarian who is employed by the Meat and Poultry  
26 Inspection Branch of the California Department of Food and  
27 Agriculture while actually engaged and employed in his or her  
28 official capacity. A person exempt under this paragraph shall not  
29 otherwise engage in the practice of veterinary medicine unless he  
30 or she is issued a license by the board.

31 (7) Unlicensed personnel employed by the Department of Food  
32 and Agriculture or the United States Department of Agriculture  
33 when in the course of their duties they are directed by a veterinarian  
34 supervisor to conduct an examination, obtain biological specimens,  
35 apply biological tests, or administer medications or biological  
36 products as part of government disease or condition monitoring,  
37 investigation, control, or eradication activities.

38 (b) (1) For purposes of paragraph (3) of subdivision (a), a  
39 regularly licensed veterinarian in good standing who is called from  
40 another state by a law enforcement agency or animal control

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1 agency, as defined in Section 31606 of the Food and Agricultural  
2 Code, to attend to cases that are a part of an investigation of an  
3 alleged violation of federal or state animal fighting or animal  
4 cruelty laws within a single geographic location shall be exempt  
5 from the licensing requirements of this chapter if the law  
6 enforcement agency or animal control agency determines that it  
7 is necessary to call the veterinarian in order for the agency or  
8 officer to conduct the investigation in a timely, efficient, and  
9 effective manner. In determining whether it is necessary to call a  
10 veterinarian from another state, consideration shall be given to the  
11 availability of veterinarians in this state to attend to these cases.  
12 An agency, department, or officer that calls a veterinarian pursuant  
13 to this subdivision shall notify the board of the investigation.

14 (2) Notwithstanding any other provision of this chapter, a  
15 regularly licensed veterinarian in good standing who is called from  
16 another state to attend to cases that are a part of an investigation  
17 described in paragraph (1) may provide veterinary medical care  
18 for animals that are affected by the investigation with a temporary  
19 shelter facility, and the temporary shelter facility shall be exempt  
20 from the registration requirement of Section 4853 if all of the  
21 following conditions are met:

22 (A) The temporary shelter facility is established only for the  
23 purpose of the investigation.

24 (B) The temporary shelter facility provides veterinary medical  
25 care, shelter, food, and water only to animals that are affected by  
26 the investigation.

27 (C) The temporary shelter facility complies with Section 4854.

28 (D) The temporary shelter facility exists for not more than 60  
29 days, unless the law enforcement agency or animal control agency  
30 determines that a longer period of time is necessary to complete  
31 the investigation.

32 (E) Within 30 calendar days upon completion of the provision  
33 of veterinary health care services at a temporary shelter facility  
34 established pursuant to this section, the veterinarian called from  
35 another state by a law enforcement agency or animal control agency  
36 to attend to a case shall file a report with the board. The report  
37 shall contain the date, place, type, and general description of the  
38 care provided, along with a listing of the veterinary health care  
39 practitioners who participated in providing that care.

1 (c) For purposes of paragraph (3) of subdivision (a), the board  
2 may inspect temporary facilities established pursuant to this  
3 section.

4 ~~SEC. 26.~~

5 *SEC. 35.* Section 4999 of the Business and Professions Code  
6 is amended to read:

7 4999. “Telephone medical advice service” means any business  
8 entity that employs, or contracts or subcontracts, directly or  
9 indirectly, with, the full-time equivalent of five or more persons  
10 functioning as health care professionals, whose primary function  
11 is to provide telephone medical advice, that provides telephone  
12 medical advice services to a patient at a California address.  
13 “Telephone medical advice service” does not include a medical  
14 group that operates in multiple locations in California if no more  
15 than five full-time equivalent persons at any one location perform  
16 telephone medical advice services and those persons limit the  
17 telephone medical advice services to patients being treated at that  
18 location.

19 ~~SEC. 27.~~

20 *SEC. 36.* Section 4999.1 of the Business and Professions Code  
21 is repealed.

22 ~~SEC. 28.~~

23 *SEC. 37.* Section 4999.2 of the Business and Professions Code  
24 is amended to read:

25 4999.2. A telephone medical advice service shall be responsible  
26 for complying with the following requirements:

27 (a) (1) Ensuring that all health care professionals who provide  
28 medical advice services are appropriately licensed, certified, or  
29 registered as a physician and surgeon pursuant to Chapter 5  
30 (commencing with Section 2000) or the Osteopathic Initiative Act,  
31 as a dentist, dental hygienist, dental hygienist in alternative  
32 practice, or dental hygienist in extended functions pursuant to  
33 Chapter 4 (commencing with Section 1600), as an occupational  
34 therapist pursuant to Chapter 5.6 (commencing with Section 2570),  
35 as a registered nurse pursuant to Chapter 6 (commencing with  
36 Section 2700), as a psychologist pursuant to Chapter 6.6  
37 (commencing with Section 2900), as a naturopathic doctor pursuant  
38 to Chapter 8.2 (commencing with Section 3610), as a marriage  
39 and family therapist pursuant to Chapter 13 (commencing with  
40 Section 4980), as a licensed clinical social worker pursuant to

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1 Chapter 14 (commencing with Section 4991), as a licensed  
2 professional clinical counselor pursuant to Chapter 16  
3 (commencing with Section 4999.10), as an optometrist pursuant  
4 to Chapter 7 (commencing with Section 3000), or as a chiropractor  
5 pursuant to the Chiropractic Initiative Act, and operating consistent  
6 with the laws governing their respective scopes of practice in the  
7 state within which they provide telephone medical advice services,  
8 except as provided in subdivision (b).

9 (2) Ensuring that all health care professionals who provide  
10 telephone medical advice services from an out-of-state location,  
11 as identified in paragraph (1), are licensed, registered, or certified  
12 in the state within which they are providing the telephone medical  
13 advice services and are operating consistent with the laws  
14 governing their respective scopes of practice.

15 (b) Ensuring that the telephone medical advice provided is  
16 consistent with good professional practice.

17 (c) Maintaining records of telephone medical advice services,  
18 including records of complaints, provided to patients in California  
19 for a period of at least five years.

20 (d) Ensuring that no staff member uses a title or designation  
21 when speaking to an enrollee, subscriber, or consumer that may  
22 cause a reasonable person to believe that the staff member is a  
23 licensed, certified, or registered health care professional described  
24 in paragraph (1) of subdivision (a), unless the staff member is a  
25 licensed, certified, or registered professional.

26 (e) Complying with all directions and requests for information  
27 made by the department.

28 (f) Notifying the department within 30 days of any change of  
29 name, physical location, mailing address, or telephone number of  
30 any business, owner, partner, corporate officer, or agent for service  
31 of process in California, together with copies of all resolutions or  
32 other written communications that substantiate these changes.

33 ~~SEC. 29.~~

34 ~~SEC. 38.~~ Section 4999.3 of the Business and Professions Code  
35 is repealed.

36 ~~SEC. 30.~~

37 ~~SEC. 39.~~ Section 4999.4 of the Business and Professions Code  
38 is repealed.

1 ~~SEC. 31.~~

2 ~~SEC. 40.~~ Section 4999.5 of the Business and Professions Code  
3 is repealed.

4 ~~SEC. 32.~~

5 ~~SEC. 41.~~ Section 4999.5 is added to the Business and  
6 Professions Code, to read:

7 4999.5. The respective healing arts licensing boards shall be  
8 responsible for enforcing this chapter and any other laws and  
9 regulations affecting California licensed health care professionals  
10 providing telephone medical advice services.

11 ~~SEC. 33.~~

12 ~~SEC. 42.~~ Section 4999.6 of the Business and Professions Code  
13 is repealed.

14 ~~SEC. 34.~~ ~~Section 7137 of the Business and Professions Code~~  
15 ~~is amended to read:~~

16 ~~7137.~~ The board shall set fees by regulation. These fees shall  
17 not exceed the following schedule:

18 ~~(a) (1) The application fee for an original license in a single~~  
19 ~~classification shall not be more than three hundred sixty dollars~~  
20 ~~(\$360).~~

21 ~~(2) The application fee for each additional classification applied~~  
22 ~~for in connection with an original license shall not be more than~~  
23 ~~seventy-five dollars (\$75).~~

24 ~~(3) The application fee for each additional classification pursuant~~  
25 ~~to Section 7059 shall not be more than three hundred dollars~~  
26 ~~(\$300).~~

27 ~~(4) The application fee to replace a responsible managing officer,~~  
28 ~~responsible managing manager, responsible managing member,~~  
29 ~~or responsible managing employee pursuant to Section 7068.2~~  
30 ~~shall not be more than three hundred dollars (\$300).~~

31 ~~(5) The application fee to add personnel, other than a qualifying~~  
32 ~~individual, to an existing license shall not be more than one~~  
33 ~~hundred fifty dollars (\$150).~~

34 ~~(b) The fee for rescheduling an examination for an applicant~~  
35 ~~who has applied for an original license, additional classification,~~  
36 ~~a change of responsible managing officer, responsible managing~~  
37 ~~manager, responsible managing member, or responsible managing~~  
38 ~~employee, or for an asbestos certification or hazardous substance~~  
39 ~~removal certification, shall not be more than sixty dollars (\$60).~~

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1 ~~(e) The fee for scheduling or rescheduling an examination for~~  
2 ~~a licensee who is required to take the examination as a condition~~  
3 ~~of probation shall not be more than sixty dollars (\$60).~~

4 ~~(d) The initial license fee for an active or inactive license shall~~  
5 ~~not be more than two hundred twenty dollars (\$220).~~

6 ~~(e) (1) The renewal fee for an active license shall not be more~~  
7 ~~than four hundred thirty dollars (\$430).~~

8 ~~(2) The renewal fee for an inactive license shall not be more~~  
9 ~~than two hundred twenty dollars (\$220).~~

10 ~~(f) The delinquency fee is an amount equal to 50 percent of the~~  
11 ~~renewal fee, if the license is renewed after its expiration.~~

12 ~~(g) The registration fee for a home improvement salesperson~~  
13 ~~shall not be more than ninety dollars (\$90).~~

14 ~~(h) The renewal fee for a home improvement salesperson~~  
15 ~~registration shall not be more than ninety dollars (\$90).~~

16 ~~(i) The application fee for an asbestos certification examination~~  
17 ~~shall not be more than ninety dollars (\$90).~~

18 ~~(j) The application fee for a hazardous substance removal or~~  
19 ~~remedial action certification examination shall not be more than~~  
20 ~~ninety dollars (\$90).~~

21 ~~(k) In addition to any other fees charged to C-10 and C-7~~  
22 ~~contractors, the board may charge a fee not to exceed twenty dollars~~  
23 ~~(\$20), which shall be used by the board to enforce provisions of~~  
24 ~~the Labor Code related to electrician certification.~~

25 ~~(l) The board shall, by regulation, establish criteria for the~~  
26 ~~approval of expedited processing of applications. Approved~~  
27 ~~expedited processing of applications for licensure or registration,~~  
28 ~~as required by other provisions of law, shall not be subject to this~~  
29 ~~subdivision.~~

30 *SEC. 43. Section 7137 of the Business and Professions Code*  
31 *is amended to read:*

32 7137. The board shall set fees by regulation. These fees shall  
33 not exceed the following schedule:

34 (a) The application fee for an original license in a single  
35 classification shall not be more than three hundred dollars (\$300).

36 The application fee for each additional classification applied for  
37 in connection with an original license shall not be more than  
38 seventy-five dollars (\$75).

39 The application fee for each additional classification pursuant  
40 to Section 7059 shall not be more than seventy-five dollars (\$75).

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1 The application fee to replace a responsible managing officer,  
2 responsible managing manager, responsible managing member,  
3 or responsible managing employee pursuant to Section 7068.2  
4 shall not be more than seventy-five dollars (\$75).

5 (b) The fee for rescheduling an examination for an applicant  
6 who has applied for an original license, additional classification,  
7 a change of responsible managing officer, responsible managing  
8 manager, responsible managing member, or responsible managing  
9 employee, or for an asbestos certification or hazardous substance  
10 removal certification, shall not be more than sixty dollars (\$60).

11 (c) The fee for scheduling or rescheduling an examination for  
12 a licensee who is required to take the examination as a condition  
13 of probation shall not be more than sixty dollars (\$60).

14 (d) The initial license fee for an active or inactive license shall  
15 not be more than one hundred eighty dollars (\$180).

16 (e) The renewal fee for an active license shall not be more than  
17 three hundred sixty dollars (\$360).

18 The renewal fee for an inactive license shall not be more than  
19 one hundred eighty dollars (\$180).

20 (f) The delinquency fee is an amount equal to 50 percent of the  
21 renewal fee, if the license is renewed after its expiration.

22 (g) The registration fee for a home improvement salesperson  
23 shall not be more than seventy-five dollars (\$75).

24 (h) The renewal fee for a home improvement salesperson  
25 registration shall not be more than seventy-five dollars (\$75).

26 (i) The application fee for an asbestos certification examination  
27 shall not be more than seventy-five dollars (\$75).

28 (j) The application fee for a hazardous substance removal or  
29 remedial action certification examination shall not be more than  
30 seventy-five dollars (\$75).

31 (k) In addition to any other fees charged to C-10 and C-7  
32 contractors, the board may charge a fee not to exceed twenty dollars  
33 (\$20), which shall be used by the board to enforce provisions of  
34 the Labor Code related to electrician certification.

35 (l) *This section shall become inoperative on July 1, 2017, and*  
36 *as of January 1, 2018, is repealed.*

37 *SEC. 44. Section 7137 is added to the Business and Professions*  
38 *Code, to read:*

39 *7137. The board may set fees by regulation. These fees shall*  
40 *be set according to the following schedule:*

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1     (a) (1) *The application fee for an original license in a single*  
2 *classification shall be three hundred thirty dollars (\$330) and may*  
3 *be increased to not more than three hundred seventy-five dollars*  
4 *(\$375).*

5     (2) *The application fee for each additional classification applied*  
6 *for in connection with an original license shall not be more than*  
7 *eighty-five dollars (\$85).*

8     (3) *The application fee for each additional classification*  
9 *pursuant to Section 7059 shall be one hundred fifty dollars (\$150)*  
10 *and may be increased to not more than one hundred seventy-five*  
11 *dollars (\$175).*

12     (4) *The application fee to replace a responsible managing*  
13 *officer, responsible managing manager, responsible managing*  
14 *member, or responsible managing employee pursuant to Section*  
15 *7068.2 shall be one hundred fifty dollars (\$150) and may be*  
16 *increased to not more than one hundred seventy-five dollars (\$175).*

17     (5) *The application fee to add personnel, other than a qualifying*  
18 *individual, to an existing license shall be one hundred dollars*  
19 *(\$100) and may be increased to not more than one hundred fifteen*  
20 *dollars (\$115).*

21     (b) *The fee for rescheduling an examination for an applicant*  
22 *who has applied for an original license, additional classification,*  
23 *a change of responsible managing officer, responsible managing*  
24 *manager, responsible managing member, or responsible managing*  
25 *employee, or for an asbestos certification or hazardous substance*  
26 *removal certification, shall not be more than seventy dollars (\$70).*

27     (c) *The fee for scheduling or rescheduling an examination for*  
28 *a licensee who is required to take the examination as a condition*  
29 *of probation shall not be more than seventy dollars (\$70).*

30     (d) *The initial license fee for an active or inactive license shall*  
31 *be two hundred dollars (\$200) and may be increased to not more*  
32 *than two hundred twenty-five dollars (\$225).*

33     (e) (1) *The renewal fee for an active license shall be four*  
34 *hundred dollars (\$400) and may be increased to not more than*  
35 *four hundred fifty dollars (\$450).*

36     (2) *The renewal fee for an inactive license shall be two hundred*  
37 *dollars (\$200) and may be increased to not more than two hundred*  
38 *twenty-five dollars (\$225).*

39     (f) *The delinquency fee is an amount equal to 50 percent of the*  
40 *renewal fee, if the license is renewed after its expiration.*

1 (g) *The registration fee for a home improvement salesperson*  
2 *shall be eighty-three dollars (\$83) and may be increased to not*  
3 *more than ninety-five dollars (\$95).*

4 (h) *The renewal fee for a home improvement salesperson*  
5 *registration shall be eighty-three dollars (\$83) and may be*  
6 *increased to not more than ninety-five dollars (\$95).*

7 (i) *The application fee for an asbestos certification examination*  
8 *shall be eighty-three dollars (\$83) and may be increased to not*  
9 *more than ninety-five dollars (\$95).*

10 (j) *The application fee for a hazardous substance removal or*  
11 *remedial action certification examination shall be eighty-three*  
12 *dollars (\$83) and may be increased to not more than ninety-five*  
13 *dollars (\$95).*

14 (k) *In addition to any other fees charged to C-10 and C-7*  
15 *contractors, the board may charge a fee not to exceed twenty*  
16 *dollars (\$20), which shall be used by the board to enforce*  
17 *provisions of the Labor Code related to electrician certification.*

18 (l) *The board shall, by regulation, establish criteria for the*  
19 *approval of expedited processing of applications. Approved*  
20 *expedited processing of applications for licensure or registration,*  
21 *as required by other provisions of law, shall not be subject to this*  
22 *subdivision.*

23 (m) *This section shall become operative on July 1, 2017.*

24 ~~SEC. 35.~~

25 *SEC. 45.* Section 7153.3 of the Business and Professions Code  
26 is amended to read:

27 7153.3. (a) To renew a home improvement salesperson  
28 registration, which has not expired, the registrant shall before the  
29 time at which the registration would otherwise expire, apply for  
30 renewal on a form prescribed by the registrar and pay a renewal  
31 fee prescribed by this chapter. Renewal of an unexpired registration  
32 shall continue the registration in effect for the two-year period  
33 following the expiration date of the registration, when it shall  
34 expire if it is not again renewed.

35 (b) An application for renewal of registration is delinquent if  
36 the application is not postmarked or received via electronic  
37 transmission as authorized by Section 7156.6 by the date on which  
38 the registration would otherwise expire. A registration may,  
39 however, still be renewed at any time within three years after its  
40 expiration upon the filing of an application for renewal on a form

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1 prescribed by the registrar and the payment of the renewal fee  
2 prescribed by this chapter and a delinquent renewal penalty equal  
3 ~~to 50 percent of the renewal fee.~~ *in the amount of twenty-five*  
4 *dollars (\$25).* If a registration is not renewed within three years,  
5 the person shall make a new application for registration pursuant  
6 to Section 7153.1.

7 (c) The registrar may refuse to renew a registration for failure  
8 by the registrant to complete the application for renewal of  
9 registration. If a registrant fails to return the application rejected  
10 for insufficiency or incompleteness within 90 days from the  
11 original date of rejection, the application and fee shall be deemed  
12 abandoned. Any application abandoned may not be reinstated.  
13 However, the person may file a new application for registration  
14 pursuant to Section 7153.1.

15 The registrar may review and accept the petition of a person who  
16 disputes the abandonment of his or her renewal application upon  
17 a showing of good cause. This petition shall be received within 90  
18 days of the date the application for renewal is deemed abandoned.

19 *(d) This section shall become inoperative on July 1, 2017, and*  
20 *as of January 1, 2018, is repealed.*

21 *SEC. 46. Section 7153.3 is added to the Business and*  
22 *Professions Code, to read:*

23 *7153.3. (a) To renew a home improvement salesperson*  
24 *registration, which has not expired, the registrant shall before the*  
25 *time at which the registration would otherwise expire, apply for*  
26 *renewal on a form prescribed by the registrar and pay a renewal*  
27 *fee prescribed by this chapter. Renewal of an unexpired*  
28 *registration shall continue the registration in effect for the two-year*  
29 *period following the expiration date of the registration, when it*  
30 *shall expire if it is not again renewed.*

31 *(b) An application for renewal of registration is delinquent if*  
32 *the application is not postmarked or received via electronic*  
33 *transmission as authorized by Section 7156.6 by the date on which*  
34 *the registration would otherwise expire. A registration may,*  
35 *however, still be renewed at any time within three years after its*  
36 *expiration upon the filing of an application for renewal on a form*  
37 *prescribed by the registrar and the payment of the renewal fee*  
38 *prescribed by this chapter and a delinquent renewal penalty equal*  
39 *to 50 percent of the renewal fee. If a registration is not renewed*

1 *within three years, the person shall make a new application for*  
2 *registration pursuant to Section 7153.1.*

3 *(c) (1) The registrar may refuse to renew a registration for*  
4 *failure by the registrant to complete the application for renewal*  
5 *of registration. If a registrant fails to return the application*  
6 *rejected for insufficiency or incompleteness within 90 days from*  
7 *the original date of rejection, the application and fee shall be*  
8 *deemed abandoned. Any application abandoned may not be*  
9 *reinstated. However, the person may file a new application for*  
10 *registration pursuant to Section 7153.1.*

11 *(2) The registrar may review and accept the petition of a person*  
12 *who disputes the abandonment of his or her renewal application*  
13 *upon a showing of good cause. This petition shall be received*  
14 *within 90 days of the date the application for renewal is deemed*  
15 *abandoned.*

16 *(d) This section shall become operative on July 1, 2017.*

17 ~~SEC. 36.~~

18 *SEC. 47.* Section 8031 of the Business and Professions Code  
19 is amended to read:

20 8031. The amount of the fees required by this chapter is that  
21 fixed by the board in accordance with the following schedule:

22 (a) The fee for filing an application for each examination shall  
23 be no more than forty dollars (\$40).

24 (b) The fee for examination and reexamination for the written  
25 or practical part of the examination shall be in an amount fixed by  
26 the board, which shall be equal to the actual cost of preparing,  
27 administering, grading, and analyzing the examination, but shall  
28 not exceed seventy-five dollars (\$75) for each separate part, for  
29 each administration.

30 (c) The initial certificate fee is an amount equal to the renewal  
31 fee in effect on the last regular renewal date before the date on  
32 which the certificate is issued, except that, if the certificate will  
33 expire less than 180 days after its issuance, then the fee is 50  
34 percent of the renewal fee in effect on the last regular renewal date  
35 before the date on which the certificate is issued, or fifty dollars  
36 (\$50), whichever is greater. The board may, by appropriate  
37 regulation, provide for the waiver or refund of the initial certificate  
38 fee where the certificate is issued less than 45 days before the date  
39 on which it will expire.

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1 (d) By a resolution adopted by the board, a renewal fee may be  
2 established in such amounts and at such times as the board may  
3 deem appropriate to meet its operational expenses and funding  
4 responsibilities as set forth in this chapter. The renewal fee shall  
5 not be more than two hundred fifty dollars (\$250) nor less than  
6 ten dollars (\$10) annually, with the following exception:

7 Any person who is employed full time by the State of California  
8 as a hearing reporter and who does not otherwise render shorthand  
9 reporting services for a fee shall be exempt from licensure while  
10 in state employment and shall not be subject to the renewal fee  
11 provisions of this subdivision until 30 days after leaving state  
12 employment. The renewal fee shall, in addition to the amount fixed  
13 by this subdivision, include any unpaid fees required by this section  
14 plus any delinquency fee.

15 (e) The duplicate certificate fee shall be no greater than ten  
16 dollars (\$10).

17 (f) The penalty for failure to notify the board of a change of  
18 name or address as required by Section 8024.6 shall be no greater  
19 than fifty dollars (\$50).

20 ~~SEC. 37:~~

21 *SEC. 48.* Section 8516 of the Business and Professions Code  
22 is amended to read:

23 8516. (a) This section, and Section 8519, apply only to wood  
24 destroying pests or organisms.

25 (b) A registered company or licensee shall not commence work  
26 on a contract, or sign, issue, or deliver any documents expressing  
27 an opinion or statement relating to the absence or presence of wood  
28 destroying pests or organisms until an inspection has been made  
29 by a licensed Branch 3 field representative or operator employed  
30 by a registered company, except as provided in Section 8519.5.  
31 The address of each property inspected or upon which work is  
32 completed shall be reported on a form prescribed by the board and  
33 shall be filed with the board no later than 10 business days after  
34 the commencement of an inspection or upon completed work.

35 Every property inspected pursuant to this subdivision or Section  
36 8518 shall be assessed a filing fee pursuant to Section 8674.

37 Failure of a registered company to report and file with the board  
38 the address of any property inspected or work completed pursuant  
39 to Section 8518 or this section is grounds for disciplinary action  
40 and shall subject the registered company to a fine of not more than

1 two thousand five hundred dollars (\$2,500). The address of an  
2 inspection report prepared for use by an attorney for litigation  
3 purposes shall not be required to be reported to the board and shall  
4 not be assessed a filing fee.

5 A written inspection report conforming to this section and a form  
6 approved by the board shall be prepared and delivered to the person  
7 requesting the inspection and the property owner, or to the property  
8 owner's designated agent, within 10 business days from the start  
9 of the inspection, except that an inspection report prepared for use  
10 by an attorney for litigation purposes is not required to be reported  
11 to the board or the property owner. An inspection report may be  
12 a complete, limited, supplemental, or reinspection report, as defined  
13 by Section 1993 of Title 16 of the California Code of Regulations.  
14 The report shall be delivered before work is commenced on any  
15 property. The registered company shall retain for three years all  
16 inspection reports, field notes, and activity forms.

17 Reports shall be made available for inspection and reproduction  
18 to the executive officer of the board or his or her duly authorized  
19 representative during business hours. All inspection reports or  
20 copies thereof shall be submitted to the board upon demand within  
21 two business days. The following shall be set forth in the report:

22 (1) The start date of the inspection and the name of the licensed  
23 field representative or operator making the inspection.

24 (2) The name and address of the person or firm ordering the  
25 report.

26 (3) The name and address of the property owner and any person  
27 who is a party in interest.

28 (4) The address or location of the property.

29 (5) A general description of the building or premises inspected.

30 (6) A foundation diagram or sketch of the structure or structures  
31 or portions of the structure or structures inspected, including the  
32 approximate location of any infested or infected areas evident, and  
33 the parts of the structure where conditions that would ordinarily  
34 subject those parts to attack by wood destroying pests or organisms  
35 exist. Reporting of the infested or infected wood members, or parts  
36 of the structure identified, shall be listed in the inspection report  
37 to clearly identify them, as is typical in standard construction  
38 components, including, but not limited to, siding, studs, rafters,  
39 floor joists, fascia, subfloor, sheathing, and trim boards.

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1 (7) Information regarding the substructure, foundation walls  
2 and footings, porches, patios and steps, air vents, abutments, attic  
3 spaces, roof framing that includes the eaves, rafters, fascias,  
4 exposed timbers, exposed sheathing, ceiling joists, and attic walls,  
5 or other parts subject to attack by wood destroying pests or  
6 organisms. Conditions usually deemed likely to lead to infestation  
7 or infection, such as earth-wood contacts, excessive cellulose  
8 debris, faulty grade levels, excessive moisture conditions, evidence  
9 of roof leaks, and insufficient ventilation are to be reported.

10 (8) One of the following statements, as appropriate, printed in  
11 bold type:

12 (A) The exterior surface of the roof was not inspected. If you  
13 want the water tightness of the roof determined, you should contact  
14 a roofing contractor who is licensed by the Contractors' State  
15 License Board.

16 (B) The exterior surface of the roof was inspected to determine  
17 whether or not wood destroying pests or organisms are present.

18 (9) Indication or description of any areas that are inaccessible  
19 or not inspected with recommendation for further inspection if  
20 practicable. If, after the report has been made in compliance with  
21 this section, authority is given later to open inaccessible areas, a  
22 supplemental report on conditions in these areas shall be made.

23 (10) Recommendations for corrective measures.

24 (11) Information regarding the pesticide or pesticides to be used  
25 for their control or prevention as set forth in subdivision (a) of  
26 Section 8538.

27 (12) The inspection report shall clearly disclose that if requested  
28 by the person ordering the original report, a reinspection of the  
29 structure will be performed if an estimate or bid for making repairs  
30 was given with the original inspection report, or thereafter.

31 An estimate or bid shall be given separately allocating the costs  
32 to perform each and every recommendation for corrective measures  
33 as specified in subdivision (c) with the original inspection report  
34 if the person who ordered the original inspection report so requests,  
35 and if the registered company is regularly in the business of  
36 performing each corrective measure.

37 If no estimate or bid was given with the original inspection  
38 report, or thereafter, then the registered company shall not be  
39 required to perform a reinspection.

1 A reinspection shall be an inspection of those items previously  
2 listed on an original report to determine if the recommendations  
3 have been completed. Each reinspection shall be reported on an  
4 original inspection report form and shall be labeled "Reinspection."  
5 Each reinspection shall also identify the original report by date.

6 After four months from an original inspection, all inspections  
7 shall be original inspections and not reinspections.

8 Any reinspection shall be performed for not more than the price  
9 of the registered company's original inspection price and shall be  
10 completed within 10 business days after a reinspection has been  
11 ordered.

12 (13) The inspection report shall contain the following statement,  
13 printed in boldface type:

14  
15 "NOTICE: Reports on this structure prepared by various  
16 registered companies should list the same findings (i.e. termite  
17 infestations, termite damage, fungus damage, etc.). However,  
18 recommendations to correct these findings may vary from company  
19 to company. You have a right to seek a second opinion from  
20 another company."  
21

22 (c) At the time a report is ordered, the registered company or  
23 licensee shall inform the person or entity ordering the report, that  
24 a separate report is available pursuant to this subdivision. If a  
25 separate report is requested at the time the inspection report is  
26 ordered, the registered company or licensee shall separately identify  
27 on the report each recommendation for corrective measures as  
28 follows:

- 29 (1) The infestation or infection that is evident.  
30 (2) The conditions that are present that are deemed likely to  
31 lead to infestation or infection.

32 If a registered company or licensee fails to inform as required  
33 by this subdivision and a dispute arises, or if any other dispute  
34 arises as to whether this subdivision has been complied with, a  
35 separate report shall be provided within 24 hours of the request  
36 but, in no event, later than the next business day, and at no  
37 additional cost.

38 (d) When a corrective condition is identified, either as paragraph  
39 (1) or (2) of subdivision (c), and the property owner or the property  
40 owner's designated agent chooses not to correct those conditions,

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1 the registered company or licensee shall not be liable for damages  
2 resulting from a failure to correct those conditions or subject to  
3 any disciplinary action by the board. Nothing in this subdivision,  
4 however, shall relieve a registered company or a licensee of any  
5 liability resulting from negligence, fraud, dishonest dealing, other  
6 violations pursuant to this chapter, or contractual obligations  
7 between the registered company or licensee and the responsible  
8 parties.

9 (e) The inspection report form prescribed by the board shall  
10 separately identify the infestation or infection that is evident and  
11 the conditions that are present that are deemed likely to lead to  
12 infestation or infection. If a separate form is requested, the form  
13 shall explain the infestation or infection that is evident and the  
14 conditions that are present that are deemed likely to lead to  
15 infestation or infection and the difference between those conditions.  
16 In no event, however, shall conditions deemed likely to lead to  
17 infestation or infection be characterized as actual “defects” or as  
18 actual “active” infestations or infections or in need of correction  
19 as a precondition to issuing a certification pursuant to Section  
20 8519.

21 (f) The report and any contract entered into shall also state  
22 specifically when any guarantee for the work is made, and if so,  
23 the specific terms of the guarantee and the period of time for which  
24 the guarantee shall be in effect. If a guarantee extends beyond three  
25 years, the registered company shall maintain all original inspection  
26 reports, field notes, activity forms, and notices of completion for  
27 the duration of the guarantee period and for one year after the  
28 guarantee expires.

29 (g) For purposes of this section, “control service agreement”  
30 means an agreement, including extended warranties, to have a  
31 licensee conduct over a period of time regular inspections and  
32 other activities related to the control or eradication of wood  
33 destroying pests and organisms. Under a control service agreement  
34 a registered company shall refer to the original report and contract  
35 in a manner as to identify them clearly, and the report shall be  
36 assumed to be a true report of conditions as originally issued,  
37 except it may be modified after a control service inspection. A  
38 registered company is not required to issue a report as outlined in  
39 paragraphs (1) to (11), inclusive, of subdivision (b) after each  
40 control service inspection. If after control service inspection, no

1 modification of the original report is made in writing, then it will  
2 be assumed that conditions are as originally reported. A control  
3 service contract shall state specifically the particular wood  
4 destroying pests or organisms and the portions of the buildings or  
5 structures covered by the contract.

6 (h) A registered company or licensee may enter into and  
7 maintain a control service agreement provided the following  
8 requirements are met:

9 (1) The control service agreement shall be in writing, signed by  
10 both parties, and shall specifically include the following:

11 (A) The wood destroying pests and organisms covered by the  
12 control service agreement.

13 (B) Any wood destroying pest or organism that is not covered  
14 must be specifically listed.

15 (C) The type and manner of treatment to be used to correct the  
16 infestations or infections.

17 (D) The structures or buildings, or portions thereof, covered by  
18 the agreement, including a statement specifying whether the  
19 coverage for purposes of periodic inspections is limited or full.  
20 Any exclusions from those described in the original report must  
21 be specifically listed.

22 (E) A reference to the original inspection report.

23 (F) The frequency of the inspections to be provided, the fee to  
24 be charged for each renewal, and the duration of the agreement.

25 (G) Whether the fee includes structural repairs.

26 (H) If the services provided are guaranteed, and, if so, the terms  
27 of the guarantee.

28 (I) A statement that all corrections of infestations or infections  
29 covered by the control service agreement shall be completed within  
30 six months of discovery, unless otherwise agreed to in writing by  
31 both parties.

32 (2) The original inspection report, the control service agreement,  
33 and completion report shall be maintained for three years after the  
34 cancellation of the control service agreement.

35 (3) Inspections made pursuant to a control service agreement  
36 shall be conducted by a Branch 3 licensee. Section 8506.1 does  
37 not modify this provision.

38 (4) A full inspection of the property covered by the control  
39 service agreement shall be conducted and a report filed pursuant  
40 to subdivision (b) at least once every three years from the date that

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1 the agreement was entered into, unless the consumer cancels the  
2 contract within three years from the date the agreement was entered  
3 into.

4 (5) Under a control service agreement, a written report shall be  
5 required for the correction of any infestation or infection unless  
6 all of the following conditions are met:

7 (A) The infestation or infection has been previously reported.

8 (B) The infestation or infection is covered by the control service  
9 agreement.

10 (C) There is no additional charge for correcting the infestation  
11 or infection.

12 (D) Correction of the infestation or infection takes place within  
13 45 days of its discovery.

14 (E) Correction of the infestation or infection does not include  
15 fumigation.

16 (6) All notice requirements pursuant to Section 8538 shall apply  
17 to all pesticide treatments conducted under control service  
18 agreements.

19 (i) All work recommended by a registered company, where an  
20 estimate or bid for making repairs was given with the original  
21 inspection report, or thereafter, shall be recorded on this report or  
22 a separate work agreement and shall specify a price for each  
23 recommendation. This information shall be provided to the person  
24 requesting the inspection, and shall be retained by the registered  
25 company with the inspection report copy for three years.

26 ~~SEC. 38.~~

27 *SEC. 49.* Section 8518 of the Business and Professions Code  
28 is amended to read:

29 8518. (a) When a registered company completes work under  
30 a contract, it shall prepare, on a form prescribed by the board, a  
31 notice of work completed and not completed, and shall furnish  
32 that notice to the owner of the property or the owner's agent within  
33 10 business days after completing the work. The notice shall  
34 include a statement of the cost of the completed work and estimated  
35 cost of work not completed.

36 (b) The address of each property inspected or upon which work  
37 was completed shall be reported on a form prescribed by the board  
38 and shall be filed with the board no later than 10 business days  
39 after completed work.

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1 (c) A filing fee shall be assessed pursuant to Section 8674 for  
2 every property upon which work is completed.

3 (d) Failure of a registered company to report and file with the  
4 board the address of any property upon which work was completed  
5 pursuant to subdivision (b) of Section 8516 or this section is  
6 grounds for disciplinary action and shall subject the registered  
7 company to a fine of not more than two thousand five hundred  
8 dollars (\$2,500).

9 (e) The registered company shall retain for three years all  
10 original notices of work completed, work not completed, and  
11 activity forms.

12 (f) Notices of work completed and not completed shall be made  
13 available for inspection and reproduction to the executive officer  
14 of the board or his or her duly authorized representative during  
15 business hours. Original notices of work completed or not  
16 completed or copies thereof shall be submitted to the board upon  
17 request within two business days.

18 (g) This section shall only apply to work relating to wood  
19 destroying pests or organisms.

20 *SEC. 50. Section 13401 of the Corporations Code is amended*  
21 *to read:*

22 13401. As used in this part:

23 (a) "Professional services" means any type of professional  
24 services that may be lawfully rendered only pursuant to a license,  
25 certification, or registration authorized by the Business and  
26 Professions Code, the Chiropractic Act, or the Osteopathic Act.

27 (b) "Professional corporation" means a corporation organized  
28 under the General Corporation Law or pursuant to subdivision (b)  
29 of Section 13406 that is engaged in rendering professional services  
30 in a single profession, except as otherwise authorized in Section  
31 13401.5, pursuant to a certificate of registration issued by the  
32 governmental agency regulating the profession as herein provided  
33 and that in its practice or business designates itself as a professional  
34 or other corporation as may be required by statute. However, any  
35 professional corporation or foreign professional corporation  
36 rendering professional services by persons duly licensed by the  
37 Medical Board of California or any examining committee under  
38 the jurisdiction of the board, California, the California Board of  
39 Podiatric Medicine, the Osteopathic Medical Board of California,  
40 the Dental Board of California, the Dental Hygiene Committee of

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1 California, the California State Board of Pharmacy, the Veterinary  
2 Medical Board, the California Architects Board, the Court  
3 Reporters Board of California, the Board of Behavioral Sciences,  
4 the Speech-Language Pathology and Audiology Board, the Board  
5 of Registered Nursing, or the State Board of Optometry shall not  
6 be required to obtain a certificate of registration in order to render  
7 those professional services.

8 (c) "Foreign professional corporation" means a corporation  
9 organized under the laws of a state of the United States other than  
10 this state that is engaged in a profession of a type for which there  
11 is authorization in the Business and Professions Code for the  
12 performance of professional services by a foreign professional  
13 corporation.

14 (d) "Licensed person" means any natural person who is duly  
15 licensed under the provisions of the Business and Professions  
16 Code, the Chiropractic Act, or the Osteopathic Act to render the  
17 same professional services as are or will be rendered by the  
18 professional corporation or foreign professional corporation of  
19 which he or she is, or intends to become, an officer, director,  
20 shareholder, or employee.

21 (e) "Disqualified person" means a licensed person who for any  
22 reason becomes legally disqualified (temporarily or permanently)  
23 to render the professional services that the particular professional  
24 corporation or foreign professional corporation of which he or she  
25 is an officer, director, shareholder, or employee is or was rendering.

26 ~~SEC. 39.~~

27 *SEC. 51.* Section 1348.8 of the Health and Safety Code is  
28 amended to read:

29 1348.8. (a) A health care service plan that provides, operates,  
30 or contracts for telephone medical advice services to its enrollees  
31 and subscribers shall do all of the following:

32 (1) Ensure that the in-state or out-of-state telephone medical  
33 advice service complies with the requirements of Chapter 15  
34 (commencing with Section 4999) of Division 2 of the Business  
35 and Professions Code.

36 (2) Ensure that the staff providing telephone medical advice  
37 services for the in-state or out-of-state telephone medical advice  
38 service are licensed as follows:

39 (A) For full service health care service plans, the staff hold a  
40 valid California license as a registered nurse or a valid license in

1 the state within which they provide telephone medical advice  
2 services as a physician and surgeon or physician assistant, and are  
3 operating in compliance with the laws governing their respective  
4 scopes of practice.

5 (B) (i) For specialized health care service plans providing,  
6 operating, or contracting with a telephone medical advice service  
7 in California, the staff shall be appropriately licensed, registered,  
8 or certified as a dentist pursuant to Chapter 4 (commencing with  
9 Section 1600) of Division 2 of the Business and Professions Code,  
10 as a dental hygienist pursuant to Article 7 (commencing with  
11 Section 1740) of Chapter 4 of Division 2 of the Business and  
12 Professions Code, as a physician and surgeon pursuant to Chapter  
13 5 (commencing with Section 2000) of Division 2 of the Business  
14 and Professions Code or the Osteopathic Initiative Act, as a  
15 registered nurse pursuant to Chapter 6 (commencing with Section  
16 2700) of Division 2 of the Business and Professions Code, as a  
17 psychologist pursuant to Chapter 6.6 (commencing with Section  
18 2900) of Division 2 of the Business and Professions Code, as an  
19 optometrist pursuant to Chapter 7 (commencing with Section 3000)  
20 of Division 2 of the Business and Professions Code, as a marriage  
21 and family therapist pursuant to Chapter 13 (commencing with  
22 Section 4980) of Division 2 of the Business and Professions Code,  
23 as a licensed clinical social worker pursuant to Chapter 14  
24 (commencing with Section 4991) of Division 2 of the Business  
25 and Professions Code, as a professional clinical counselor pursuant  
26 to Chapter 16 (commencing with Section 4999.10) of Division 2  
27 of the Business and Professions Code, or as a chiropractor pursuant  
28 to the Chiropractic Initiative Act, and operating in compliance  
29 with the laws governing their respective scopes of practice.

30 (ii) For specialized health care service plans providing,  
31 operating, or contracting with an out-of-state telephone medical  
32 advice service, the staff shall be health care professionals, as  
33 identified in clause (i), who are licensed, registered, or certified  
34 in the state within which they are providing the telephone medical  
35 advice services and are operating in compliance with the laws  
36 governing their respective scopes of practice. All registered nurses  
37 providing telephone medical advice services to both in-state and  
38 out-of-state business entities registered pursuant to this chapter  
39 shall be licensed pursuant to Chapter 6 (commencing with Section  
40 2700) of Division 2 of the Business and Professions Code.

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1 (3) Ensure that every full service health care service plan  
2 provides for a physician and surgeon who is available on an on-call  
3 basis at all times the service is advertised to be available to  
4 enrollees and subscribers.

5 (4) Ensure that staff members handling enrollee or subscriber  
6 calls, who are not licensed, certified, or registered as required by  
7 paragraph (2), do not provide telephone medical advice. Those  
8 staff members may ask questions on behalf of a staff member who  
9 is licensed, certified, or registered as required by paragraph (2),  
10 in order to help ascertain the condition of an enrollee or subscriber  
11 so that the enrollee or subscriber can be referred to licensed staff.  
12 However, under no circumstances shall those staff members use  
13 the answers to those questions in an attempt to assess, evaluate,  
14 advise, or make any decision regarding the condition of an enrollee  
15 or subscriber or determine when an enrollee or subscriber needs  
16 to be seen by a licensed medical professional.

17 (5) Ensure that no staff member uses a title or designation when  
18 speaking to an enrollee or subscriber that may cause a reasonable  
19 person to believe that the staff member is a licensed, certified, or  
20 registered professional described in Section 4999.2 of the Business  
21 and Professions Code unless the staff member is a licensed,  
22 certified, or registered professional.

23 (6) Ensure that the in-state or out-of-state telephone medical  
24 advice service designates an agent for service of process in  
25 California and files this designation with the director.

26 (7) ~~Requires~~ *Require* that the in-state or out-of-state telephone  
27 medical advice service makes and maintains records for a period  
28 of five years after the telephone medical advice services are  
29 provided, including, but not limited to, oral or written transcripts  
30 of all medical advice conversations with the health care service  
31 plan's enrollees or subscribers in California and copies of all  
32 complaints. If the records of telephone medical advice services  
33 are kept out of state, the health care service plan shall, upon the  
34 request of the director, provide the records to the director within  
35 10 days of the request.

36 (8) Ensure that the telephone medical advice services are  
37 provided consistent with good professional practice.

38 (b) The director shall forward to the Department of Consumer  
39 Affairs, within 30 days of the end of each calendar quarter, data

1 regarding complaints filed with the department concerning  
2 telephone medical advice services.

3 (c) For purposes of this section, “telephone medical advice”  
4 means a telephonic communication between a patient and a health  
5 care professional in which the health care professional’s primary  
6 function is to provide to the patient a telephonic response to the  
7 patient’s questions regarding his or her or a family member’s  
8 medical care or treatment. “Telephone medical advice” includes  
9 assessment, evaluation, or advice provided to patients or their  
10 family members.

11 ~~SEC. 40.~~

12 *SEC. 52.* Section 10279 of the Insurance Code is amended to  
13 read:

14 10279. (a) Every disability insurer that provides group or  
15 individual policies of disability, or both, that provides, operates,  
16 or contracts for, telephone medical advice services to its insureds  
17 shall do all of the following:

18 (1) Ensure that the in-state or out-of-state telephone medical  
19 advice service complies with the requirements of Chapter 15  
20 (commencing with Section 4999) of Division 2 of the Business  
21 and Professions Code.

22 (2) Ensure that the staff providing telephone medical advice  
23 services for the in-state or out-of-state telephone medical advice  
24 service hold a valid California license as a registered nurse or a  
25 valid license in the state within which they provide telephone  
26 medical advice services as a physician and surgeon or physician  
27 assistant and are operating consistent with the laws governing their  
28 respective scopes of practice.

29 (3) Ensure that a physician and surgeon is available on an on-call  
30 basis at all times the service is advertised to be available to  
31 enrollees and subscribers.

32 (4) Ensure that the in-state or out-of-state telephone medical  
33 advice service designates an agent for service of process in  
34 California and files this designation with the commissioner.

35 (5) Require that the in-state or out-of-state telephone medical  
36 advice service makes and maintains records for a period of five  
37 years after the telephone medical advice services are provided,  
38 including, but not limited to, oral or written transcripts of all  
39 medical advice conversations with the disability insurer’s insureds  
40 in California and copies of all complaints. If the records of

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1 telephone medical advice services are kept out of state, the insurer  
2 shall, upon the request of the director, provide the records to the  
3 director within 10 days of the request.

4 (6) Ensure that the telephone medical advice services are  
5 provided consistent with good professional practice.

6 (b) The commissioner shall forward to the Department of  
7 Consumer Affairs, within 30 days of the end of each calendar  
8 quarter, data regarding complaints filed with the department  
9 concerning telephone medical advice services.

10 ~~SEC. 41.~~

11 *SEC. 53.* No reimbursement is required by this act pursuant to  
12 Section 6 of Article XIII B of the California Constitution because  
13 the only costs that may be incurred by a local agency or school  
14 district will be incurred because this act creates a new crime or  
15 infraction, eliminates a crime or infraction, or changes the penalty  
16 for a crime or infraction, within the meaning of Section 17556 of  
17 the Government Code, or changes the definition of a crime within  
18 the meaning of Section 6 of Article XIII B of the California  
19 Constitution.

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**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** SB 1195 (Hill)  
**Status/Location:** Amended 4/7/16 – Senate Appropriations Committee  
**Sponsor:** None  
**Subject:** Board Actions: Competitive Impact  
**Code Section:** Business & Professions 109, 116, 153, 307, 313.1;  
Government Code 825, 11346.5, 11349, 11349.1

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**Summary:**

This bill, as it pertains to the Contractors State License Board (CSLB), is intended to address the U.S. Supreme Court’s decision in *North Carolina State Board of Dental Examiners v. Federal Trade Commission*.

This bill:

1. Repeals existing law which provides that the decisions of boards with respect to setting standards, conducting exams, passing candidates, and revoking licenses are final and not subject to review by the Director of the Department of Consumer Affairs (DCA).
2. Authorizes the Director upon his own initiative or upon request from a consumer or licensee, to review any board decision or other action to determine if it unreasonably restrains trade. The review shall proceed as follows:
  - a. The Director shall assess whether the action or decision reflects a clearly articulated and affirmatively expressed state law; if it does not, the Director shall disapprove the board action or decision and it shall not go into effect.
  - b. If the action or decision is a reflection of a clearly articulated and affirmatively expressed state law, the Director shall assess if the action or decision was the result of the board’s exercise of ministerial or discretionary judgment. If there is no finding of an exercise of discretionary judgment, but merely the direct application of statutory or constitutional provisions, the Director shall close the investigation and review of the board action or decision.
  - c. If the Director concludes under (b) that the Board exercised discretionary judgment, he or she shall conduct a full review of the board action or decision using all relevant facts, data, market conditions, public comment, studies, or other documentary evidence pertaining to the affected market and determine if the anticompetitive effects of the action or decision are clearly outweighed by the public benefit.
  - d. The Director shall release the matter of his or her investigation for a 30 day public comment period, if the board action was not previously subject to a public comment period.

- e. Authorizes the Director to approve the board action or decision if he or she determines that it further the board's public protection mission.
- f. If the Director determines the action or decision does not further public protection, he or she shall either refuse to approve it or modify the action to ensure that any restraints of trade are related to, and advance, clearly articulated state law or public policy.
- g. Requires the Director to post his or her final written decision on DCA's website, with an explanation of the reasons and rationale for the decision, within 90 days from receipt of a request from a consumer or licensee.
- h. Provides that the Director's decision shall be final, except if the state or federal constitution requires an appeal of the decision.
- i. Provides that the Director's review process shall not apply when an individual seeks review of disciplinary or other action pertaining solely to that individual.
- j. Requires the Director to report to the Legislature annually regarding his or her use of this authority.
- k. Specifies that the above provisions shall not be construed to affect, impede, or delay any disciplinary actions of any board.
- l. Authorizes the Director to audit and review inquiries and complaints regarding licensees, dismissals or disciplinary cases, the opening, conduct, or closure of investigations, informal conferences, and discipline short of formal accusation. (The Director currently has this authority for health boards; this will now apply to all boards.) Also requires the Director to report actions under this authority to the Legislature annually.
- m. Deletes the prohibition on the Director obtaining copies of exam questions prior to submission to applicants.
- n. Requires the Director's review of proposed regulations to include all relevant facts, data, public comments, market conditions, studies, or other documentary evidence pertaining to the market impacted by the proposed regulations.
- o. Provides that if the Director does not approve a proposed rule or regulation within the 30-day review period, it shall not be submitted to the Office of Administrative Law.
- p. Specifies that a board does not have the ability to overturn a Director's disapproval of its regulations if the reason or the denial was an unreasonable restraint of trade.

Background:

In 2010, the Federal Trade Commission (FTC) brought an administrative complaint against the North Carolina State Board of Dental Examiners (Board) for exclusion of non-dentists from the practice of teeth whitening. The FTC alleged that the Board's decision constituted an uncompetitive and unfair method of competition under the Federal Trade Commission Act. This opened the Board to lawsuits and substantial damages from affected parties.

The Board was composed of six licensed, practicing dentists and two public members. The statutes comprising the Dental Practice Act did not address the practice of teeth

whitening. Instead of initiating a rulemaking effort to clarify the appropriate practice of teeth whitening, the Board sent cease-and-desist letters to non-dentists in the state offering teeth whitening services. The Board argued that the FTC's complaint was invalid because the Board acted as an agent of North Carolina, and according to state-action immunity, one cannot sue the state acting in its sovereign capacity for anticompetitive conduct. A federal appeals court sided with the FTC, and the Board appealed to the United States Supreme Court (Court).

In February 2015, the Court agreed with the FTC and determined that the Board did not act as a state agent and could be sued for its actions. The Court ruled, "Because a controlling number of the Board's decision-makers are active participants in the occupation the Board regulates, the Board can invoke state-action antitrust immunity only if it was subject to active supervision by the State, and here that requirement is not met."

The Court was not specific about what may constitute "active participants" or "active supervision." However, the Court did say that "active supervision" requires "that state officials have and exercise power to review particular anticompetitive acts of private parties and disapprove those that fail to accord with state policy," and that "the supervisor must review the substance of the anticompetitive decision, not merely the procedures followed to produce it."

According to the bill author, although the boards are tied to the state through various structural and statutory oversights, it is presently unclear if current laws and practices are sufficient to ensure that the boards are state actors and, thus, immune from legal action. The recent decision against the Texas Medical Board in the Teladoc case emphasizes the need for California to prove that it provides active state supervision. In that case, one of the nation's largest providers of telephone medical services, Teladoc, sued the Texas Medical Board after the Board issued a rule that requires physicians to either meet with patients in person before treating them remotely, or to treat them face-to-face via technology while other providers are physically present with patients when treating them for the first time. Teladoc alleged that this rule violates antitrust laws because it would restrict the company's ability to compete, resulting in higher prices and less access to doctors for Texans. The Board argued that it should be immune from antitrust liability as a state agency but a judge rejected that argument, writing that "for a board to be considered actively supervised, the state supervisor must have power to veto or modify the board's decisions, and supervision of the Texas Medical Board does not meet that requirement."

It appears necessary for the Legislature and the Department of Consumer Affairs to devise a mechanism for independent state review of regulatory board actions, including the ability of some type of state supervisor to veto or modify decisions, as cited in the Texas Teladoc case, in order for these boards and board members to ensure that boards can continue to effectively regulate California's professions without fear of being sued.

**Fiscal Impact for CSLB:**

Pending. The Department of Consumer Affairs (DCA) indicates that this bill would result in one-time costs of \$600,000, and on-going annual costs of \$570,000 for DCA to establish an Anti-Trust Unit to review board actions for their impact on trades. DCA boards and bureaus would pay these costs.

**Staff Recommendation and Comments:**

**WATCH.** While some of the changes proposed by SB 1195 are necessary to address potential anti-competitive issues arising from the North Carolina decision, this bill seems to go further than necessary to solve the potential problem. In particular, the provisions that repeal existing law that exempts from review by the Director boards' decisions related to exam protocols and license revocation, the expansion of the Director's ability to audit and review investigations to non-health boards, and the repeal of the prohibition on the Director obtaining exam questions seem overly broad and unnecessary.

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**Date:** May 19, 2016

AMENDED IN SENATE JUNE 1, 2016

AMENDED IN SENATE APRIL 6, 2016

**SENATE BILL**

**No. 1195**

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**Introduced by Senator Hill**

February 18, 2016

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An act to amend Sections 109, 116, 153, 307, 313.1, 2708, 4800, 4804.5, ~~4825.1~~, 4830, ~~and 4846.5~~ 4846.5, 4904, and 4905 of, and to add Sections ~~4826.3, 4826.5, 4826.7,~~ 109.5, 4826.5, 4848.1, and 4853.7 to, the Business and Professions Code, and to amend Sections ~~825, 11346.5, 11349, and 11349.1~~ 825 and 11346.5 of the Government Code, relating to professional regulation, and making an appropriation therefor: *regulations.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1195, as amended, Hill. Professions and vocations: board ~~actions:~~ ~~competitive impact.~~ *actions.*

(1) Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs, and authorizes those boards to adopt regulations to enforce the laws pertaining to the profession and vocation for which they have jurisdiction. Existing law makes decisions of any board within the department pertaining to setting standards, conducting examinations, passing candidates, and revoking licenses final, except as specified, and provides that those decisions are not subject to review by the Director of Consumer Affairs. Existing law authorizes the director to audit and review certain inquiries and complaints regarding licensees, including the dismissal of a disciplinary case. Existing law requires the director to annually report to the chairpersons of certain committees of the Legislature information regarding findings from any audit, review, or

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monitoring and evaluation. Existing law authorizes the director to contract for services of experts and consultants where necessary. Existing law requires regulations, except those pertaining to examinations and qualifications for licensure and fee changes proposed or promulgated by a board within the department, to comply with certain requirements before the regulation or fee change can take effect, including that the director is required to be notified of the rule or regulation and given 30 days to disapprove the regulation. Existing law prohibits a rule or regulation that is disapproved by the director from having any force or effect, unless the director's disapproval is overridden by a unanimous vote of the members of the board, as specified.

This bill would instead authorize the director, upon his or her own initiative, and require the director, upon the request of ~~a consumer or licensee~~, *the board making the decision or the Legislature*, to review ~~a~~ *any nonministerial market-sensitive decision or other action*, except as specified, of a board within the department to determine whether it ~~unreasonably restrains trade furthers state law~~ and to approve, disapprove, *request further information*, or modify the board decision or action, as specified. The bill would require the director to *issue and post on the department's Internet Web site his or her final written decision and the reasons for the decision within 90 days from receipt of the request of a consumer or licensee: request for review or the director's decision to review the board decision. The bill would prohibit the executive officer of any board, committee, or commission within the department from being an active licensee of any profession that board, committee, or commission regulates.* The bill would, commencing on March 1, 2017, require the director to annually report to the chairs of specified committees of the Legislature information regarding the director's disapprovals, modifications, or findings from any audit, review, or monitoring and evaluation. The bill would authorize the director to seek, designate, employ, or contract for the services of independent antitrust experts for purposes of reviewing board actions for unreasonable restraints on trade. The bill would also require the director to review and approve any regulation promulgated by a board within the department, as specified. ~~The bill would authorize the director to modify any regulation as a condition of approval, and to disapprove a regulation because it would have an impermissible anticompetitive effect. The bill would authorize the director, for a specified period of time, to approve, disapprove, or require modification of a proposed rule or regulation on the ground that it does not further state law.~~ The

bill would prohibit any rule or regulation from having any force or effect if the director does not approve the ~~regulation because it has an impermissible anticompetitive effect.~~ *rule or regulation and prohibits any rule or regulation that is not approved by the director from being submitted to the Office of Administrative Law.*

(2) Existing law, until January 1, 2018, provides for the licensure and regulation of registered nurses by the Board of Registered Nursing, which is within the Department of Consumer Affairs, and requires the board to appoint an executive officer who is a nurse currently licensed by the board.

This bill would instead prohibit the executive officer from being a licensee of the board.

(3) The Veterinary Medicine Practice Act provides for the licensure and registration of veterinarians and registered veterinary technicians and the regulation of the practice of veterinary medicine by the Veterinary Medical Board, which is within the Department of Consumer Affairs, and authorizes the board to appoint an executive officer, as specified. Existing law repeals the provisions establishing the board and authorizing the board to appoint an executive officer as of January 1, 2017. That act exempts certain persons from the requirements of the act, including a veterinarian employed by the University of California or the Western University of Health Sciences while engaged in the performance of specified duties. That act requires all premises where veterinary medicine, dentistry, and surgery is being practiced to register with the board. That act requires all fees collected on behalf of the board to be deposited into the Veterinary Medical Board Contingent Fund, which continuously appropriates fees deposited into the fund. That act makes a violation of any provision of the act punishable as a misdemeanor.

This bill would extend the operation of the board and the authorization of the board to appoint an executive officer to January 1, 2021. The bill would authorize a veterinarian ~~and or~~ registered veterinary technician who is under the direct supervision of a *licensed* veterinarian ~~with a current and active license~~ to compound a drug for ~~anesthesia, the prevention, cure, or relief of a wound, fracture, bodily injury, or disease of an animal in a premises currently and actively registered with the board, as specified.~~ *animal use pursuant to federal law and regulations promulgated by the board and would require those regulations to, at*

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*a minimum, address the storage of drugs, the level and type of supervision required for compounding drugs by a registered veterinary technician, and the equipment necessary for safe compounding of drugs.* The bill would instead require veterinarians engaged in the practice of veterinary medicine employed by the University of California or by the Western University of Health Sciences—~~while and~~ engaged in the performance of specified duties to be licensed as a veterinarian in the state or ~~hold be issued a university license issued by the board. license,~~ *as specified.* The bill would ~~require an applicant~~ *authorize an individual to apply for and be issued a university license to meet if he or she meets certain requirements, including that the applicant passes a specified exam, paying an application and license fee.* The bill would require a university license, among other things, to automatically cease to be valid upon termination or cessation of employment by the University of California or the Western University of Health Sciences. The bill would also prohibit a premise registration that is not renewed within 5 years after its expiration from being renewed, restored, reissued, or reinstated; however, the bill would authorize a new premise registration to be issued to an applicant if no fact, circumstance, or condition exists that would justify the revocation or suspension of the registration if the registration was issued and if specified fees are paid. ~~By requiring additional persons to be licensed and pay certain fees that would go into a continuously appropriated fund, this bill would make an appropriation.~~ *This bill would provide that the Veterinary Medical Board Contingent Fund is available for expenditure only upon an appropriation by the Legislature.* By requiring additional persons to be licensed under the act that were previously exempt, this bill would expand the definition of an existing crime and would, therefore, result in a state-mandated local program.

(4) ~~Existing law,~~ *The Government Claims Act,* except as provided, requires a public entity to pay any judgment or any compromise or settlement of a claim or action against an employee or former employee of the public entity if the employee or former employee requests the public entity to defend him or her against any claim or action against him or her for an injury arising out of an act or omission occurring within the scope of his or her employment as an employee of the public entity, the request is made in writing not less than 10 days before the day of trial, and the employee or former employee reasonably cooperates in good faith in the defense of the claim or action. *That act prohibits*

*the payment of punitive or exemplary damages by a public entity, except as specified.*

This bill would require a public entity to pay a judgment or settlement for treble damage antitrust awards against a member of a regulatory board for an act or omission occurring within the scope of his or her employment as a member of a regulatory board. *The bill would specify that treble damages awarded pursuant to a specified federal law for violation of another federal law are not punitive or exemplary damages within the Government Claims Act.*

(5) The Administrative Procedure Act governs the procedure for the adoption, amendment, or repeal of regulations by state agencies and for the review of those regulatory actions by the Office of Administrative Law. ~~That act requires the review by the office to follow certain standards, including, among others, necessity, as defined. That act requires an agency proposing to adopt, amend, or repeal a regulation to prepare a notice to the public that includes specified information, including reference to the authority under which the regulation is proposed.~~

~~This bill would add competitive impact, as defined, as an additional standard for the office to follow when reviewing regulatory actions of a state board on which a controlling number of decisionmakers are active market participants in the market that the board regulates, and requires the office to, among other things, consider whether the anticompetitive effects of the proposed regulation are clearly outweighed by the public policy merits. The bill would authorize the office to designate, employ, or contract for the services of independent antitrust or applicable economic experts when reviewing proposed regulations for competitive impact. The bill would require state boards on which a controlling number of decisionmakers are active market participants in the market that the board regulates, when preparing the public notice, to additionally include a statement that the agency has evaluated the impact of the regulation on competition and that the effect of the regulation is within a clearly articulated and affirmatively expressed state law or policy. also require a board within the Department of Consumer Affairs to submit a statement to the office that the Director of Consumer Affairs has reviewed the proposed regulation and determined that the proposed regulation furthers state law.~~

(6) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

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This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: ~~yes~~-no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 109 of the Business and Professions Code  
2 is amended to read:

3 109. (a) ~~The director~~ *decisions of any of the boards comprising*  
4 *the department with respect to passing candidates and revoking*  
5 *or otherwise imposing discipline on licenses shall not be subject*  
6 *to review by the director and are final within the limits provided*  
7 *by this code that are applicable to the particular board.*

8 (b) *The director may initiate an investigation of any allegations*  
9 *of misconduct in the preparation, administration, or scoring of an*  
10 *examination which is administered by a board, or in the review of*  
11 *qualifications which are a part of the licensing process of any*  
12 *board. A request for investigation shall be made by the director to*  
13 *the Division of Investigation through the chief of the division or*  
14 *to any law enforcement agency in the jurisdiction where the alleged*  
15 *misconduct occurred.*

16 ~~(b)-(1)-~~

17 (1) *The director may intervene in any matter of any board where*  
18 *an investigation by the Division of Investigation discloses probable*  
19 *cause to believe that the conduct or activity of a board, or its*  
20 *members or ~~employees~~ employees, constitutes a violation of*  
21 *criminal law.*

22 (2) *The term “intervene,” as used in paragraph (1) of this section*  
23 *may include, but is not limited to, an application for a restraining*  
24 *order or injunctive relief as specified in Section 123.5, or a referral*  
25 *or request for criminal prosecution. For purposes of this section,*  
26 *the director shall be deemed to have standing under Section 123.5*  
27 *and shall seek representation of the Attorney General, or other*  
28 *appropriate counsel in the event of a conflict in pursuing that*  
29 *action.*

30 (c) *The director may, upon his or her own initiative, and shall,*  
31 *upon request by ~~a consumer or licensee~~, the board making the*  
32 *decision or the Legislature, review any nonministerial*  
33 *market-sensitive board action or decision ~~or other action to~~*

1 ~~determine whether it unreasonably restrains trade. Such a review~~  
 2 ~~shall proceed as follows: by the board to determine whether it~~  
 3 ~~further state law. Market-sensitive actions or decisions are those~~  
 4 ~~that create barriers to market participation and restrict competition~~  
 5 ~~including, but not limited to, examination passage scores,~~  
 6 ~~advertising restrictions, price regulation, enlarging or restricting~~  
 7 ~~scope of practice qualifications for licensure, and a pattern or~~  
 8 ~~program of disciplinary actions affecting multiple individuals that~~  
 9 ~~creates barriers to market participation. If the board action or~~  
 10 ~~decision is determined to be a market-sensitive action or decision,~~  
 11 ~~the director shall review the board action or decision to determine~~  
 12 ~~whether that action or decision furthers a clearly articulated and~~  
 13 ~~affirmatively expressed state policy. Review under this subdivision~~  
 14 ~~shall serve to cease implementation of the market-sensitive action~~  
 15 ~~or decision until the review is finalized and the action or decision~~  
 16 ~~is found to further state law.~~

17 ~~(1) The director shall assess whether the action or decision~~  
 18 ~~reflects a clearly articulated and affirmatively expressed state law.~~  
 19 ~~If the director determines that the action or decision does not reflect~~  
 20 ~~a clearly articulated and affirmatively expressed state law, the~~  
 21 ~~director shall disapprove the board action or decision and it shall~~  
 22 ~~not go into effect.~~

23 ~~(2) If the action or decision is a reflection of clearly articulated~~  
 24 ~~and affirmatively expressed state law, the director shall assess~~  
 25 ~~whether the action or decision was the result of the board's exercise~~  
 26 ~~of ministerial or discretionary judgment. If the director finds no~~  
 27 ~~exercise of discretionary judgment, but merely the direct~~  
 28 ~~application of statutory or constitutional provisions, the director~~  
 29 ~~shall close the investigation and review of the board action or~~  
 30 ~~decision.~~

31 ~~(3) If the director concludes under paragraph (2) that the board~~  
 32 ~~exercised discretionary judgment, the director shall review the~~  
 33 ~~board action or decision as follows:~~

34 ~~(A) The~~

35 ~~(1) Any review by the director under this subdivision shall~~  
 36 ~~conduct include a full substantive review of the board action or~~  
 37 ~~decision using based upon all the relevant facts, data, market~~  
 38 ~~conditions, facts in the record provided by the board and any~~  
 39 ~~additional information provided by the director, which may include~~  
 40 ~~data, public comment, studies, or other documentary evidence~~

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1 pertaining to the market impacted by the board's action or decision  
2 and determine whether the anticompetitive effects of the action or  
3 decision are clearly outweighed by the benefit to the public. The  
4 director may seek, designate, employ, or contract for the services  
5 of independent antitrust or economic experts pursuant to Section  
6 307. These experts shall not be active participants in the market  
7 affected by the board action or decision. *decision.*

8 (B) If the board action or decision was not previously subject  
9 to a public comment period, the director shall release the subject  
10 matter of his or her investigation for a 30-day public comment  
11 period and shall consider all comments received.

12 (C) If the director determines that the action or decision furthers  
13 the public protection mission of the board and the impact on  
14 competition is justified, the director may approve the action or  
15 decision.

16 (D) If the director determines that the action furthers the public  
17 protection mission of the board and the impact on competition is  
18 justified, the director may approve the action or decision. If the  
19 director finds the action or decision does not further the public  
20 protection mission of the board or finds that the action or decision  
21 is not justified, the director shall either refuse to approve it or shall  
22 modify the action or decision to ensure that any restraints of trade  
23 are related to, and advance, clearly articulated state law or public  
24 policy.

25 (2) *The director shall take one of the following actions:*

26 (A) *Approve the action or decision upon determination that it*  
27 *further state law.*

28 (B) *Disapprove the action or decision if it does not further state*  
29 *law. If the director disapproves the board action or decision, the*  
30 *director may recommend modifications to the board action or*  
31 *decision, which, if adopted, shall not become effective until final*  
32 *approval by the director pursuant to this subdivision.*

33 (C) *Modify the action or decision to ensure that it furthers state*  
34 *law.*

35 (D) *Request further information from the board if the record*  
36 *provided is insufficient to make a determination that the action or*  
37 *decision furthers state law. Upon submission of further information*  
38 *from the board and any information provided by the director, the*  
39 *director shall make a final determination to approve, disapprove,*  
40 *or modify the board's action or decision.*

1 ~~(4)~~

2 (d) The director shall issue, and post on the department's Internet  
 3 Web site, his or her final written decision ~~approving, modifying,~~  
 4 ~~or disapproving~~ on the *board* action or decision with an explanation  
 5 of the reasons *that action or decision does or does not further state*  
 6 *law and the rationale behind the director's decision within 90 days*  
 7 ~~from receipt of the request from a consumer or licensee. board's~~  
 8 ~~or Legislature's request for review or the director's decision to~~  
 9 ~~review the board action or decision.~~ Notwithstanding any other  
 10 law, the decision of the director shall be final, except if the state  
 11 or federal constitution requires an appeal of the director's decision.

12 ~~(d)~~

13 (e) The review set forth in ~~paragraph (3) of subdivision (c)~~ shall  
 14 not apply ~~when an individual seeks to the review of any~~  
 15 ~~disciplinary action or other action pertaining solely to that~~  
 16 ~~individual. any other sanction or citation imposed by a board upon~~  
 17 ~~a licensee.~~

18 ~~(e)~~

19 (f) The director shall report to the Chairs of the Senate Business,  
 20 Professions, and Economic Development Committee and the  
 21 Assembly Business and Professions Committee annually,  
 22 commencing March 1, 2017, regarding his or her disapprovals,  
 23 modifications, or findings from any audit, review, or monitoring  
 24 and evaluation conducted pursuant to this section. That report shall  
 25 be submitted in compliance with Section 9795 of the Government  
 26 Code.

27 ~~(f) If the director has already reviewed a board action or decision~~  
 28 ~~pursuant to this section or Section 313.1, the director shall not~~  
 29 ~~review that action or decision again.~~

30 (g) This section shall not be construed to affect, impede, or  
 31 delay any disciplinary actions of any board.

32 *SEC. 2. Section 109.5 is added to the Business and Professions*  
 33 *Code, to read:*

34 *109.5. The executive officer of any board, committee, or*  
 35 *commission within the department shall not be an active licensee*  
 36 *of any profession that board, committee, or commission regulates.*

37 ~~SEC. 2.~~

38 *SEC. 3. Section 116 of the Business and Professions Code is*  
 39 *amended to read:*

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1 116. (a) The director may audit and review, upon his or her  
2 own initiative, or upon the request of a consumer or licensee,  
3 inquiries and complaints regarding licensees, dismissals of  
4 disciplinary cases, the opening, conduct, or closure of  
5 investigations, informal conferences, and discipline short of formal  
6 accusation by any board or bureau within the department.

7 (b) The director shall report to the Chairs of the Senate Business,  
8 Professions, and Economic Development Committee and the  
9 Assembly Business and Professions Committee annually,  
10 commencing March 1, 2017, regarding his or her findings from  
11 any audit, review, or monitoring and evaluation conducted pursuant  
12 to this section. This report shall be submitted in compliance with  
13 Section 9795 of the Government Code.

14 ~~SEC. 3.~~

15 *SEC. 4.* Section 153 of the Business and Professions Code is  
16 amended to read:

17 153. The director may investigate the work of the several  
18 boards in his *or her* department and may obtain a copy of all  
19 records and full and complete data in all official matters in  
20 possession of the boards, their members, officers, or employees.

21 ~~SEC. 4.~~

22 *SEC. 5.* Section 307 of the Business and Professions Code is  
23 amended to read:

24 307. The director may contract for the services of experts and  
25 consultants where necessary to carry out this chapter and may  
26 provide compensation and reimbursement of expenses for those  
27 experts and consultants in accordance with state law.

28 ~~SEC. 5.~~

29 *SEC. 6.* Section 313.1 of the Business and Professions Code  
30 is amended to read:

31 313.1. (a) Notwithstanding any other law to the contrary, no  
32 rule or regulation and no fee change proposed or promulgated by  
33 any of the boards, commissions, or committees within the  
34 department, shall take effect pending compliance with this section.

35 (b) The director shall be formally notified of and shall review,  
36 in accordance with the requirements of Article 5 (commencing  
37 with Section 11346) of Chapter 3.5 of Part 1 of Division 3 of Title  
38 2 of the Government Code, the requirements in subdivision (c) of  
39 Section 109, and this section, all of the following:

1 (1) All notices of proposed action, any modifications and  
 2 supplements thereto, and the text of proposed regulations.

3 (2) Any notices of sufficiently related changes to regulations  
 4 previously noticed to the public, and the text of proposed  
 5 regulations showing modifications to the text.

6 (3) Final rulemaking records.

7 (4) All relevant ~~facts,~~ *facts in the rulemaking record, which may*  
 8 *include* data, public comments, ~~market conditions, studies,~~ or other  
 9 documentary evidence pertaining to the ~~market impacted by the~~  
 10 ~~proposed regulation. This information shall be included in the~~  
 11 ~~written decision of the director required under paragraph (4) of~~  
 12 ~~subdivision (c) of Section 109. proposed regulation to determine~~  
 13 *whether it furthers state law. If the regulation does not further*  
 14 *state law, it shall not be approved.*

15 (c) The submission of all notices and final rulemaking records  
 16 to the director and the director's approval, as authorized by this  
 17 section, shall be a precondition to the filing of any rule or  
 18 regulation with the Office of Administrative Law. The Office of  
 19 Administrative Law shall have no jurisdiction to review a rule or  
 20 regulation subject to this section until after the director's review  
 21 and approval. The filing of any document with the Office of  
 22 Administrative Law shall be accompanied by a certification that  
 23 the board, commission, or committee has complied with the  
 24 requirements of this section.

25 (d) Following the receipt of any final rulemaking record subject  
 26 to subdivision (a), the director shall have the authority for a period  
 27 of 30 days to ~~approve~~ *approve, disapprove, or require modification*  
 28 *of* a proposed rule or regulation ~~or disapprove a proposed rule or~~  
 29 ~~regulation~~ on the ground that it is injurious to the public health,  
 30 safety, or ~~welfare,~~ *welfare* or ~~has an impermissible anticompetitive~~  
 31 ~~effect. The director may modify a rule or regulation as a condition~~  
 32 ~~of approval. Any modifications to regulations by the director shall~~  
 33 ~~be subject to a 30-day public comment period before the director~~  
 34 ~~issues a final decision regarding the modified regulation. If the~~  
 35 ~~director does not approve the rule or regulation within the 30-day~~  
 36 ~~period, the rule or regulation shall not be submitted to the Office~~  
 37 ~~of Administrative Law and the rule or regulation shall have no~~  
 38 ~~effect.~~ *does not further state law. If the director does not approve*  
 39 *the rule or regulation within the 30-day period, the rule or*

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1 *regulation shall not be submitted to the Office of Administrative*  
2 *Law and the rule or regulation shall have no effect.*

3 (e) Final rulemaking records shall be filed with the director  
4 within the one-year notice period specified in Section 11346.4 of  
5 the Government Code. If necessary for compliance with this  
6 section, the one-year notice period may be extended, as specified  
7 by this subdivision.

8 (1) In the event that the one-year notice period lapses during  
9 the director's 30-day review period, or within 60 days following  
10 the notice of the director's disapproval, it may be extended for a  
11 maximum of 90 days.

12 (2) If the director approves the final rulemaking record, the  
13 board, commission, or committee shall have five days from the  
14 receipt of the record from the director within which to file it with  
15 the Office of Administrative Law.

16 (3) If the director disapproves a rule or regulation, it shall have  
17 no force or effect unless, within 60 days of the notice of  
18 disapproval, (A) the disapproval is overridden by a unanimous  
19 vote of the members of the board, commission, or committee, and  
20 (B) the board, commission, or committee files the final rulemaking  
21 record with the Office of Administrative Law in compliance with  
22 this section and the procedures required by Chapter 3.5  
23 (commencing with Section 11340) of Part 1 of Division 3 of Title  
24 2 of the Government Code. This paragraph shall not apply to any  
25 decision disapproved by the director under subdivision (e) of  
26 Section 109: *effect.*

27 (f) This section shall not be construed to prohibit the director  
28 from affirmatively approving a proposed rule, regulation, or fee  
29 change at any time within the 30-day period after it has been  
30 submitted to him or her, in which event it shall become effective  
31 upon compliance with this section and the procedures required by  
32 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division  
33 3 of Title 2 of the Government Code.

34 ~~SEC. 6.~~

35 *SEC. 7.* Section 2708 of the Business and Professions Code is  
36 amended to read:

37 2708. (a) The board shall appoint an executive officer who  
38 shall perform the duties delegated by the board and who shall be  
39 responsible to it for the accomplishment of those duties.

1 (b) The executive officer shall not be a licensee under this  
2 chapter and shall possess other qualifications as determined by the  
3 board.

4 (c) The executive officer shall not be a member of the board.

5 (d) This section shall remain in effect only until January 1, 2018,  
6 and as of that date is repealed, unless a later enacted statute, that  
7 is enacted before January 1, 2018, deletes or extends that date.

8 ~~SEC. 7:~~

9 *SEC. 8.* Section 4800 of the Business and Professions Code is  
10 amended to read:

11 4800. (a) There is in the Department of Consumer Affairs a  
12 Veterinary Medical Board in which the administration of this  
13 chapter is vested. The board consists of the following members:

14 (1) Four licensed veterinarians.

15 (2) One registered veterinary technician.

16 (3) Three public members.

17 (b) This section shall remain in effect only until January 1, 2021,  
18 and as of that date is repealed.

19 (c) Notwithstanding any other law, the repeal of this section  
20 renders the board subject to review by the appropriate policy  
21 committees of the Legislature. However, the review of the board  
22 shall be limited to those issues identified by the appropriate policy  
23 committees of the Legislature and shall not involve the preparation  
24 or submission of a sunset review document or evaluative  
25 questionnaire.

26 ~~SEC. 8:~~

27 *SEC. 9.* Section 4804.5 of the Business and Professions Code  
28 is amended to read:

29 4804.5. (a) The board may appoint a person exempt from civil  
30 service who shall be designated as an executive officer and who  
31 shall exercise the powers and perform the duties delegated by the  
32 board and vested in him or her by this chapter.

33 (b) This section shall remain in effect only until January 1, 2021,  
34 and as of that date is repealed.

35 ~~SEC. 9. Section 4825.1 of the Business and Professions Code~~  
36 ~~is amended to read:~~

37 ~~4825.1. These definitions shall govern the construction of this~~  
38 ~~chapter as it applies to veterinary medicine.~~

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1 (a) ~~“Diagnosis” means the act or process of identifying or~~  
2 ~~determining the health status of an animal through examination~~  
3 ~~and the opinion derived from that examination.~~

4 (b) ~~“Animal” means any member of the animal kingdom other~~  
5 ~~than humans, and includes fowl, fish, and reptiles, wild or~~  
6 ~~domestic, whether living or dead.~~

7 (c) ~~“Food animal” means any animal that is raised for the~~  
8 ~~production of an edible product intended for consumption by~~  
9 ~~humans. The edible product includes, but is not limited to, milk,~~  
10 ~~meat, and eggs. Food animal includes, but is not limited to, cattle~~  
11 ~~(beef or dairy), swine, sheep, poultry, fish, and amphibian species.~~

12 (d) ~~“Livestock” includes all animals, poultry, aquatic and~~  
13 ~~amphibian species that are raised, kept, or used for profit. It does~~  
14 ~~not include those species that are usually kept as pets such as dogs,~~  
15 ~~cats, and pet birds, or companion animals, including equines.~~

16 (e) ~~“Compounding,” for the purposes of veterinary medicine,~~  
17 ~~shall have the same meaning given in Section 1735 of Title 16 of~~  
18 ~~the California Code of Regulations, except that every reference~~  
19 ~~therein to “pharmacy” and “pharmacist” shall be replaced with~~  
20 ~~“veterinary premises” and “veterinarian,” and except that only a~~  
21 ~~licensed veterinarian or a licensed registered veterinarian technician~~  
22 ~~under direct supervision of a veterinarian may perform~~  
23 ~~compounding and shall not delegate to or supervise any part of~~  
24 ~~the performance of compounding by any other person.~~

25 ~~SEC. 10. Section 4826.3 is added to the Business and~~  
26 ~~Professions Code, to read:~~

27 ~~4826.3. (a) Notwithstanding Section 4051, a veterinarian or~~  
28 ~~registered veterinarian technician under the direct supervision of~~  
29 ~~a veterinarian with a current and active license may compound a~~  
30 ~~drug for anesthesia, the prevention, cure, or relief of a wound,~~  
31 ~~fracture, bodily injury, or disease of an animal in a premises~~  
32 ~~currently and actively registered with the board and only under~~  
33 ~~the following conditions:~~

34 (1) ~~Where there is no FDA-approved animal or human drug that~~  
35 ~~can be used as labeled or in an appropriate extralabel manner to~~  
36 ~~properly treat the disease, symptom, or condition for which the~~  
37 ~~drug is being prescribed.~~

38 (2) ~~Where the compounded drug is not available from a~~  
39 ~~compounding pharmacy, outsourcing facility, or other~~  
40 ~~compounding supplier in a dosage form and concentration to~~

1 appropriately treat the disease, symptom, or condition for which  
2 the drug is being prescribed.

3 ~~(3) Where the need and prescription for the compounded  
4 medication has arisen within an established  
5 veterinarian-client-patient relationship as a means to treat a specific  
6 occurrence of a disease, symptom, or condition observed and  
7 diagnosed by the veterinarian in a specific animal that threatens  
8 the health of the animal or will cause suffering or death if left  
9 untreated.~~

10 ~~(4) Where the quantity compounded does not exceed a quantity  
11 demonstrably needed to treat a patient with which the veterinarian  
12 has a current veterinarian-client-patient relationship.~~

13 ~~(5) Except as specified in subdivision (c), where the compound  
14 is prepared only with commercially available FDA-approved  
15 animal or human drugs as active ingredients.~~

16 ~~(b) A compounded veterinary drug may be prepared from an  
17 FDA-approved animal or human drug for extralabel use only when  
18 there is no approved animal or human drug that, when used as  
19 labeled or in an appropriate extralabel manner will, in the available  
20 dosage form and concentration, treat the disease, symptom, or  
21 condition. Compounding from an approved human drug for use  
22 in food-producing animals is not permitted if an approved animal  
23 drug can be used for compounding.~~

24 ~~(c) A compounded veterinary drug may be prepared from bulk  
25 drug substances only when:~~

26 ~~(1) The drug is compounded and dispensed by the veterinarian  
27 to treat an individually identified animal patient under his or her  
28 care.~~

29 ~~(2) The drug is not intended for use in food-producing animals.~~

30 ~~(3) If the drug contains a bulk drug substance that is a  
31 component of any marketed FDA-approved animal or human drug,  
32 there is a change between the compounded drug and the  
33 comparable marketed drug made for an individually identified  
34 animal patient that produces a clinical difference for that  
35 individually identified animal patient, as determined by the  
36 veterinarian prescribing the compounded drug for his or her patient.~~

37 ~~(4) There are no FDA-approved animal or human drugs that  
38 can be used as labeled or in an appropriate extralabel manner to  
39 properly treat the disease, symptom, or condition for which the  
40 drug is being prescribed.~~

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1 ~~(5) All bulk drug substances used in compounding are~~  
2 ~~manufactured by an establishment registered under Section 360~~  
3 ~~of Title 21 of the United States Code and are accompanied by a~~  
4 ~~valid certificate of analysis.~~

5 ~~(6) The drug is not sold or transferred by the veterinarian~~  
6 ~~compounding the drug, except that the veterinarian shall be~~  
7 ~~permitted to administer the drug to a patient under his or her care~~  
8 ~~or dispense it to the owner or caretaker of an animal under his or~~  
9 ~~her care.~~

10 ~~(7) Within 15 days of becoming aware of any product defect or~~  
11 ~~serious adverse event associated with any drug compounded by~~  
12 ~~the veterinarian from bulk drug substances, the veterinarian shall~~  
13 ~~report it to the federal Food and Drug Administration on Form~~  
14 ~~FDA 1932a.~~

15 ~~(8) In addition to any other requirements, the label of any~~  
16 ~~veterinary drug compounded from bulk drug substances shall~~  
17 ~~indicate the species of the intended animal patient, the name of~~  
18 ~~the animal patient, and the name of the owner or caretaker of the~~  
19 ~~patient.~~

20 ~~(d) Each compounded veterinary drug preparation shall meet~~  
21 ~~the labeling requirements of Section 4076 and Sections 1707.5~~  
22 ~~and 1735.4 of Title 16 of the California Code of Regulations,~~  
23 ~~except that every reference therein to “pharmacy” and “pharmacist”~~  
24 ~~shall be replaced by “veterinary premises” and “veterinarian,” and~~  
25 ~~any reference to “patient” shall be understood to refer to the animal~~  
26 ~~patient. In addition, each label on a compounded veterinary drug~~  
27 ~~preparation shall include withdrawal and holding times, if needed,~~  
28 ~~and the disease, symptom, or condition for which the drug is being~~  
29 ~~prescribed. Any compounded veterinary drug preparation that is~~  
30 ~~intended to be sterile, including for injection, administration into~~  
31 ~~the eye, or inhalation, shall in addition meet the labeling~~  
32 ~~requirements of Section 1751.2 of Title 16 of the California Code~~  
33 ~~of Regulations, except that every reference therein to “pharmacy”~~  
34 ~~and “pharmacist” shall be replaced by “veterinary premises” and~~  
35 ~~“veterinarian,” and any reference to “patient” shall be understood~~  
36 ~~to refer to the animal patient.~~

37 ~~(e) Any veterinarian, registered veterinarian technician who is~~  
38 ~~under the direct supervision of a veterinarian, and veterinary~~  
39 ~~premises engaged in compounding shall meet the compounding~~  
40 ~~requirements for pharmacies and pharmacists stated by the~~

1 provisions of Article 4.5 (commencing with Section 1735) of Title  
2 16 of the California Code of Regulations, except that every  
3 reference therein to “pharmacy” and “pharmacist” shall be replaced  
4 by “veterinary premises” and “veterinarian,” and any reference to  
5 “patient” shall be understood to refer to the animal patient:

6 ~~(1) Section 1735.1 of Title 16 of the California Code of  
7 Regulations.~~

8 ~~(2) Subdivisions (d),(e), (f), (g), (h), (i), (j), (k), and (l) of  
9 Section 1735.2 of Title 16 of the California Code of Regulations.~~

10 ~~(3) Section 1735.3 of Title 16 of the California Code of  
11 Regulations, except that only a licensed veterinarian or registered  
12 veterinarian technician may perform compounding and shall not  
13 delegate to or supervise any part of the performance of  
14 compounding by any other person.~~

15 ~~(4) Section 1735.4 of Title 16 of the California Code of  
16 Regulations.~~

17 ~~(5) Section 1735.5 of Title 16 of the California Code of  
18 Regulations.~~

19 ~~(6) Section 1735.6 of Title 16 of the California Code of  
20 Regulations.~~

21 ~~(7) Section 1735.7 of Title 16 of the California Code of  
22 Regulations.~~

23 ~~(8) Section 1735.8 of Title 16 of the California Code of  
24 Regulations.~~

25 ~~(f) Any veterinarian, registered veterinarian technician under  
26 the direct supervision of a veterinarian, and veterinary premises  
27 engaged in sterile compounding shall meet the sterile compounding  
28 requirements for pharmacies and pharmacists under Article 7  
29 (commencing with Section 1751) of Title 16 of the California Code  
30 of Regulations, except that every reference therein to “pharmacy”  
31 and “pharmacist” shall be replaced by “veterinary premises” and  
32 “veterinarian,” and any reference to “patient” shall be understood  
33 to refer to the animal patient.~~

34 ~~(g) The California State Board of Pharmacy shall have authority  
35 with the board to ensure compliance with this section and shall  
36 have the right to inspect any veterinary premises engaged in  
37 compounding, along with or separate from the board, to ensure  
38 compliance with this section. The board is specifically charged  
39 with enforcing this section with regard to its licensees.~~

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1 ~~SEC. 11. Section 4826.5 is added to the Business and~~  
2 ~~Professions Code, to read:~~

3 ~~4826.5. Failure by a licensed veterinarian, registered~~  
4 ~~veterinarian technician, or veterinary premises to comply with the~~  
5 ~~provisions of this article shall be deemed unprofessional conduct~~  
6 ~~and constitute grounds for discipline.~~

7 ~~SEC. 12. Section 4826.7 is added to the Business and~~  
8 ~~Professions Code, to read:~~

9 ~~4826.7. The board may adopt regulations to implement the~~  
10 ~~provisions of this article.~~

11 *SEC. 10. Section 4826.5 is added to the Business and*  
12 *Professions Code, to read:*

13 *4826.5. Notwithstanding any other law, a licensed veterinarian*  
14 *or a registered veterinary technician under the supervision of a*  
15 *licensed veterinarian may compound drugs for animal use pursuant*  
16 *to Section 530 of Title 21 of the Code of Federal Regulations and*  
17 *in accordance with regulations promulgated by the board. The*  
18 *regulations promulgated by the board shall, at a minimum, address*  
19 *the storage of drugs, the level and type of supervision required for*  
20 *compounding drugs by a registered veterinary technician, and the*  
21 *equipment necessary for the safe compounding of drugs. Any*  
22 *violation of the regulations adopted by the board pursuant to this*  
23 *section shall constitute grounds for an enforcement or disciplinary*  
24 *action.*

25 ~~SEC. 13.~~

26 *SEC. 11. Section 4830 of the Business and Professions Code*  
27 *is amended to read:*

28 4830. (a) This chapter does not apply to:

29 (1) Veterinarians while serving in any armed branch of the  
30 military service of the United States or the United States  
31 Department of Agriculture while actually engaged and employed  
32 in their official capacity.

33 (2) Regularly licensed veterinarians in actual consultation from  
34 other states.

35 (3) Regularly licensed veterinarians actually called from other  
36 states to attend cases in this state, but who do not open an office  
37 or appoint a place to do business within this state.

38 (4) Students in the School of Veterinary Medicine of the  
39 University of California or the College of Veterinary Medicine of  
40 the Western University of Health Sciences who participate in

1 diagnosis and treatment as part of their educational experience,  
2 including those in off-campus educational programs under the  
3 direct supervision of a licensed veterinarian in good standing, as  
4 defined in paragraph (1) of subdivision (b) of Section 4848,  
5 appointed by the University of California, Davis, or the Western  
6 University of Health Sciences.

7 (5) A veterinarian who is employed by the Meat and Poultry  
8 Inspection Branch of the California Department of Food and  
9 Agriculture while actually engaged and employed in his or her  
10 official capacity. A person exempt under this paragraph shall not  
11 otherwise engage in the practice of veterinary medicine unless he  
12 or she is issued a license by the board.

13 (6) Unlicensed personnel employed by the Department of Food  
14 and Agriculture or the United States Department of Agriculture  
15 when in the course of their duties they are directed by a veterinarian  
16 supervisor to conduct an examination, obtain biological specimens,  
17 apply biological tests, or administer medications or biological  
18 products as part of government disease or condition monitoring,  
19 investigation, control, or eradication activities.

20 (b) (1) For purposes of paragraph (3) of subdivision (a), a  
21 regularly licensed veterinarian in good standing who is called from  
22 another state by a law enforcement agency or animal control  
23 agency, as defined in Section 31606 of the Food and Agricultural  
24 Code, to attend to cases that are a part of an investigation of an  
25 alleged violation of federal or state animal fighting or animal  
26 cruelty laws within a single geographic location shall be exempt  
27 from the licensing requirements of this chapter if the law  
28 enforcement agency or animal control agency determines that it  
29 is necessary to call the veterinarian in order for the agency or  
30 officer to conduct the investigation in a timely, efficient, and  
31 effective manner. In determining whether it is necessary to call a  
32 veterinarian from another state, consideration shall be given to the  
33 availability of veterinarians in this state to attend to these cases.  
34 An agency, department, or officer that calls a veterinarian pursuant  
35 to this subdivision shall notify the board of the investigation.

36 (2) Notwithstanding any other provision of this chapter, a  
37 regularly licensed veterinarian in good standing who is called from  
38 another state to attend to cases that are a part of an investigation  
39 described in paragraph (1) may provide veterinary medical care  
40 for animals that are affected by the investigation with a temporary

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1 shelter facility, and the temporary shelter facility shall be exempt  
2 from the registration requirement of Section 4853 if all of the  
3 following conditions are met:

4 (A) The temporary shelter facility is established only for the  
5 purpose of the investigation.

6 (B) The temporary shelter facility provides veterinary medical  
7 care, shelter, food, and water only to animals that are affected by  
8 the investigation.

9 (C) The temporary shelter facility complies with Section 4854.

10 (D) The temporary shelter facility exists for not more than 60  
11 days, unless the law enforcement agency or animal control agency  
12 determines that a longer period of time is necessary to complete  
13 the investigation.

14 (E) Within 30 calendar days upon completion of the provision  
15 of veterinary health care services at a temporary shelter facility  
16 established pursuant to this section, the veterinarian called from  
17 another state by a law enforcement agency or animal control agency  
18 to attend to a case shall file a report with the board. The report  
19 shall contain the date, place, type, and general description of the  
20 care provided, along with a listing of the veterinary health care  
21 practitioners who participated in providing that care.

22 (c) For purposes of paragraph (3) of subdivision (a), the board  
23 may inspect temporary facilities established pursuant to this  
24 section.

25 ~~SEC. 14.~~

26 *SEC. 12.* Section 4846.5 of the Business and Professions Code  
27 is amended to read:

28 4846.5. (a) Except as provided in this section, the board shall  
29 issue renewal licenses only to those applicants that have completed  
30 a minimum of 36 hours of continuing education in the preceding  
31 two years.

32 (b) (1) Notwithstanding any other law, continuing education  
33 hours shall be earned by attending courses relevant to veterinary  
34 medicine and sponsored or cosponsored by any of the following:

35 (A) American Veterinary Medical Association (AVMA)  
36 accredited veterinary medical colleges.

37 (B) Accredited colleges or universities offering programs  
38 relevant to veterinary medicine.

39 (C) The American Veterinary Medical Association.

1 (D) American Veterinary Medical Association recognized  
2 specialty or affiliated allied groups.

3 (E) American Veterinary Medical Association's affiliated state  
4 veterinary medical associations.

5 (F) Nonprofit annual conferences established in conjunction  
6 with state veterinary medical associations.

7 (G) Educational organizations affiliated with the American  
8 Veterinary Medical Association or its state affiliated veterinary  
9 medical associations.

10 (H) Local veterinary medical associations affiliated with the  
11 California Veterinary Medical Association.

12 (I) Federal, state, or local government agencies.

13 (J) Providers accredited by the Accreditation Council for  
14 Continuing Medical Education (ACCME) or approved by the  
15 American Medical Association (AMA), providers recognized by  
16 the American Dental Association Continuing Education  
17 Recognition Program (ADA CERP), and AMA or ADA affiliated  
18 state, local, and specialty organizations.

19 (2) Continuing education credits shall be granted to those  
20 veterinarians taking self-study courses, which may include, but  
21 are not limited to, reading journals, viewing video recordings, or  
22 listening to audio recordings. The taking of these courses shall be  
23 limited to no more than six hours biennially.

24 (3) The board may approve other continuing veterinary medical  
25 education providers not specified in paragraph (1).

26 (A) The board has the authority to recognize national continuing  
27 education approval bodies for the purpose of approving continuing  
28 education providers not specified in paragraph (1).

29 (B) Applicants seeking continuing education provider approval  
30 shall have the option of applying to the board or to a  
31 board-recognized national approval body.

32 (4) For good cause, the board may adopt an order specifying,  
33 on a prospective basis, that a provider of continuing veterinary  
34 medical education authorized pursuant to paragraph (1) or (3) is  
35 no longer an acceptable provider.

36 (5) Continuing education hours earned by attending courses  
37 sponsored or cosponsored by those entities listed in paragraph (1)  
38 between January 1, 2000, and January 1, 2001, shall be credited  
39 toward a veterinarian's continuing education requirement under  
40 this section.

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1 (c) Every person renewing his or her license issued pursuant to  
2 Section 4846.4, or any person applying for relicensure or for  
3 reinstatement of his or her license to active status, shall submit  
4 proof of compliance with this section to the board certifying that  
5 he or she is in compliance with this section. Any false statement  
6 submitted pursuant to this section shall be a violation subject to  
7 Section 4831.

8 (d) This section shall not apply to a veterinarian's first license  
9 renewal. This section shall apply only to second and subsequent  
10 license renewals granted on or after January 1, 2002.

11 (e) The board shall have the right to audit the records of all  
12 applicants to verify the completion of the continuing education  
13 requirement. Applicants shall maintain records of completion of  
14 required continuing education coursework for a period of four  
15 years and shall make these records available to the board for  
16 auditing purposes upon request. If the board, during this audit,  
17 questions whether any course reported by the veterinarian satisfies  
18 the continuing education requirement, the veterinarian shall provide  
19 information to the board concerning the content of the course; the  
20 name of its sponsor and cosponsor, if any; and specify the specific  
21 curricula that was of benefit to the veterinarian.

22 (f) A veterinarian desiring an inactive license or to restore an  
23 inactive license under Section 701 shall submit an application on  
24 a form provided by the board. In order to restore an inactive license  
25 to active status, the veterinarian shall have completed a minimum  
26 of 36 hours of continuing education within the last two years  
27 preceding application. The inactive license status of a veterinarian  
28 shall not deprive the board of its authority to institute or continue  
29 a disciplinary action against a licensee.

30 (g) Knowing misrepresentation of compliance with this article  
31 by a veterinarian constitutes unprofessional conduct and grounds  
32 for disciplinary action or for the issuance of a citation and the  
33 imposition of a civil penalty pursuant to Section 4883.

34 (h) The board, in its discretion, may exempt from the continuing  
35 education requirement any veterinarian who for reasons of health,  
36 military service, or undue hardship cannot meet those requirements.  
37 Applications for waivers shall be submitted on a form provided  
38 by the board.

39 (i) The administration of this section may be funded through  
40 professional license and continuing education provider fees. The

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1 fees related to the administration of this section shall not exceed  
2 the costs of administering the corresponding provisions of this  
3 section.

4 (j) For those continuing education providers not listed in  
5 paragraph (1) of subdivision (b), the board or its recognized  
6 national approval agent shall establish criteria by which a provider  
7 of continuing education shall be approved. The board shall initially  
8 review and approve these criteria and may review the criteria as  
9 needed. The board or its recognized agent shall monitor, maintain,  
10 and manage related records and data. The board may impose an  
11 application fee, not to exceed two hundred dollars (\$200)  
12 biennially, for continuing education providers not listed in  
13 paragraph (1) of subdivision (b).

14 (k) (1) Beginning January 1, 2018, a licensed veterinarian who  
15 renews his or her license shall complete a minimum of one credit  
16 hour of continuing education on the judicious use of medically  
17 important antimicrobial drugs every four years as part of his or  
18 her continuing education requirements.

19 (2) For purposes of this subdivision, “medically important  
20 antimicrobial drug” means an antimicrobial drug listed in Appendix  
21 A of the federal Food and Drug Administration’s Guidance for  
22 Industry #152, including critically important, highly important,  
23 and important antimicrobial drugs, as that appendix may be  
24 amended.

25 ~~SEC. 15.~~

26 *SEC. 13.* Section 4848.1 is added to the Business and  
27 Professions Code, to read:

28 4848.1. (a) A veterinarian engaged in the practice of veterinary  
29 medicine, as defined in Section 4826, employed by the University  
30 of California ~~while and~~ engaged in the performance of duties in  
31 connection with the School of Veterinary Medicine or employed  
32 by the Western University of Health Sciences ~~while and~~ engaged  
33 in the performance of duties in connection with the College of  
34 Veterinary Medicine shall be ~~licensed in California or shall hold~~  
35 *issued* a university license ~~issued by the board. pursuant to this~~  
36 *section or hold a license to practice veterinary medicine in this*  
37 *state.*

38 (b) ~~An applicant is eligible to hold~~ *individual may apply for and*  
39 *be issued* a university license if all of the following are satisfied:

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1 (1) ~~The applicant~~ *He or she* is currently employed by the  
2 University of California or Western University of Health Sciences  
3 *Sciences*, as defined in subdivision (a).

4 (2) ~~Passes~~ *He or she passes* an examination concerning the  
5 statutes and regulations of the Veterinary Medicine Practice Act,  
6 administered by the board, pursuant to subparagraph (C) of  
7 paragraph (2) of subdivision (a) of Section 4848.

8 (3) ~~Successfully~~ *He or she successfully* completes the approved  
9 educational curriculum described in paragraph (5) of subdivision  
10 (b) of Section 4848 on regionally specific and important diseases  
11 and conditions.

12 (4) *He or she completes and submits the application specified*  
13 *by the board and pays the application fee, pursuant to subdivision*  
14 *(g) of Section 4905, and the initial license fee, pursuant to*  
15 *subdivision (h) of Section 4905.*

16 (c) A university license:

17 (1) Shall be numbered as described in Section 4847.

18 (2) Shall *automatically* cease to be valid upon termination *or*  
19 *cessation* of employment by the University of California or by the  
20 Western University of Health Sciences.

21 (3) Shall be subject to the license renewal provisions in Section  
22 ~~4846.4.~~ *4846.4* and the payment of the renewal fee pursuant to  
23 *subdivision (i) of Section 4905.*

24 (4) Shall be subject to denial, revocation, or suspension pursuant  
25 to Sections ~~4875 and 4883.~~ *480, 4875, and 4883.*

26 (5) *Authorizes the holder to practice veterinary medicine only*  
27 *at the educational institution described in subdivision (a) and any*  
28 *locations formally affiliated with those institutions.*

29 (d) An individual who holds a university license is exempt from  
30 satisfying the license renewal requirements of Section 4846.5.

31 ~~SEC. 16.~~

32 *SEC. 14.* Section 4853.7 is added to the Business and  
33 Professions Code, to read:

34 4853.7. A premise registration that is not renewed within five  
35 years after its expiration may not be renewed and shall not be  
36 restored, reissued, or reinstated thereafter. However, an application  
37 for a new premise registration may be submitted and obtained if  
38 both of the following conditions are met:

39 (a) No fact, circumstance, or condition exists that, if the premise  
40 registration was issued, would justify its revocation or suspension.

1 (b) All of the fees that would be required for the initial premise  
2 registration are paid at the time of application.

3 *SEC. 15. Section 4904 of the Business and Professions Code*  
4 *is amended to read:*

5 4904. All fees collected on behalf of the board and all receipts  
6 of every kind and nature shall be reported each month for the month  
7 preceding to the State Controller and at the same time the entire  
8 amount shall be paid into the State Treasury and shall be credited  
9 to the Veterinary Medical Board Contingent Fund. This contingent  
10 fund shall be *available, upon appropriation by the Legislature,*  
11 *for the use of the Veterinary Medical Board and out of it and not*  
12 ~~otherwise shall be paid all expenses of the board.~~ *Board.*

13 *SEC. 16. Section 4905 of the Business and Professions Code*  
14 *is amended to read:*

15 4905. The following fees shall be collected by the board and  
16 shall be credited to the Veterinary Medical Board Contingent Fund:

17 (a) The fee for filing an application for examination shall be set  
18 by the board in an amount it determines is reasonably necessary  
19 to provide sufficient funds to carry out the purpose of this chapter,  
20 not to exceed three hundred fifty dollars (\$350).

21 (b) The fee for the California state board examination shall be  
22 set by the board in an amount it determines is reasonably necessary  
23 to provide sufficient funds to carry out the purpose of this chapter,  
24 not to exceed three hundred fifty dollars (\$350).

25 (c) The fee for the Veterinary Medicine Practice Act  
26 examination shall be set by the board in an amount it determines  
27 reasonably necessary to provide sufficient funds to carry out the  
28 purpose of this chapter, not to exceed one hundred dollars (\$100).

29 (d) The initial license fee shall be set by the board not to exceed  
30 five hundred dollars (\$500) except that, if the license is issued less  
31 than one year before the date on which it will expire, then the fee  
32 shall be set by the board at not to exceed two hundred fifty dollars  
33 (\$250). The board may, by appropriate regulation, provide for the  
34 waiver or refund of the initial license fee where the license is issued  
35 less than 45 days before the date on which it will expire.

36 (e) The renewal fee shall be set by the board for each biennial  
37 renewal period in an amount it determines is reasonably necessary  
38 to provide sufficient funds to carry out the purpose of this chapter,  
39 not to exceed five hundred dollars (\$500).

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1 (f) The temporary license fee shall be set by the board in an  
2 amount it determines is reasonably necessary to provide sufficient  
3 funds to carry out the purpose of this chapter, not to exceed two  
4 hundred fifty dollars (\$250).

5 (g) *The fee for filing an application for a university license shall*  
6 *be one hundred twenty-five dollars (\$125), which may be revised*  
7 *by the board in regulation but shall not exceed three hundred fifty*  
8 *dollars (\$350).*

9 (h) *The initial license fee for a university license shall be two*  
10 *hundred ninety dollars (\$290), which may be revised by the board*  
11 *in regulation but shall not exceed five hundred dollars (\$500).*

12 (i) *The biennial renewal fee for a university license shall be two*  
13 *hundred ninety dollars (\$290), which may be revised by the board*  
14 *in regulation but shall not exceed five hundred dollars (\$500).*

15 ~~(g)~~

16 (j) The delinquency fee shall be set by the board, not to exceed  
17 fifty dollars (\$50).

18 ~~(h)~~

19 (k) The fee for issuance of a duplicate license is twenty-five  
20 dollars (\$25).

21 ~~(i)~~

22 (l) Any charge made for duplication or other services shall be  
23 set at the cost of rendering the service, except as specified in  
24 subdivision~~(h)~~: (k).

25 ~~(j)~~

26 (m) The fee for failure to report a change in the mailing address  
27 is twenty-five dollars (\$25).

28 ~~(k)~~

29 (n) The initial and annual renewal fees for registration of  
30 veterinary premises shall be set by the board in an amount not to  
31 exceed four hundred dollars (\$400) annually.

32 ~~(l)~~

33 (o) If the money transferred from the Veterinary Medical Board  
34 Contingent Fund to the General Fund pursuant to the Budget Act  
35 of 1991 is redeposited into the Veterinary Medical Board  
36 Contingent Fund, the fees assessed by the board shall be reduced  
37 correspondingly. However, the reduction shall not be so great as  
38 to cause the Veterinary Medical Board Contingent Fund to have  
39 a reserve of less than three months of annual authorized board  
40 expenditures. The fees set by the board shall not result in a

1 Veterinary Medical Board Contingent Fund reserve of more than  
2 10 months of annual authorized board expenditures.

3 SEC. 17. Section 825 of the Government Code is amended to  
4 read:

5 825. (a) Except as otherwise provided in this section, if an  
6 employee or former employee of a public entity requests the public  
7 entity to defend him or her against any claim or action against him  
8 or her for an injury arising out of an act or omission occurring  
9 within the scope of his or her employment as an employee of the  
10 public entity and the request is made in writing not less than 10  
11 days before the day of trial, and the employee or former employee  
12 reasonably cooperates in good faith in the defense of the claim or  
13 action, the public entity shall pay any judgment based thereon or  
14 any compromise or settlement of the claim or action to which the  
15 public entity has agreed.

16 If the public entity conducts the defense of an employee or  
17 former employee against any claim or action with his or her  
18 reasonable good-faith cooperation, the public entity shall pay any  
19 judgment based thereon or any compromise or settlement of the  
20 claim or action to which the public entity has agreed. However,  
21 where the public entity conducted the defense pursuant to an  
22 agreement with the employee or former employee reserving the  
23 rights of the public entity not to pay the judgment, compromise,  
24 or settlement until it is established that the injury arose out of an  
25 act or omission occurring within the scope of his or her  
26 employment as an employee of the public entity, the public entity  
27 is required to pay the judgment, compromise, or settlement only  
28 if it is established that the injury arose out of an act or omission  
29 occurring in the scope of his or her employment as an employee  
30 of the public entity.

31 Nothing in this section authorizes a public entity to pay that part  
32 of a claim or judgment that is for punitive or exemplary damages.

33 (b) Notwithstanding subdivision (a) or any other provision of  
34 law, a public entity is authorized to pay that part of a judgment  
35 that is for punitive or exemplary damages if the governing body  
36 of that public entity, acting in its sole discretion except in cases  
37 involving an entity of the state government, finds all of the  
38 following:

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1 (1) The judgment is based on an act or omission of an employee  
2 or former employee acting within the course and scope of his or  
3 her employment as an employee of the public entity.

4 (2) At the time of the act giving rise to the liability, the employee  
5 or former employee acted, or failed to act, in good faith, without  
6 actual malice and in the apparent best interests of the public entity.

7 (3) Payment of the claim or judgment would be in the best  
8 interests of the public entity.

9 As used in this subdivision with respect to an entity of state  
10 government, “a decision of the governing body” means the  
11 approval of the Legislature for payment of that part of a judgment  
12 that is for punitive damages or exemplary damages, upon  
13 recommendation of the appointing power of the employee or  
14 former employee, based upon the finding by the Legislature and  
15 the appointing authority of the existence of the three conditions  
16 for payment of a punitive or exemplary damages claim. The  
17 provisions of subdivision (a) of Section 965.6 shall apply to the  
18 payment of any claim pursuant to this subdivision.

19 The discovery of the assets of a public entity and the introduction  
20 of evidence of the assets of a public entity shall not be permitted  
21 in an action in which it is alleged that a public employee is liable  
22 for punitive or exemplary damages.

23 The possibility that a public entity may pay that part of a  
24 judgment that is for punitive damages shall not be disclosed in any  
25 trial in which it is alleged that a public employee is liable for  
26 punitive or exemplary damages, and that disclosure shall be  
27 grounds for a mistrial.

28 (c) Except as provided in subdivision (d), if the provisions of  
29 this section are in conflict with the provisions of a memorandum  
30 of understanding reached pursuant to Chapter 10 (commencing  
31 with Section 3500) of Division 4 of Title 1, the memorandum of  
32 understanding shall be controlling without further legislative action,  
33 except that if those provisions of a memorandum of understanding  
34 require the expenditure of funds, the provisions shall not become  
35 effective unless approved by the Legislature in the annual Budget  
36 Act.

37 (d) The subject of payment of punitive damages pursuant to this  
38 section or any other provision of law shall not be a subject of meet  
39 and confer under the provisions of Chapter 10 (commencing with

1 Section 3500) of Division 4 of Title 1, or pursuant to any other  
2 law or authority.

3 (e) Nothing in this section shall affect the provisions of Section  
4 818 prohibiting the award of punitive damages against a public  
5 entity. This section shall not be construed as a waiver of a public  
6 entity's immunity from liability for punitive damages under Section  
7 1981, 1983, or 1985 of Title 42 of the United States Code.

8 (f) (1) Except as provided in paragraph (2), a public entity shall  
9 not pay a judgment, compromise, or settlement arising from a  
10 claim or action against an elected official, if the claim or action is  
11 based on conduct by the elected official by way of tortiously  
12 intervening or attempting to intervene in, or by way of tortiously  
13 influencing or attempting to influence the outcome of, any judicial  
14 action or proceeding for the benefit of a particular party by  
15 contacting the trial judge or any commissioner, court-appointed  
16 arbitrator, court-appointed mediator, or court-appointed special  
17 referee assigned to the matter, or the court clerk, bailiff, or marshal  
18 after an action has been filed, unless he or she was counsel of  
19 record acting lawfully within the scope of his or her employment  
20 on behalf of that party. Notwithstanding Section 825.6, if a public  
21 entity conducted the defense of an elected official against such a  
22 claim or action and the elected official is found liable by the trier  
23 of fact, the court shall order the elected official to pay to the public  
24 entity the cost of that defense.

25 (2) If an elected official is held liable for monetary damages in  
26 the action, the plaintiff shall first seek recovery of the judgment  
27 against the assets of the elected official. If the elected official's  
28 assets are insufficient to satisfy the total judgment, as determined  
29 by the court, the public entity may pay the deficiency if the public  
30 entity is authorized by law to pay that judgment.

31 (3) To the extent the public entity pays any portion of the  
32 judgment or is entitled to reimbursement of defense costs pursuant  
33 to paragraph (1), the public entity shall pursue all available  
34 creditor's remedies against the elected official, including  
35 garnishment, until that party has fully reimbursed the public entity.

36 (4) This subdivision shall not apply to any criminal or civil  
37 enforcement action brought in the name of the people of the State  
38 of California by an elected district attorney, city attorney, or  
39 attorney general.

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1 (g) Notwithstanding subdivision (a), a public entity shall pay  
2 for a judgment or settlement for treble damage antitrust awards  
3 against a member of a regulatory board for an act or omission  
4 occurring within the scope of his or her employment as a member  
5 of a regulatory board.

6 (h) *Treble damages awarded pursuant to the federal Clayton*  
7 *Act (Sections 12 to 27 of Title 15 of, and Sections 52 to 53 of Title*  
8 *29 of, the United States Code) for a violation of the federal*  
9 *Sherman Act (Sections 1 to 6, 6a, and 7 of Title 15 of the United*  
10 *States Code) are not punitive or exemplary damages under the*  
11 *Government Claims Act (Division 3.6 (commencing with Section*  
12 *810) of Title 1 of the Government Code) for purposes of this*  
13 *section.*

14 SEC. 18. Section 11346.5 of the Government Code is amended  
15 to read:

16 11346.5. (a) The notice of proposed adoption, amendment, or  
17 repeal of a regulation shall include the following:

18 (1) A statement of the time, place, and nature of proceedings  
19 for adoption, amendment, or repeal of the regulation.

20 (2) Reference to the authority under which the regulation is  
21 proposed and a reference to the particular code sections or other  
22 provisions of law that are being implemented, interpreted, or made  
23 specific.

24 (3) An informative digest drafted in plain English in a format  
25 similar to the Legislative Counsel's digest on legislative bills. The  
26 informative digest shall include the following:

27 (A) A concise and clear summary of existing laws and  
28 regulations, if any, related directly to the proposed action and of  
29 the effect of the proposed action.

30 (B) If the proposed action differs substantially from an existing  
31 comparable federal regulation or statute, a brief description of the  
32 significant differences and the full citation of the federal regulations  
33 or statutes.

34 (C) A policy statement overview explaining the broad objectives  
35 of the regulation and the specific benefits anticipated by the  
36 proposed adoption, amendment, or repeal of a regulation, including,  
37 to the extent applicable, nonmonetary benefits such as the  
38 protection of public health and safety, worker safety, or the  
39 environment, the prevention of discrimination, the promotion of

1 fairness or social equity, and the increase in openness and  
2 transparency in business and government, among other things.

3 (D) An evaluation of whether the proposed regulation is  
4 inconsistent or incompatible with existing state regulations.

5 (4) Any other matters as are prescribed by statute applicable to  
6 the specific state agency or to any specific regulation or class of  
7 regulations.

8 (5) A determination as to whether the regulation imposes a  
9 mandate on local agencies or school districts and, if so, whether  
10 the mandate requires state reimbursement pursuant to Part 7  
11 (commencing with Section 17500) of Division 4.

12 (6) An estimate, prepared in accordance with instructions  
13 adopted by the Department of Finance, of the cost or savings to  
14 any state agency, the cost to any local agency or school district  
15 that is required to be reimbursed under Part 7 (commencing with  
16 Section 17500) of Division 4, other nondiscretionary cost or  
17 savings imposed on local agencies, and the cost or savings in  
18 federal funding to the state.

19 For purposes of this paragraph, “cost or savings” means  
20 additional costs or savings, both direct and indirect, that a public  
21 agency necessarily incurs in reasonable compliance with  
22 regulations.

23 (7) If a state agency, in proposing to adopt, amend, or repeal  
24 any administrative regulation, makes an initial determination that  
25 the action may have a significant, statewide adverse economic  
26 impact directly affecting business, including the ability of  
27 California businesses to compete with businesses in other states,  
28 it shall include the following information in the notice of proposed  
29 action:

30 (A) Identification of the types of businesses that would be  
31 affected.

32 (B) A description of the projected reporting, recordkeeping, and  
33 other compliance requirements that would result from the proposed  
34 action.

35 (C) The following statement: “The (name of agency) has made  
36 an initial determination that the (adoption/amendment/repeal) of  
37 this regulation may have a significant, statewide adverse economic  
38 impact directly affecting business, including the ability of  
39 California businesses to compete with businesses in other states.  
40 The (name of agency) (has/has not) considered proposed

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1 alternatives that would lessen any adverse economic impact on  
2 business and invites you to submit proposals. Submissions may  
3 include the following considerations:

4 (i) The establishment of differing compliance or reporting  
5 requirements or timetables that take into account the resources  
6 available to businesses.

7 (ii) Consolidation or simplification of compliance and reporting  
8 requirements for businesses.

9 (iii) The use of performance standards rather than prescriptive  
10 standards.

11 (iv) Exemption or partial exemption from the regulatory  
12 requirements for businesses.”

13 (8) If a state agency, in adopting, amending, or repealing any  
14 administrative regulation, makes an initial determination that the  
15 action will not have a significant, statewide adverse economic  
16 impact directly affecting business, including the ability of  
17 California businesses to compete with businesses in other states,  
18 it shall make a declaration to that effect in the notice of proposed  
19 action. In making this declaration, the agency shall provide in the  
20 record facts, evidence, documents, testimony, or other evidence  
21 upon which the agency relies to support its initial determination.

22 An agency’s initial determination and declaration that a proposed  
23 adoption, amendment, or repeal of a regulation may have or will  
24 not have a significant, adverse impact on businesses, including the  
25 ability of California businesses to compete with businesses in other  
26 states, shall not be grounds for the office to refuse to publish the  
27 notice of proposed action.

28 (9) A description of all cost impacts, known to the agency at  
29 the time the notice of proposed action is submitted to the office,  
30 that a representative private person or business would necessarily  
31 incur in reasonable compliance with the proposed action.

32 If no cost impacts are known to the agency, it shall state the  
33 following:

34 “The agency is not aware of any cost impacts that a  
35 representative private person or business would necessarily incur  
36 in reasonable compliance with the proposed action.”

37 (10) A statement of the results of the economic impact  
38 assessment required by subdivision (b) of Section 11346.3 or the  
39 standardized regulatory impact analysis if required by subdivision  
40 (c) of Section 11346.3, a summary of any comments submitted to

1 the agency pursuant to subdivision (f) of Section 11346.3 and the  
2 agency's response to those comments.

3 (11) The finding prescribed by subdivision (d) of Section  
4 11346.3, if required.

5 (12) (A) A statement that the action would have a significant  
6 effect on housing costs, if a state agency, in adopting, amending,  
7 or repealing any administrative regulation, makes an initial  
8 determination that the action would have that effect.

9 (B) The agency officer designated in paragraph (15) shall make  
10 available to the public, upon request, the agency's evaluation, if  
11 any, of the effect of the proposed regulatory action on housing  
12 costs.

13 (C) The statement described in subparagraph (A) shall also  
14 include the estimated costs of compliance and potential benefits  
15 of a building standard, if any, that were included in the initial  
16 statement of reasons.

17 (D) For purposes of model codes adopted pursuant to Section  
18 18928 of the Health and Safety Code, the agency shall comply  
19 with the requirements of this paragraph only if an interested party  
20 has made a request to the agency to examine a specific section for  
21 purposes of estimating the costs of compliance and potential  
22 benefits for that section, as described in Section 11346.2.

23 (13) ~~If the regulatory action is submitted by a state board on  
24 which a controlling number of decisionmakers are active market  
25 participants in the market the board regulates, a statement that the  
26 adopting agency has evaluated the impact of the proposed  
27 regulation on competition, and that the proposed regulation furthers  
28 a clearly articulated and affirmatively expressed state law to restrain  
29 competition.~~ *board within the Department of Consumer Affairs,  
30 a statement that the Director of Consumer Affairs has reviewed  
31 the proposed regulation and determined that the proposed  
32 regulation furthers state law.*

33 (14) A statement that the adopting agency must determine that  
34 no reasonable alternative considered by the agency or that has  
35 otherwise been identified and brought to the attention of the agency  
36 would be more effective in carrying out the purpose for which the  
37 action is proposed, would be as effective and less burdensome to  
38 affected private persons than the proposed action, or would be  
39 more cost effective to affected private persons and equally effective  
40 in implementing the statutory policy or other provision of law. For

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1 a major regulation, as defined by Section 11342.548, proposed on  
2 or after November 1, 2013, the statement shall be based, in part,  
3 upon the standardized regulatory impact analysis of the proposed  
4 regulation, as required by Section 11346.3, as well as upon the  
5 benefits of the proposed regulation identified pursuant to  
6 subparagraph (C) of paragraph (3).

7 (15) The name and telephone number of the agency  
8 representative and designated backup contact person to whom  
9 inquiries concerning the proposed administrative action may be  
10 directed.

11 (16) The date by which comments submitted in writing must  
12 be received to present statements, arguments, or contentions in  
13 writing relating to the proposed action in order for them to be  
14 considered by the state agency before it adopts, amends, or repeals  
15 a regulation.

16 (17) Reference to the fact that the agency proposing the action  
17 has prepared a statement of the reasons for the proposed action,  
18 has available all the information upon which its proposal is based,  
19 and has available the express terms of the proposed action, pursuant  
20 to subdivision (b).

21 (18) A statement that if a public hearing is not scheduled, any  
22 interested person or his or her duly authorized representative may  
23 request, no later than 15 days prior to the close of the written  
24 comment period, a public hearing pursuant to Section 11346.8.

25 (19) A statement indicating that the full text of a regulation  
26 changed pursuant to Section 11346.8 will be available for at least  
27 15 days prior to the date on which the agency adopts, amends, or  
28 repeals the resulting regulation.

29 (20) A statement explaining how to obtain a copy of the final  
30 statement of reasons once it has been prepared pursuant to  
31 subdivision (a) of Section 11346.9.

32 (21) If the agency maintains an Internet Web site or other similar  
33 forum for the electronic publication or distribution of written  
34 material, a statement explaining how materials published or  
35 distributed through that forum can be accessed.

36 (22) If the proposed regulation is subject to Section 11346.6, a  
37 statement that the agency shall provide, upon request, a description  
38 of the proposed changes included in the proposed action, in the  
39 manner provided by Section 11346.6, to accommodate a person  
40 with a visual or other disability for which effective communication

1 is required under state or federal law and that providing the  
2 description of proposed changes may require extending the period  
3 of public comment for the proposed action.

4 (b) The agency representative designated in paragraph (15) of  
5 subdivision (a) shall make available to the public upon request the  
6 express terms of the proposed action. The representative shall also  
7 make available to the public upon request the location of public  
8 records, including reports, documentation, and other materials,  
9 related to the proposed action. If the representative receives an  
10 inquiry regarding the proposed action that the representative cannot  
11 answer, the representative shall refer the inquiry to another person  
12 in the agency for a prompt response.

13 (c) This section shall not be construed in any manner that results  
14 in the invalidation of a regulation because of the alleged inadequacy  
15 of the notice content or the summary or cost estimates, or the  
16 alleged inadequacy or inaccuracy of the housing cost estimates, if  
17 there has been substantial compliance with those requirements.

18 ~~SEC. 19. Section 11349 of the Government Code is amended~~  
19 ~~to read:~~

20 ~~11349. The following definitions govern the interpretation of~~  
21 ~~this chapter:~~

22 (a) ~~“Necessity” means the record of the rulemaking proceeding~~  
23 ~~demonstrates by substantial evidence the need for a regulation to~~  
24 ~~effectuate the purpose of the statute, court decision, or other~~  
25 ~~provision of law that the regulation implements, interprets, or~~  
26 ~~makes specific, taking into account the totality of the record. For~~  
27 ~~purposes of this standard, evidence includes, but is not limited to,~~  
28 ~~facts, studies, and expert opinion.~~

29 (b) ~~“Authority” means the provision of law which permits or~~  
30 ~~obligates the agency to adopt, amend, or repeal a regulation.~~

31 (c) ~~“Clarity” means written or displayed so that the meaning of~~  
32 ~~regulations will be easily understood by those persons directly~~  
33 ~~affected by them.~~

34 (d) ~~“Consistency” means being in harmony with, and not in~~  
35 ~~conflict with or contradictory to, existing statutes, court decisions,~~  
36 ~~or other provisions of law.~~

37 (e) ~~“Reference” means the statute, court decision, or other~~  
38 ~~provision of law which the agency implements, interprets, or makes~~  
39 ~~specific by adopting, amending, or repealing a regulation.~~

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1 (f) “Nonduplication” means that a regulation does not serve the  
2 same purpose as a state or federal statute or another regulation.  
3 This standard requires that an agency proposing to amend or adopt  
4 a regulation must identify any state or federal statute or regulation  
5 which is overlapped or duplicated by the proposed regulation and  
6 justify any overlap or duplication. This standard is not intended  
7 to prohibit state agencies from printing relevant portions of  
8 enabling legislation in regulations when the duplication is necessary  
9 to satisfy the clarity standard in paragraph (3) of subdivision (a)  
10 of Section 11349.1. This standard is intended to prevent the  
11 indiscriminate incorporation of statutory language in a regulation.

12 (g) “Competitive impact” means that the record of the  
13 rulemaking proceeding or other documentation demonstrates that  
14 the regulation is authorized by a clearly articulated and  
15 affirmatively expressed state law, that the regulation furthers the  
16 public protection mission of the state agency, and that the impact  
17 on competition is justified in light of the applicable regulatory  
18 rationale for the regulation.

19 SEC. 20. Section 11349.1 of the Government Code is amended  
20 to read:

21 11349.1. (a) The office shall review all regulations adopted,  
22 amended, or repealed pursuant to the procedure specified in Article  
23 5 (commencing with Section 11346) and submitted to it for  
24 publication in the California Code of Regulations Supplement and  
25 for transmittal to the Secretary of State and make determinations  
26 using all of the following standards:

- 27 (1) Necessity.
- 28 (2) Authority.
- 29 (3) Clarity.
- 30 (4) Consistency.
- 31 (5) Reference.
- 32 (6) Nonduplication.
- 33 (7) For those regulations submitted by a state board on which  
34 a controlling number of decisionmakers are active market  
35 participants in the market the board regulates, the office shall  
36 review for competitive impact.

37 In reviewing regulations pursuant to this section, the office shall  
38 restrict its review to the regulation and the record of the rulemaking  
39 except as directed in subdivision (h). The office shall approve the

1 regulation or order of repeal if it complies with the standards set  
2 forth in this section and with this chapter.

3 (b) In reviewing proposed regulations for the criteria in  
4 subdivision (a), the office may consider the clarity of the proposed  
5 regulation in the context of related regulations already in existence.

6 (c) The office shall adopt regulations governing the procedures  
7 it uses in reviewing regulations submitted to it. The regulations  
8 shall provide for an orderly review and shall specify the methods,  
9 standards, presumptions, and principles the office uses, and the  
10 limitations it observes, in reviewing regulations to establish  
11 compliance with the standards specified in subdivision (a). The  
12 regulations adopted by the office shall ensure that it does not  
13 substitute its judgment for that of the rulemaking agency as  
14 expressed in the substantive content of adopted regulations.

15 (d) The office shall return any regulation subject to this chapter  
16 to the adopting agency if any of the following occur:

17 (1) The adopting agency has not prepared the estimate required  
18 by paragraph (6) of subdivision (a) of Section 11346.5 and has not  
19 included the data used and calculations made and the summary  
20 report of the estimate in the file of the rulemaking.

21 (2) The agency has not complied with Section 11346.3.  
22 “Noncompliance” means that the agency failed to complete the  
23 economic impact assessment or standardized regulatory impact  
24 analysis required by Section 11346.3 or failed to include the  
25 assessment or analysis in the file of the rulemaking proceeding as  
26 required by Section 11347.3.

27 (3) The adopting agency has prepared the estimate required by  
28 paragraph (6) of subdivision (a) of Section 11346.5, the estimate  
29 indicates that the regulation will result in a cost to local agencies  
30 or school districts that is required to be reimbursed under Part 7  
31 (commencing with Section 17500) of Division 4, and the adopting  
32 agency fails to do any of the following:

33 (A) Cite an item in the Budget Act for the fiscal year in which  
34 the regulation will go into effect as the source from which the  
35 Controller may pay the claims of local agencies or school districts.

36 (B) Cite an accompanying bill appropriating funds as the source  
37 from which the Controller may pay the claims of local agencies  
38 or school districts.

39 (C) Attach a letter or other documentation from the Department  
40 of Finance which states that the Department of Finance has

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1 approved a request by the agency that funds be included in the  
2 Budget Bill for the next following fiscal year to reimburse local  
3 agencies or school districts for the costs mandated by the  
4 regulation.

5 (D) Attach a letter or other documentation from the Department  
6 of Finance which states that the Department of Finance has  
7 authorized the augmentation of the amount available for  
8 expenditure under the agency's appropriation in the Budget Act  
9 which is for reimbursement pursuant to Part 7 (commencing with  
10 Section 17500) of Division 4 to local agencies or school districts  
11 from the unencumbered balances of other appropriations in the  
12 Budget Act and that this augmentation is sufficient to reimburse  
13 local agencies or school districts for their costs mandated by the  
14 regulation.

15 (4) The proposed regulation conflicts with an existing state  
16 regulation and the agency has not identified the manner in which  
17 the conflict may be resolved.

18 (5) The agency did not make the alternatives determination as  
19 required by paragraph (4) of subdivision (a) of Section 11346.9.

20 (6) The office decides that the record of the rulemaking  
21 proceeding or other documentation for the proposed regulation  
22 does not demonstrate that the regulation is authorized by a clearly  
23 articulated and affirmatively expressed state law, that the regulation  
24 does not further the public protection mission of the state agency,  
25 or that the impact on competition is not justified in light of the  
26 applicable regulatory rationale for the regulation.

27 (e) The office shall notify the Department of Finance of all  
28 regulations returned pursuant to subdivision (d).

29 (f) The office shall return a rulemaking file to the submitting  
30 agency if the file does not comply with subdivisions (a) and (b)  
31 of Section 11347.3. Within three state working days of the receipt  
32 of a rulemaking file, the office shall notify the submitting agency  
33 of any deficiency identified. If no notice of deficiency is mailed  
34 to the adopting agency within that time, a rulemaking file shall be  
35 deemed submitted as of the date of its original receipt by the office.  
36 A rulemaking file shall not be deemed submitted until each  
37 deficiency identified under this subdivision has been corrected.

38 (g) Notwithstanding any other law, return of the regulation to  
39 the adopting agency by the office pursuant to this section is the  
40 exclusive remedy for a failure to comply with subdivision (c) of

1 ~~Section 11346.3 or paragraph (10) of subdivision (a) of Section~~  
2 ~~11346.5.~~

3 ~~(h) The office may designate, employ, or contract for the~~  
4 ~~services of independent antitrust or applicable economic experts~~  
5 ~~when reviewing proposed regulations for competitive impact.~~  
6 ~~When reviewing a regulation for competitive impact, the office~~  
7 ~~shall do all of the following:~~

8 ~~(1) If the Director of Consumer Affairs issued a written decision~~  
9 ~~pursuant to subdivision (e) of Section 109 of the Business and~~  
10 ~~Professions Code, the office shall review and consider the decision~~  
11 ~~and all supporting documentation in the rulemaking file.~~

12 ~~(2) Consider whether the anticompetitive effects of the proposed~~  
13 ~~regulation are clearly outweighed by the public policy merits.~~

14 ~~(3) Provide a written opinion setting forth the office's findings~~  
15 ~~and substantive conclusions under paragraph (2), including, but~~  
16 ~~not limited to, whether rejection or modification of the proposed~~  
17 ~~regulation is necessary to ensure that restraints of trade are related~~  
18 ~~to and advance the public policy underlying the applicable~~  
19 ~~regulatory rationale.~~

20 ~~SEC. 21:~~

21 ~~SEC. 19.~~ No reimbursement is required by this act pursuant to  
22 Section 6 of Article XIII B of the California Constitution because  
23 the only costs that may be incurred by a local agency or school  
24 district will be incurred because this act creates a new crime or  
25 infraction, eliminates a crime or infraction, or changes the penalty  
26 for a crime or infraction, within the meaning of Section 17556 of  
27 the Government Code, or changes the definition of a crime within  
28 the meaning of Section 6 of Article XIII B of the California  
29 Constitution.

## CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

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**Bill Number:** SB 1155 (Morrell)  
**Status/Location:** Amended 5/31/16 – Assembly  
**Sponsor:** Author  
**Subject:** Licenses: Military Service  
**Code Section:** Business & Professions 114.6

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### **Summary**

#### Existing law:

1. Allows licensees that were on active duty in the armed forces to reinstate their license without examination or penalty.
2. Requires boards to waive the renewal fee and other renewal requirements for any licensee called to active duty in the armed forces.
3. Requires boards to expedite a license application from an applicant who was honorably discharged and was on active duty with the armed forces.

#### This bill:

1. Requires boards within the Department of Consumer Affairs (DCA) to create a fee waiver program for the issuance of a license to an honorably discharged veteran who serves as an active duty member of the California National Guard of the U.S. Armed Forces.
2. Specifies the program shall be developed in consultation with the Department of Veterans Affairs and the Military Department.
3. Provides the fee waiver shall only apply to a license issued to an individual veteran and not to a license issued to a business or other entity.
4. Limits the waiver to only the initial issuance of the license, and specifies that if a board charges an application fee and a license issuance fee, the veteran shall receive a waiver of both fees.

#### Comments:

This bill would affect sole owner licenses and home improvement salesperson registrations.

According to the author's office, initial application and occupational license fees can act as barriers of entry to the workforce for the 240,000 to 360,000 veterans who separate from the military each year. Many either already reside in or intend to make California their home, adding to the 1.9 million veterans currently resident in the State. Eliminating these fees will bring more veterans into the workforce, increase the skilled labor market in California, and take a step to alleviate the growing problem of veteran homelessness.

**Fiscal Impact for CSLB**

No fiscal impact

**Board Position and Comments**

**SUPPORT.** This bill could make it easier for some veterans to enter the construction industry, and should not result in a significant financial burden to the Contractors State License Board.

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**Date:** June 7, 2016

AMENDED IN SENATE MAY 31, 2016

AMENDED IN SENATE MARCH 28, 2016

**SENATE BILL**

**No. 1155**

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**Introduced by Senator Morrell**

February 18, 2016

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An act to add Section 114.6 to the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 1155, as amended, Morrell. Professions and vocations: licenses: military service.

Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law authorizes any licensee whose license expired while he or she was on active duty as a member of the California National Guard or the United States Armed Forces to reinstate his or her license without examination or penalty if certain requirements are met. Existing law also requires the boards to waive the renewal fees, continuing education requirements, and other renewal requirements, if applicable, of any licensee or registrant called to active duty as a member of the United States Armed Forces or the California National Guard, if certain requirements are met. Existing law requires each board to inquire in every application if the individual applying for licensure is serving in, or has previously served in, the military. Existing law, on and after July 1, 2016, requires a board within the Department of Consumer Affairs to expedite, and authorizes a board to assist, the initial licensure process for an applicant who has served as an active duty member of the United States Armed Forces and was honorably discharged.

**SB 1155**

This ~~bill~~ *bill, on and after January 1, 2018, would require every board within the Department of Consumer Affairs to grant a fee waiver for the application for and the issuance of an initial license to an individual who is an honorably discharged ~~veteran, as specified:~~ veteran. The bill would require that a veteran be granted only one fee waiver, except as specified.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 114.6 is added to the Business and  
2 Professions Code, to read:  
3 114.6. Notwithstanding any other provision of law, every board  
4 within the department shall grant a fee waiver for the application  
5 for and issuance of ~~a~~ *an initial* license to an individual who is an  
6 honorably discharged veteran who served as an active duty member  
7 of the California National Guard or the United States Armed  
8 Forces. Under this program, all of the following apply:  
9 (a) A veteran shall be granted only one fee ~~waiver:~~ *waiver,*  
10 *except as specified in subdivision (b). After a fee waiver has been*  
11 *issued by any board within the department pursuant to this section,*  
12 *the veteran is no longer eligible for a waiver.*  
13 (b) *If a board charges a fee for the application for a license and*  
14 *another fee for the issuance of a license, the veteran shall be*  
15 *granted fee waivers for both the application for and issuance of*  
16 *a license.*  
17 ~~(b)~~  
18 (c) The fee waiver shall apply only to an application of and a  
19 license issued to an individual veteran and not to an application  
20 of or a license issued to *an individual veteran on behalf of a*  
21 *business or other entity.*  
22 ~~(c)~~  
23 (d) A waiver shall not be issued for ~~a renewal of a license or~~  
24 ~~for the application for and issuance of a license other than one~~  
25 ~~initial license.~~ *any of the following:*  
26 (1) *Renewal of a license.*  
27 (2) *The application for and issuance of an additional license,*  
28 *a certificate, a registration, or a permit associated with the initial*  
29 *license.*

**SB 1155**

- 1 (3) *The application for an examination.*
- 2 (e) *This section shall become operative on January 1, 2018.*

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**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** SB 1209 (Morrell)  
**Status/Location:** Amended 4/6/16 – Assembly Business & Professions Committee  
**Sponsor:** Contractors State License Board (CSLB)  
**Subject:** Complaint Disclosure  
**Code Section:** Business & Professions 7124.6

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**Summary**

Existing law requires CSLB to disclose to the public all complaints that have been referred for accusation or for investigation after a determination that a probable violation has occurred.

This bill provides that this required disclosure also appear on the license record of any other license that lists a qualifier also listed on the personnel of record of the license that received the citation.

Comments:

Business and Professions (B&P) Code section 7124.6 was enacted in 2001, pursuant to SB 135 (Figueroa). Prior to that legislation, complaints were only made available to the public if CSLB determined that a violation had occurred and the case was referred to the Attorney General’s office or a local district attorney’s office.

**Fiscal Impact for CSLB**

No fiscal impact.

**Board Position and Comments**

**SPONSOR/SUPPORT.** This proposal will further the goal of B&P Code §7124.6, which is to disclose information to consumers regarding contractors that CSLB has disciplined.

In its current form, B&P Code §7124.6 (e)(1) limits disclosure of a citation only to the license subject to a complaint substantiating that citation. Once that citation is disclosed, B&P Code section 7124.6 does not extend that disclosure to licenses obtained or joined by persons thereafter.

Contractors know that if CSLB issues a citation, they can cancel that license and obtain or join a new license not subject to the complaint disclosure affecting the previous license. Thus, persons aware of this limitation are free to operate under a different entity clear of any disclosure action. This eviscerates the purpose of the B&P Code §7124.6 disciplinary action, which is to provide for consumer protection by reporting the activities subjecting individual contractors to discipline.

Sen. Morrell agreed to carry this bill after a constituent, Pamela Gelband, brought the issue to his attention; she also first brought this issue to CSLB's attention.

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**Date:** May 17, 2016

AMENDED IN SENATE APRIL 6, 2016

**SENATE BILL**

**No. 1209**

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**Introduced by Senator Morrell**

February 18, 2016

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An act to amend Section 7124.6 of the Business and Professions Code, relating to contractors.

LEGISLATIVE COUNSEL'S DIGEST

SB 1209, as amended, Morrell. Contractors: discipline.

Existing law, the Contractors' State License Law, provides for the licensure and regulation of contractors by the Contractors' State License Board. Existing law requires the board, with the approval of the Director of Consumer Affairs, to appoint a registrar of contractors to serve as the executive officer and secretary of the board. *Existing law requires an applicant for licensure to qualify in regard to his or her experience depending on whether the applicant is an individual or a business entity. For purposes of the law, existing law defines "members of the personnel of record" as every person listed in the records of the registrar as then associated with a licensee.* Existing law requires the registrar, among other things, to make available to the public the date, nature, and disposition of all legal actions against a licensee, except as specified. Existing law limits the disclosure of citations to a specified time period.

This bill would require that disclosure of citations also appear, for the period of disclosure of the citation, on the license record of any other license ~~that was issued, or was associated with the license subject to the citation, on or after the date of the act or omission that led to the citation and the other license includes a member of the personnel of record who, at the time that the act or omission occurred that led to the citation, was identified as a qualifier of the license subject to the citation.~~

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*identified as a qualifier who is listed in the members of the personnel of record of the license that was issued the citation.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 7124.6 of the Business and Professions  
2 Code is amended to read:  
3 7124.6. (a) The registrar shall make available to members of  
4 the public the date, nature, and status of all complaints on file  
5 against a licensee that do either of the following:  
6 (1) Have been referred for accusation.  
7 (2) Have been referred for investigation after a determination  
8 by board enforcement staff that a probable violation has occurred,  
9 and have been reviewed by a supervisor, and regard allegations  
10 that if proven would present a risk of harm to the public and would  
11 be appropriate for suspension or revocation of the contractor's  
12 license or criminal prosecution.  
13 (b) The board shall create a disclaimer that shall accompany  
14 the disclosure of a complaint that shall state that the complaint is  
15 an allegation. The disclaimer may also contain any other  
16 information the board determines would be relevant to a person  
17 evaluating the complaint.  
18 (c) A complaint resolved in favor of the contractor shall not be  
19 subject to disclosure.  
20 (d) Except as described in subdivision (e), the registrar shall  
21 make available to members of the public the date, nature, and  
22 disposition of all legal actions.  
23 (e) Disclosure of legal actions shall be limited as follows:  
24 (1) (A) Citations shall be disclosed from the date of issuance  
25 and for five years after the date of compliance if no additional  
26 disciplinary actions have been filed against the licensee during the  
27 five-year period. If additional disciplinary actions were filed against  
28 the licensee during the five-year period, all disciplinary actions  
29 shall be disclosed for as long as the most recent disciplinary action  
30 is subject to disclosure under this section. At the end of the  
31 specified time period, those citations shall no longer be disclosed.

1 ~~(B) Any disclosure pursuant to this paragraph also shall appear~~  
2 ~~on the license record of any other license that meets both of the~~  
3 ~~following criteria:~~

4 ~~(i) The other license was issued, or was associated with the~~  
5 ~~license subject to the citation, on or after the date of the act or~~  
6 ~~omission that led to the issuance of the citation.~~

7 ~~(ii) The other license includes a member of the personnel of~~  
8 ~~record, as defined in Section 7025, who, at the time of the act or~~  
9 ~~omission that led to the issuance of the citation, was identified as~~  
10 ~~a qualifier, as defined in Section 7025, of the license subject to the~~  
11 ~~citation.~~

12 *(B) Any disclosure pursuant to this paragraph shall also appear*  
13 *on the license record of any other license identified as a qualifier*  
14 *as defined in Section 7025 who is listed in the members of the*  
15 *personnel of record as defined in Section 7025 of the license that*  
16 *was issued the citation.*

17 (C) The disclosure described in subparagraph (B) shall be for  
18 the period of disclosure of the citation.

19 (2) Accusations that result in suspension, stayed suspension, or  
20 stayed revocation of the contractor's license shall be disclosed  
21 from the date the accusation is filed and for seven years after the  
22 accusation has been settled, including the terms and conditions of  
23 probation if no additional disciplinary actions have been filed  
24 against the licensee during the seven-year period. If additional  
25 disciplinary actions were filed against the licensee during the  
26 seven-year period, all disciplinary actions shall be posted for as  
27 long as the most recent disciplinary action is subject to disclosure  
28 under this section. At the end of the specified time period, those  
29 accusations shall no longer be disclosed.

30 (3) All revocations that are not stayed shall be disclosed  
31 indefinitely from the effective date of the revocation.

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**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** SB 1348 (Canella)  
**Status/Location:** Introduced 2/19/16 – Senate Appropriations  
Committee  
**Sponsor:** Author  
**Subject:** Licensure Applications: Military Experience  
**Code Section:** Business & Professions 114.5

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**Summary**

Existing Law:

1. Requires boards within the Department of Consumer Affairs (DCA) to waive the renewal fees and other related renewal requirements for any licensee called to active military duty.
2. Requires DCA boards to ask on all applications if the applicant is currently or has previously served in the military.
3. Beginning July 1, 2016, requires boards to expedite the initial license process for applicants who previously served in the military and were actively discharged from service.

This bill requires DCA boards to modify their license application to advise veteran applicants about their ability to apply military experience and training towards licensure requirements.

**Fiscal Impact for CSLB**

Minor and absorbable.

**Board Position and Comments**

**SUPPORT.** This requirement may help veterans become more familiar with how their training and experience can help meet the existing experience requirements for applicants.

Contractors State License Board (CSLB) staff is currently updating applications and had planned to include additional information about military experience, so the Board will likely already be in compliance if this bill is enacted.

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**Date:** May 17, 2016

AMENDED IN SENATE MAY 31, 2016

**SENATE BILL**

**No. 1348**

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**Introduced by Senator Cannella**

February 19, 2016

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An act to amend Section 114.5 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 1348, as amended, Cannella. Licensure applications: military experience.

Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law 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.

This bill would require each board, with a governing law authorizing veterans to apply military experience and training towards licensure requirements, to ~~modify their application for licensure to advise veteran applicants~~ *post information on the board's Internet Web site about their the ability of veteran applicants to apply that their military* experience and training towards licensure requirements.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 114.5 of the Business and Professions
- 2 Code is amended to read:

**SB 1348**

1 114.5. (a) Each board shall inquire in every application for  
2 licensure if the individual applying for licensure is serving in, or  
3 has previously served in, the military.

4 (b) If a board's governing law authorizes veterans to apply  
5 military experience and training towards licensure requirements,  
6 that board shall ~~modify their application for licensure to advise~~  
7 ~~veteran applicants~~ *post information on the board's Internet Web*  
8 *site about their the ability of veteran applicants to apply military*  
9 *experience and training towards licensure requirements.*

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**CONTRACTORS STATE LICENSE BOARD  
LEGISLATIVE ANALYSIS**

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**Bill Number:** SB 1479 (Business, Professions and Economic Development)  
**Status/Location:** Introduced 3/10/16 - Assembly  
**Sponsor:** Various boards with the Department of Consumer Affairs  
**Subject:** Business & Professions  
**Code Section:** Business & Professions 7074

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**Summary:**

As it pertains to the Contractors State License Board (CSLB), this bill eliminates the provision of existing law that voids an application after an applicant has failed to reschedule an exam within 90 days of cancellation, or twice failed to appear for an exam.

Comments:

This language was approved by the Board in December 2015 as a legislative proposal.

Background:

This proposal originated from CSLB's Testing division. In general, an applicant must successfully complete the required exams no longer than 18 months after approval of his or her application. However, existing law provides several conditions under which an application for an original license, or for an additional classification, or for a change of qualifier, is voided. Testing would like to eliminate the two conditions that void an application because of exam scheduling, since computer based testing makes it unnecessary.

The Testing division's Examination Administration Unit receives applicant complaints each time the Board sends out a "Void After 90-days" letter. Staff also receive numerous complaints from applicants who call to reschedule an exam and are told that they cannot schedule an exam outside of the 90-day window.

**Fiscal Impact for CSLB:**

None.

**Staff Recommendation and Comments:**

**SUPPORT.** This proposed change will ease the exam scheduling process for applicants without causing a burden to program staff. Existing law provides that an application becomes void if the applicant does not successfully complete the exam within 18 months; this proposal does not change that provision.

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**Date:** May 13, 2016

**Introduced by Committee on Business, Professions and Economic Development (Senators Hill (Chair), Bates, Berryhill, Block, Galgiani, Hernandez, Jackson, Mendoza, and Wieckowski)**

March 10, 2016

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An act to amend Sections 5092, 5094.3, 5550.2, 7074, 7844, and 7887 of the Business and Professions Code, and to amend Section 13995.1 of the Government Code, relating to business and professions.

LEGISLATIVE COUNSEL'S DIGEST

SB 1479, as introduced, Committee on Business, Professions and Economic Development. Business and professions.

(1) Existing law provides for the licensure and regulation of accountants by the California Board of Accountancy, which is within the Department of Consumer Affairs. Existing law requires an applicant for licensure as a certified public accountant to provide documentation to the board of the completion of a certain number of units of ethics study, as specified. Existing law requires a portion of those units to come from courses containing specified terms in the course title, including, but not limited to, corporate governance.

This bill would instead require those units to come from courses in specified subjects relating to ethics.

(2) The Architects Practice Act provides for the licensure and regulation of architects and landscape architects by the California Architects Board, which is within the Department of Consumer Affairs, and requires a person to pass an examination as a condition of licensure as an architect. Existing law authorizes the board to grant eligibility to a candidate to take the licensure examination if he or she is enrolled in an Additional Path to Architecture Licensing program that integrates

## **SB 1479**

the experience and examination components offered by a National Architectural Accrediting Board-accredited degree program.

This bill would instead authorize the board to grant eligibility to a candidate to take the licensure examination if he or she is enrolled in a degree program accepted by the National Council of Architectural Registration Boards that integrates the licensure degree experience and examination components required under that act.

(3) The Contractors' State License Law provides for the licensure and regulation of contractors by the Contractors' State License Board, which is within the Department of Consumer Affairs. That law requires, except as specified, an application for an original license, an additional classification, or for a change of qualifier to become void when certain conditions are met, including if the applicant or examinee for the applicant has failed to appear for the scheduled qualifying examination and fails to request and pay the fee for rescheduling within 90 days of notification of failure to appear or if the applicant or the examinee for the applicant has failed to achieve a passing grade in the scheduled qualifying examination and fails to request and pay the fee for rescheduling within 90 days of notification of failure to pass the examination.

This bill would delete those above-mentioned conditions as reasons for an application for an original license, an additional classification, or for a change of qualifier to become void.

(4) The Geologist and Geophysicist Act provides for the registration and regulation of professional geologists and professional geophysicists by the Board for Professional Engineers, Land Surveyors, and Geologists, which is within the Department of Consumer Affairs. That act requires an applicant for registration to take an examination and requires the examination to be held at the times and places within the state that the board determines.

This bill would authorize the board to make arrangements with a public or private organization to conduct the examination. The bill would authorize the board to contract with such an organization for materials or services related to the examination and would authorize the board to allow an organization specified by the board to receive, directly from applicants, payments of the examination fees charged by that organization for materials and services.

(5) The California Tourism Marketing Act requires the Governor to appoint a Tourism Selection Committee, as specified, and provides that the Director of the Governor's Office of Business and Economic

Development has the power to veto actions of the commission. That act states various findings and declarations by the Legislature regarding the tourism industry in California, including that the mechanism created by that act to fund generic promotions be pursuant to the supervision and oversight of the secretary.

This bill would instead find and declare that the mechanism to fund generic promotions be pursuant to the supervision and oversight of the Director of the Governor's Office of Business and Economic Development.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 5092 of the Business and Professions  
2 Code is amended to read:

3 5092. (a) To qualify for the certified public accountant license,  
4 an applicant who is applying under this section shall meet the  
5 education, examination, and experience requirements specified in  
6 subdivisions (b), (c), and (d), or otherwise prescribed pursuant to  
7 this article. The board may adopt regulations as necessary to  
8 implement this section.

9 (b) An applicant for the certified public accountant license shall  
10 present satisfactory evidence that the applicant has completed a  
11 baccalaureate or higher degree conferred by a college or university,  
12 meeting, at a minimum, the standards described in Section 5094,  
13 the total educational program to include a minimum of 24 semester  
14 units in accounting subjects and 24 semester units in business  
15 related subjects. This evidence shall be provided prior to admission  
16 to the examination for the certified public accountant license,  
17 except that an applicant who applied, qualified, and sat for at least  
18 two subjects of the examination for the certified public accountant  
19 license before May 15, 2002, may provide this evidence at the  
20 time of application for licensure.

21 (c) An applicant for the certified public accountant license shall  
22 pass an examination prescribed by the board pursuant to this article.

23 (d) The applicant shall show, to the satisfaction of the board,  
24 that the applicant has had two years of qualifying experience. This  
25 experience may include providing any type of service or advice  
26 involving the use of accounting, attest, compilation, management

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1 advisory, financial advisory, tax, or consulting skills. To be  
2 qualifying under this section, experience shall have been performed  
3 in accordance with applicable professional standards. Experience  
4 in public accounting shall be completed under the supervision or  
5 in the employ of a person licensed or otherwise having comparable  
6 authority under the laws of any state or country to engage in the  
7 practice of public accountancy. Experience in private or  
8 governmental accounting or auditing shall be completed under the  
9 supervision of an individual licensed by a state to engage in the  
10 practice of public accountancy.

11 (e) This section shall become inoperative on January 1, 2014,  
12 but shall become or remain operative if the educational  
13 requirements in ethics study and accounting study established by  
14 subdivision (b) of Section 5093, Section 5094.3, and Section  
15 5094.6 are reduced or eliminated.

16 (f) *The amendment to subdivision (d) of Section 5094.3 made*  
17 *by the measure adding this subdivision shall not be deemed to*  
18 *reduce or eliminate the educational requirements of Section 5094.3*  
19 *for purposes of subdivision (e) of this Section.*

20 SEC. 2. Section 5094.3 of the Business and Professions Code  
21 is amended to read:

22 5094.3. (a) An applicant for licensure as a certified public  
23 accountant shall, to the satisfaction of the board, provide  
24 documentation of the completion of 10 semester units or 15 quarter  
25 units of ethics study, as set forth in paragraph (2) of subdivision  
26 (b) of Section 5093, in the manner prescribed in this section.

27 (b) (1) Between January 1, 2014, and December 31, 2016,  
28 inclusive, an applicant shall complete 10 semester units or 15  
29 quarter units in courses described in subdivisions (d), (e), and (f).

30 (2) Beginning January 1, 2017, an applicant shall complete 10  
31 semester units or 15 quarter units in courses described in  
32 subdivisions (c), (d), (e), and (f).

33 (c) A minimum of three semester units or four quarter units in  
34 courses at an upper division level or higher devoted to accounting  
35 ethics or accountants' professional responsibilities, unless the  
36 course was completed at a community college, in which case it  
37 need not be completed at the upper division level or higher.

38 (d) Between January 1, 2014, and December 31, 2016, inclusive,  
39 a maximum of 10 semester units or 15 quarter units, and on and  
40 after January 1, 2017, a maximum of 7 semester units or 11 quarter

1 units, in courses containing the following terms in the course title:  
2 *the following subjects relating to ethics:*

- 3 (1) Business, government, and society.
- 4 (2) Business law.
- 5 (3) Corporate governance.
- 6 (4) Corporate social responsibility.
- 7 (5) Ethics.
- 8 (6) Fraud.
- 9 (7) Human resources management.
- 10 (8) Business leadership.
- 11 (9) Legal environment of business.
- 12 (10) Management of organizations.
- 13 (11) Morals.
- 14 (12) Organizational behavior.
- 15 (13) Professional responsibilities.
- 16 (14) Auditing.

17 (e) (1) A maximum of three semester units or four quarter units  
18 in courses taken in the following disciplines:

- 19 (A) Philosophy.
- 20 (B) Religion.
- 21 (C) Theology.

22 (2) To qualify under this subdivision, the course title shall  
23 contain one or more of the terms “introduction,” “introductory,”  
24 “general,” “fundamentals of,” “principles,” “foundation of,” or  
25 “survey of,” or have the name of the discipline as the sole name  
26 of the course title.

27 (f) A maximum of one semester unit of ethics study for  
28 completion of a course specific to financial statement audits.

29 (g) An applicant who has successfully passed the examination  
30 requirement specified under Section 5082 on or before December  
31 31, 2013, is exempt from this section unless the applicant fails to  
32 obtain the qualifying experience as specified in Section 5092 or  
33 5093 on or before December 31, 2015.

34 SEC. 3. Section 5550.2 of the Business and Professions Code  
35 is amended to read:

36 5550.2. Notwithstanding subdivision (b) of Section 5552, the  
37 board may grant eligibility, based on an eligibility point determined  
38 by the Additional Path to Architectural Licensing Program, for a  
39 candidate *eligibility* to take the *licensure* examination for a license  
40 to practice architecture if he or she is to a candidate enrolled in

**SB 1479**

1 ~~an Additional Path to Architectural Licensing program a degree~~  
2 ~~program accepted by the National Council of Architectural~~  
3 ~~Registration Boards that integrates the licensure degree experience~~  
4 ~~and examination components offered by a National Architectural~~  
5 ~~Accrediting Board-accredited degree program. required under this~~  
6 ~~chapter. The eligibility point shall be determined by that degree~~  
7 ~~program.~~

8 SEC. 4. Section 7074 of the Business and Professions Code is  
9 amended to read:

10 7074. (a) Except as otherwise provided by this section, an  
11 application for an original license, for an additional ~~classification~~  
12 ~~classification~~, or for a change of qualifier shall become void when:

13 ~~(1) The applicant or examinee for the applicant has failed to~~  
14 ~~appear for the scheduled qualifying examination and fails to request~~  
15 ~~and pay the fee for rescheduling within 90 days of notification of~~  
16 ~~failure to appear, or, after being rescheduled, has failed to appear~~  
17 ~~for a second examination.~~

18 ~~(2) The applicant or the examinee for the applicant has failed~~  
19 ~~to achieve a passing grade in the scheduled qualifying examination,~~  
20 ~~and fails to request and pay the fee for rescheduling within 90 days~~  
21 ~~of notification of failure to pass the examination.~~

22 ~~(3)~~

23 (1) The applicant or the examinee for the applicant has failed  
24 to achieve a passing grade in the qualifying examination within  
25 18 months after the application has been deemed acceptable by  
26 the board.

27 ~~(4)~~

28 (2) The applicant for an original license, after having been  
29 notified to do so, fails to pay the initial license fee within 90 days  
30 from the date of the notice.

31 ~~(5)~~

32 (3) The applicant, after having been notified to do so, fails to  
33 file within 90 days from the date of the notice any bond or cash  
34 deposit or other documents that may be required for issuance or  
35 granting pursuant to this chapter.

36 ~~(6)~~

37 (4) After filing, the applicant withdraws the application.

38 ~~(7)~~

1 (5) The applicant fails to return the application rejected by the  
2 board for insufficiency or incompleteness within 90 days from the  
3 date of original notice or rejection.

4 ~~(8)~~

5 (6) The application is denied after disciplinary proceedings  
6 conducted in accordance with the provisions of this code.

7 (b) The void date on an application may be extended up to 90  
8 days or one examination may be rescheduled without a fee upon  
9 documented evidence by the applicant that the failure to complete  
10 the application process or to appear for an examination was due  
11 to a medical emergency or other circumstance beyond the control  
12 of the applicant.

13 (c) An application voided pursuant to ~~the provisions of this~~  
14 section shall remain in the possession of the registrar for the period  
15 as he or she deems necessary and shall not be returned to the  
16 applicant. Any reapplication for a license shall be accompanied  
17 by the fee fixed by this chapter.

18 SEC. 5. Section 7844 of the Business and Professions Code is  
19 amended to read:

20 7844. (a) Examination for ~~registration~~ licensure shall be held  
21 at the times and places within the state as the board shall determine.  
22 The scope of examinations and the methods of procedure may be  
23 prescribed by rule of the board.

24 (b) *The board may make arrangements with a public or private*  
25 *organization to conduct the examination. The board may contract*  
26 *with a public or private organization for materials or services*  
27 *related to the examination.*

28 (c) *The board may authorize an organization specified by the*  
29 *board to receive directly from applicants payment of the*  
30 *examination fees charged by that organization as payment for*  
31 *examination materials and services.*

32 SEC. 6. Section 7887 of the Business and Professions Code is  
33 amended to read:

34 7887. The amount of the fees prescribed by this chapter shall  
35 be fixed by the board in accordance with the following schedule:

36 (a) The fee for filing each application for licensure as a geologist  
37 or a geophysicist or certification as a specialty geologist or a  
38 specialty geophysicist and for administration of the examination  
39 shall be fixed at not more than two hundred fifty dollars (\$250).

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1 (b) The license fee for a geologist or for a geophysicist and the  
2 fee for the certification in a specialty shall be fixed at an amount  
3 equal to the renewal fee in effect on the last regular renewal date  
4 before the date on which the certificate is issued, except that, with  
5 respect to certificates that will expire less than one year after  
6 issuance, the fee shall be fixed at an amount equal to 50 percent  
7 of the renewal fee in effect on the last regular renewal date before  
8 the date on which the certificate is issued. The board may, by  
9 appropriate regulation, provide for the waiver or refund of the  
10 initial certificate fee where the certificate is issued less than 45  
11 days before the date on which it will expire.

12 (c) The duplicate certificate fee shall be fixed at not more than  
13 six dollars (\$6).

14 (d) The renewal fee for a geologist or for a geophysicist shall  
15 be fixed at not more than four hundred dollars (\$400).

16 (e) The renewal fee for a specialty geologist or for a specialty  
17 geophysicist shall be fixed at not more than one hundred dollars  
18 (\$100).

19 (f) Notwithstanding Section 163.5, the delinquency fee for a  
20 certificate is an amount equal to 50 percent of the renewal fee in  
21 effect on the last regular renewal date.

22 (g) Each applicant for licensure as a geologist shall pay an  
23 examination fee fixed at an amount equal to the actual cost to the  
24 board to administer the examination described in subdivision (d)  
25 of Section ~~7841~~. 7841, *unless an applicant pays the examination*  
26 *fee directly to an organization pursuant to Section 7844.*

27 (h) Each applicant for licensure as a geophysicist or certification  
28 as an engineering geologist or certification as a hydrogeologist  
29 shall pay an examination fee fixed by the board at an amount equal  
30 to the actual cost to the board for the development and maintenance  
31 of the written examination, and shall not exceed one hundred  
32 dollars (\$100).

33 (i) The fee for a retired license shall be fixed at not more than  
34 50 percent of the fee for filing an application for licensure as a  
35 geologist or a geophysicist in effect on the date of application for  
36 a retired license.

37 SEC. 7. Section 13995.1 of the Government Code is amended  
38 to read:

39 13995.1. The Legislature hereby finds and declares all of the  
40 following:

1 (a) Tourism is among California's biggest industries,  
2 contributing over fifty-two billion dollars (\$52,000,000,000) to  
3 the state economy and employing nearly 700,000 Californians in  
4 1995.

5 (b) In order to retain and expand the tourism industry in  
6 California, it is necessary to market travel to and within California.

7 (c) State funding, while an important component of marketing,  
8 has been unable to generate sufficient funds to meet the threshold  
9 levels of funding necessary to reverse recent losses of California's  
10 tourism market share.

11 (d) In regard to the need for a cooperative partnership between  
12 business and industry:

13 (1) It is in the state's public interest and vital to the welfare of  
14 the state's economy to expand the market for, and develop,  
15 California tourism through a cooperative partnership funded in  
16 part by the state that will allow generic promotion and  
17 communication programs.

18 (2) The mechanism established by this chapter is intended to  
19 play a unique role in advancing the opportunity to expand tourism  
20 in California, and it is intended to increase the opportunity for  
21 tourism to the benefit of the tourism industry and the consumers  
22 of the State of California.

23 (3) Programs implemented pursuant to this chapter are intended  
24 to complement the marketing activities of individual competitors  
25 within the tourism industry.

26 (4) While it is recognized that smaller businesses participating  
27 in the tourism market often lack the resources or market power to  
28 conduct these activities on their own, the programs are intended  
29 to be of benefit to businesses of all sizes.

30 (5) These programs are not intended to, and they do not, impede  
31 the right or ability of individual businesses to conduct activities  
32 designed to increase the tourism market generally or their own  
33 respective shares of the California tourism market, and nothing in  
34 the mechanism established by this chapter shall prevent an  
35 individual business or participant in the industry from seeking to  
36 expand its market through alternative or complementary means,  
37 or both.

38 (6) (A) An individual business's own advertising initiatives are  
39 typically designed to increase its share of the California tourism

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1 market rather than to increase or expand the overall size of that  
2 market.

3 (B) In contrast, generic promotion of California as a tourism  
4 destination is intended and designed to maintain or increase the  
5 overall demand for California tourism and to maintain or increase  
6 the size of that market, often by utilizing promotional methods  
7 and techniques that individual businesses typically are unable, or  
8 have no incentive, to employ.

9 (7) This chapter creates a mechanism to fund generic promotions  
10 that, pursuant to the required supervision and oversight of the  
11 *secretary director* as specified in this chapter, further specific state  
12 governmental goals, as established by the Legislature, and result  
13 in a promotion program that produces nonideological and  
14 commercial communication that bears the characteristics of, and  
15 is entitled to all the privileges and protections of, government  
16 speech.

17 (8) The programs implemented pursuant to this chapter shall  
18 be carried out in an effective and coordinated manner that is  
19 designed to strengthen the tourism industry and the state's economy  
20 as a whole.

21 (9) Independent evaluation of the effectiveness of the programs  
22 will assist the Legislature in ensuring that the objectives of the  
23 programs as set out in this section are met.

24 (e) An industry-approved assessment provides a private-sector  
25 financing mechanism that, in partnership with state funding, will  
26 provide the amount of marketing necessary to increase tourism  
27 marketing expenditures by California.

28 (f) The goal of the assessments is to assess the least amount per  
29 business, in the least intrusive manner, spread across the greatest  
30 practical number of tourism industry segments.

31 (g) The California Travel and Tourism Commission shall target  
32 an amount determined to be sufficient to market effectively travel  
33 and tourism to and within the state.

34 (h) In the course of developing its written marketing plan  
35 pursuant to Section 13995.45, the California Travel and Tourism  
36 Commission shall, to the maximum extent feasible, do both of the  
37 following:

38 (1) Seek advice and recommendations from all segments of  
39 California's travel and tourism industry and from all geographic  
40 regions of the state.

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1 (2) Harmonize, as appropriate, its marketing plan with the travel  
2 and tourism marketing activities and objectives of the various  
3 industry segments and geographic regions.

4 (i) The California Travel and Tourism Commission's marketing  
5 budget shall be spent principally to bring travelers and tourists into  
6 the state. No more than 15 percent of the commission's assessed  
7 funds in any year shall be spent to promote travel within California,  
8 unless approved by at least two-thirds of the commissioners.

O

## AGENDA ITEM C-2

Review and Possible Action to Initiate a Rulemaking to Adopt Title 16, California Code of Regulations (16 CCR) Section 867.5 – Request for Suspension of Contractor’s License and Proof of Unsatisfied Final Judgment Form and to Amend 16 CCR Section 868 – Criteria to Aid in Determining if Crimes or Acts are Substantially Related to Contracting Business





# CONTRACTORS STATE LICENSE BOARD

## TITLE 16, CALIFORNIA CODE OF REGULATIONS

Agenda Item C.2. seeks to clarify the provisions and requirements of Business and Professions (B&P) Code section 7071.17 related to unsatisfied final judgments against contractor licensees. Section 7071.17 establishes reporting requirements for contractors who have unsatisfied final judgments and sets forth a 90-day period during which the contractor may file a bond or otherwise satisfy or resolve the judgment as a condition of the continual maintenance of their license. Failure to do so results in the suspension of the contractor's license until proof of satisfaction of the judgment, or other acceptable documentation, is submitted to the Registrar.

Under existing law, a crime or act may only form the basis for a denial, suspension, or revocation of a license if it is substantially related to the qualifications, functions, or duties of a contractor (see e.g., Business and Professions Code section 480). Section 868 of Division 8 of Title 16 of the California Code of Regulations (T16 CCR) sets forth those criteria that CSLB is required to use to determine which types of acts or crimes are "substantially related" to the qualifications, functions, or duties of a contractor.

Section 7071.17 similarly requires that any unsatisfied final judgment that forms the basis for a license suspension be "substantially related." However, there are no current regulations that set forth which types of judgments are considered by CSLB to be substantially related to the license. This proposal would add references to unsatisfied final judgments to Section 868 as shown on the following pages. These changes would allow the evaluation of these types of judgment-related suspensions using the same criteria currently used for other types of CSLB license suspensions. This would add clarity and consistency to CSLB's discipline process and provide notice to both creditors and contractors regarding the types of judgments that would be both actionable and reportable to CSLB. Such clarifications would help ensure compliance with reporting obligations and help reduce the risk of suspension for an unrelated judgment or inconsistent application of the law. For these reasons, both consumers and the regulated community would benefit from this regulatory proposal.

In addition, staff proposes adding T16 CCR section 867.5, as shown on the following pages, to incorporate by reference the attached "Request for Suspension of Contractor's License and Proof of Unsatisfied Final Judgment" form. This would provide a consistent manner by which judgment creditors (to whom the debt is owed) may request the suspension of a contractor license when a final judgment has remained unsatisfied for more than 90 days after the judgment became final. This form also identifies specific types of documentation required as proof of a final judgment. This will help ensure consistency in the handling of such judgment cases and will assist CSLB's Judgment Unit staff as they effectively carry out the provisions of B&P Code section 7071.17.

Staff requests that the Board review and consider the proposed regulatory actions and the proposed new "Request for Suspension of Contractor's License and Proof of Unsatisfied Final Judgment" form and grant preliminary approval to move forward with



the initiation of the formal rulemaking process, with or without changes to the proposed language, for the adoption of T16 CCR section 867.5 – Request for Suspension of Contractor’s License and Proof of Unsatisfied Final Judgment and the proposed amendment to T16 CCR section 868 – Criteria to Aid in Determining if Crime or Acts are Substantially Related to Contracting Business.



**Title 16, Division 8  
Article 7. Special Provisions  
Originally Proposed Text**

**To add Section 867.5 of Article 7 of Division 8 of Title 16 of the California Code of Regulations to read as follows:**

§ 867.5. Request for Suspension of Contractor’s License and Proof of Unsatisfied Final Judgment.

For the purposes of suspension of a license pursuant to Section 7071.17 of the code, judgment creditors or their authorized representatives seeking the suspension of a contractor’s license due to nonpayment of a final judgment shall submit to the Board a Request for Suspension of Contractor’s License and Proof of Unsatisfied Final Judgment form (13L-XX (06/16)), which is incorporated by reference. The form shall be accompanied by such proof of final judgment as required therein.

Note: Authority cited: Sections 7008 and 7071.17, Business and Professions Code.

Reference: Section 7071.17, Business and Professions Code.

**To amend Section 868 of Article 7 of Division 8 of Title 16 of the California Code of Regulations to read as follows:**

§ 868. Criteria to Aid in Determining if Crimes, ~~or Acts,~~ or Unsatisfied Final Judgments Are Substantially Related to Contracting Business.

For the purposes of denial, suspension, or revocation of a license pursuant to Division 1.5 (commencing with Section 475) or suspension of a license pursuant to Section 7071.17 of the code, a crime or act, as defined in Section 480 of the code, or an unsatisfied final judgment shall be considered to be substantially related to the qualifications, functions, or duties of a licensee (under Division 3, Chapter 9 of the code) if it evidences present or potential unfitness of an applicant or licensee to perform the



functions authorized by the license in a manner consistent with the public health, safety, and welfare. The crimes, or acts, or unsatisfied final judgments shall include, but not be limited to, the following:

- (a) Any violation of the provisions of Chapter 9 of Division 3 of the code.
- (b) Failure to comply with the provisions of Division 8 of Title 16 of the California Administrative Code of Regulations, ~~Chapter 8, Title 16.~~
- (c) Crimes or acts involving dishonesty, fraud, deceit, or theft with the intent to substantially benefit oneself or another or to substantially harm another.
- (d) Crimes or acts involving physical violence against persons.
- (e) Crimes or acts that indicate a substantial or repeated disregard for the health, safety, or welfare of the public.

Note: Authority cited: Sections 481 and 7008, Business and Professions Code.  
Reference: Sections 480, 481, 490, 7066, 7069, 7071.17, 7073, 7090, 7123 and 7124, Business and Professions Code.

**REQUEST FOR SUSPENSION OF CONTRACTOR'S LICENSE  
AND PROOF OF UNSATISFIED FINAL JUDGMENT  
(Business and Professions Code section 7071.17)**

This form is to be completed by the judgment creditor or the judgment creditor's authorized representative, seeking the suspension of a contractor's license due to nonpayment of a final judgment. This form should not be submitted to the Contractors State License Board (CSLB) for processing until after the judgment is final. The CSLB may only consider judgments that are substantially related to the construction activities of a licensee or to the qualifications, functions, or duties of the contractor's license (See, Title 16, California Code of Regulations section 868).

Title of Court: \_\_\_\_\_  
(include county, judicial district or division)

Plaintiff(s): \_\_\_\_\_ Defendant(s): \_\_\_\_\_

Case No. \_\_\_\_\_ Date Filed: \_\_\_\_\_

Explain why you believe the judgment is related to the construction activities of a CSLB licensee, or to the qualifications, functions, or duties of the contractor's license (attach additional sheets if necessary):

\_\_\_\_\_  
\_\_\_\_\_

1. The judgment was entered on \_\_\_\_\_ (month/day/year), and became final on \_\_\_\_\_ (month/day/year).

2. Has the judgment remained unsatisfied for 90 days after the judgment became final?  Yes  No

If you answered "Yes," list the amount of the unsatisfied judgment \$ \_\_\_\_\_

3. List all judgment debtors who you obtained a judgment against (A "judgment debtor" is the person or persons against whom a judgment ordering the individual or business entity to pay a sum of money has been entered and remains unsatisfied.):

a. Judgment debtor's full name: \_\_\_\_\_

b. Current address: \_\_\_\_\_

c. Additional address: \_\_\_\_\_

d. Contractor's License Number(s): \_\_\_\_\_

**Include any additional judgment debtor(s) information on a separate sheet of paper.**

4. Name, address and telephone number of judgment creditor and attorney for creditor (if any):

\_\_\_\_\_  
\_\_\_\_\_

5. Check one of the following: the creditor is a:  Contractor  Subcontractor  Materials Supplier  
 Consumer  Employee.

6. Proof of Final Judgment Required in All Cases: Attach to this form the following documents for the type of judgment you obtained [Note: Explain in Item No. 7 if one or more requested documents is not available]:

a. California Superior Court Judgments: (1) endorsed copy of the Complaint; (2) endorsed copy of the Notice of Entry of Judgment; (3) endorsed copy of the Judgment; (4) endorsed copy of the Proof of Service of the Judgment or Notice of Entry of Judgment (whichever is applicable); and (5) latest court docket, history of the case, case index or register of actions of the case from the Clerk of the Court.

b. California Small Claims Court Judgments: (1) endorsed copy of a filed Plaintiff's Claim and Order to Go to Small Claims Court (SC 100) or endorsed copy of a filed Defendant's Claim and Order to Go to Small Claims Court (SC 120); (2) endorsed copy of the Notice of Entry of Judgment (usually on Judicial Council Form SC - 130); and, (3) latest court docket, history, case index or register of actions of the case from the Clerk of the Court.

c. Federal District Court Judgments: (1) endorsed copy of the Complaint; (2) endorsed copy of the Judgment; and, (3) latest court docket or history of the case (printouts from PACER are acceptable).

d. Arbitration Awards: (1) a signed and completed demand for arbitration form or letter (for private arbitrations) and/or endorsed copy of the Complaint if applicable (for judicial arbitration); (2) endorsed copy of the Arbitration Award; (3) endorsed copy of the Proof of service or other document showing the date that the arbitration award was served on the opposing party (private arbitration) or filed with the Court by the arbitrator (judicial arbitration); and, (4) any legal process, papers or notices showing that a petition to vacate or to correct the award, or that a request for a trial de novo, has been filed with the Court.

Note: If a petition to challenge the arbitration award has been filed, provide a copy of the Court's latest docket, history of the case, case index or register of actions of the case and any orders from the Court regarding the petition.

7. If you are unable to obtain any of the required documentation above, please explain (attach additional pages if necessary): \_\_\_\_\_

8. Has the judgment debtor appealed the judgment or filed a motion to vacate the judgment, for reconsideration of the judgment, to extend the time to appeal the judgment, or for a new trial?

Yes  No  Unknown

If you answered "Yes," please provide copies of any final court orders or decisions regarding the appeal or motion.

9. Has the judgment debtor filed a bankruptcy case?  Yes  No  Unknown

If you answered, "Yes," please provide copies of any bankruptcy court judgments, court orders or decisions regarding the dischargeability of your judgment.

10. Has the judgment debtor agreed to pay all or part of the judgment?  Yes  No

If you answered "Yes," please indicate the amount the contractor agreed to pay: \$ \_\_\_\_\_

11. Have you and the judgment debtor agreed on a private payment plan for the final judgment?  
\_\_\_\_\_ Yes \_\_\_\_\_ No (If no, skip question 12.)

If you answered "Yes", please attach a copy of the accord or other documentary evidence showing agreement reached with the judgment debtor.

12. Has the judgment debtor defaulted on the final judgment payment plan? \_\_\_Yes \_\_\_No

If you answered "Yes", please attach any documentation regarding the judgment debtor's default of the judgment payment plan.

13. Is there a Court ordered installment payment plan for the final judgment amount? \_\_\_Yes \_\_\_ No (If no, skip question 14.)

If you answered "Yes", please attach a copy of the Court order for the installment payment plan for the final judgment amount.

14. Is there a Court order holding the judgment debtor in default of the Court ordered installment payment?  
\_\_\_ Yes \_\_\_\_\_No

If you answered "Yes", please attach a copy of the Court order holding the judgment debtor in default of the Court ordered installment payment plan.

15. Is there currently a Court order staying the execution of the collection of the final judgment amount?  
\_\_\_ Yes \_\_\_No

If you answered "Yes", please attach a copy of the stay of execution order.

### CERTIFICATION

The undersigned hereby certifies as follows:

I am the judgment creditor or authorized representative of the judgment creditor concerning the attached court judgment. This judgment has not been satisfied by the judgment debtor. I have not received any legal documents, notices or paperwork indicating that an appeal, stay of execution, motion, or other request for review has been filed by the judgment debtor(s) or granted by any Court.

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing, including any information provided in any supplements or attachments to this form, is true and correct to the best of my knowledge.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Title (if applicable)

Date: \_\_\_\_\_

## **Notice on Collection and Use of Personal Information**

The Contractors State License Board (CSLB) collects the information requested on this form as authorized by Business and Professions Code section 7071.17 and Title 16, California Code of Regulations Section \_\_\_\_\_. The CSLB uses this information to process your request for a license suspension due to an unsatisfied final judgment against a licensee.

*Providing Personal Information Is Mandatory.* Failure to provide all of the information requested will delay the processing of your request and may result in your request being rejected or returned as incomplete.

*Access to Your Information:* You may review the records maintained by the CSLB that contain your personal information, as permitted by the Information Practices Act (Civil Code sections 1798 and following). See below for contact information.

*Possible Disclosure of Personal Information:* We make every effort to protect the personal information you provide us. In order to process your request, however, we may need to share the information you give us with the business or person(s) you filed against or with other government agencies. This may include sharing any personal information you gave to us. The information you provide may also be disclosed in the following circumstances: in response to a Public Records Act request, as allowed by the Information Practices Act; to another government agency as required by state or federal law; or in response to a court or administrative order, a subpoena, or a search warrant. Contact Information: For questions about this notice or access to your records, you may contact the Manager of the Judgment Unit of the Contractors State License Board at (800) 321-2752, or at the CSLB, 9821 Business Park Drive, Sacramento, CA 95827.



## AGENDA ITEM D

# Public Affairs Program Update

1. Video/Digital Services
2. Media Relations Highlights
3. Industry, Licensee and Community Outreach Highlights
4. Employee Relations
5. Outreach and Intranet Site (CSLBin)





# CONTRACTORS STATE LICENSE BOARD

## PUBLIC AFFAIRS PROGRAM UPDATE

CSLB's Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer relations, as well as outreach. PAO provides a wide range of services, including proactive public relations; response to media inquiries; community outreach, featuring Senior Scam Stopper<sup>SM</sup> and Consumer Scam Stopper<sup>SM</sup> seminars, and speeches to service groups and organizations; publication and newsletter development and distribution; contractor education and outreach; social media outreach to consumers, the construction industry, and other government entities; and website and employee intranet content, including webcasts and video.

### STAFFING UPDATE

PAO is staffed with six full-time positions and one part-time Student Assistant. The office supervisor position (Information Officer II) is currently vacant.

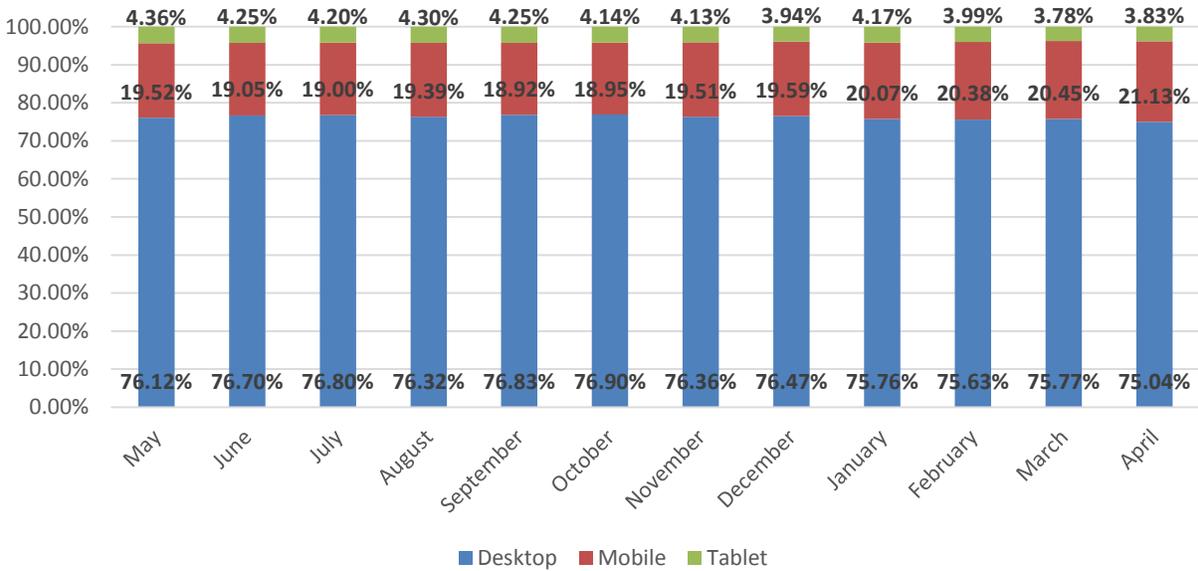
### ONLINE HIGHLIGHTS

#### CSLB Website

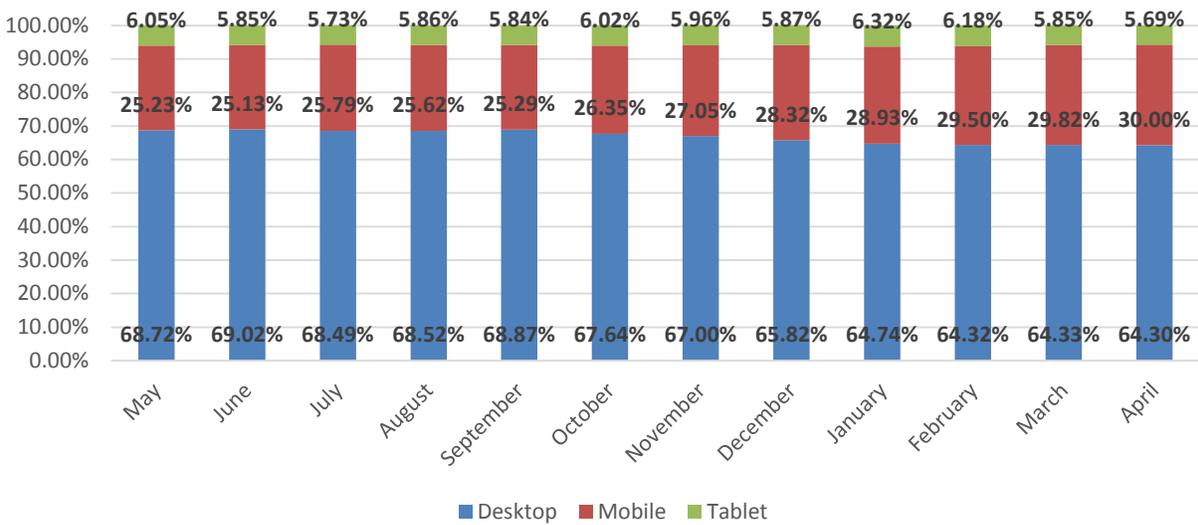
Month	Sessions	Users	Pageviews	Pages / Session	Ave. Session Duration	Bounce Rate	% New Sessions
<b>May 2015</b>	638,016	261,649	4,613,779	7.23	6:01	19.56%	22.14%
<b>June</b>	691,311	273,968	4,952,706	7.16	6:01	19.47%	21.89%
<b>July</b>	688,566	278,065	4,952,624	7.19	6:05	20.09%	22.45%
<b>August</b>	664,431	273,010	4,767,302	7.18	6:05	20.43%	22.84%
<b>September</b>	652,660	269,935	4,634,008	7.10	5:59	20.57%	22.96%
<b>October</b>	681,498	280,255	4,847,312	7.11	6:01	20.54%	23.04%
<b>November</b>	582,005	247,350	4,687,603	8.05	6:03	20.73%	23.35%
<b>December</b>	570,452	237,484	3,950,059	6.92	5:57	21.21%	22.90%
<b>January 2016</b>	654,662	269,875	4,615,718	7.05	6:02	20.35%	23.43%
<b>February</b>	672,362	276,742	4,652,017	6.92	5:55	20.73%	22.83%
<b>March</b>	734,731	294,308	5,031,414	6.85	5:56	20.97%	22.54%
<b>April</b>	694,979	288,071	4,711,573	6.78	5:46	21.39%	23.99%
<b>May</b> Through 5/22/16	505,252	236,209	3,449,604	6.83	5:48	21.51%	31.64%
<b>Last 12 Months</b> May 2015 – April 2016	<b>7,925,673</b> Avg: 660,473	<b>3,250,712</b> Avg: 278,893	<b>56,416,115</b> Avg: 4,701,343	<b>7.12</b>	<b>5:59</b>	<b>20.50%</b>	<b>22.86%</b>



CSLB Website - By Type of Device (May 2015 - April 2016)



CSLB Website New Users - By Type of Device (May 2015 - April 2016)





The 40 Most Viewed Pages on CSLB Website (March 1, 2016 – May 22, 2016)
(Does Not Include Instant License Check or Online Services Pages)

Table with 4 columns: Rank, Page Title, Page Views, and Link. It lists the top 40 most viewed pages on the CSLB website, including Home Page, Forms and Applications, Contractor Home Page, Licensing Classifications, and Consumer Home Page.



31.	"Completing a Contractor License Application" Video	10,746	<a href="http://www.cslb.ca.gov/contractors/applicants/applicant_video.aspx">www.cslb.ca.gov/contractors/applicants/applicant_video.aspx</a>
32.	Tips for Calling CSLB's Licensing Information Center	10,692	<a href="http://www.cslb.ca.gov/about_us/licensing_contact_tips.aspx">www.cslb.ca.gov/about_us/licensing_contact_tips.aspx</a>
33.	List of All CSLB Fees	10,553	<a href="http://www.cslb.ca.gov/about_us/library/fees.aspx">www.cslb.ca.gov/about_us/library/fees.aspx</a>
34.	Licensing Classifications	10,282	<a href="http://www.cslb.ca.gov/about_us/library/licensing_classifications/c-27_-_landscaping.aspx">www.cslb.ca.gov/about_us/library/licensing_classifications/c-27_-_landscaping.aspx</a>
35.	Applying for the Contractors Examination	9,771	<a href="http://www.cslb.ca.gov/contractors/applicants/contractors_license/exam_application/applying_for_license.aspx">www.cslb.ca.gov/contractors/applicants/contractors_license/exam_application/applying_for_license.aspx</a>
36.	Step 1: General Renewal Information	9,771	<a href="http://www.cslb.ca.gov/contractors/maintain_license/renew_license/general_renewal_information.aspx">www.cslb.ca.gov/contractors/maintain_license/renew_license/general_renewal_information.aspx</a>
37.	Qualifying Experience for the Examination	9,701	<a href="http://www.cslb.ca.gov/contractors/applicants/contractors_license/exam_application/experience_for_exam.aspx">www.cslb.ca.gov/contractors/applicants/contractors_license/exam_application/experience_for_exam.aspx</a>
38.	Licensing Classifications	9,329	<a href="http://www.cslb.ca.gov/about_us/library/licensing_classifications/c-33_-_painting_and_decorating.aspx">www.cslb.ca.gov/about_us/library/licensing_classifications/c-33_-_painting_and_decorating.aspx</a>
39.	How the Complaint Process Works	9,306	<a href="http://www.cslb.ca.gov/consumers/filing_a_complaint/how_the_complaint_process_works.aspx">www.cslb.ca.gov/consumers/filing_a_complaint/how_the_complaint_process_works.aspx</a>
40.	Reporting Unlicensed Activity	8,834	<a href="http://www.cslb.ca.gov/consumers/report_unlicensed_activity">www.cslb.ca.gov/consumers/report_unlicensed_activity</a>

**New Website Feature**

PAO worked with CSLB’s Information Technology division to launch a new website feature on May 16, 2016, that provides a listing of all CSLB job openings. PAO updates the page as new job openings are advertised.

The page also includes a new brochure, “Building a Rewarding Career Protecting California Consumers,” as well as links to the jobs.ca.gov website, which has information about the state’s hiring process and other job openings within the Department of Consumer Affairs.

In addition, consumers can sign up to receive a weekly email alert with all current CSLB job openings.



**CSLB Job Announcements**

Thank you for your interest in working for the State of California's Contractors State License Board (CSLB). We're part of the Department of Consumer Affairs and are considered one of the leading consumer protection agencies in the United States.

CSLB is responsible for regulating California's construction industry through policies that promote the health, safety, and general welfare of the public in matters relating to construction.

We employ a staff of more than 400 at our headquarters in Sacramento and field offices/test centers around California.

Below is a list of our current CSLB job openings.

Pay special attention to the final filing dates, as those are the deadlines to apply for a specific position. The filing period for "Until Filled" jobs can close at any time. Also, make sure that the position you're interested in is located in a county where you're willing to work.

Please visit the [California Jobs website](#) to learn about the process for getting a state job, including taking an exam to gain civil service list eligibility. You must follow very specific steps before you can apply for a CSLB job.

**Current CSLB Job Openings**

Job Classification	Job Location	Final Filing Date
<a href="#">Enforcement Representative I (Not-Rec'd Office)</a>	Nonak (Los Angeles County)	Thursday, May 26, 2016
<a href="#">Management Services Technician</a>	Sacramento (Sacramento County)	Thursday, May 26, 2016
<a href="#">Staff Services Manager II (Supervisory)</a>	Sacramento (Sacramento County)	Thursday, May 26, 2016
<a href="#">Associate Governmental Program Analyst</a>	Sacramento (Sacramento County)	Tuesday, May 31, 2016
<a href="#">Consumer Services Representative (Limited Term)</a>	Sacramento (Sacramento County)	Friday, June 3, 2016
<a href="#">Information Officer II</a>	Sacramento (Sacramento County)	Monday, June 6, 2016
<a href="#">Examination Proctor</a>	San Jose (Santa Clara County)	Until Filled
<a href="#">Examination Proctor</a>	Orland (Ventura County)	Until Filled
<a href="#">Examination Proctor</a>	Fresno (Fresno County)	Until Filled
<a href="#">Assistant Examination Proctor</a>	Berkeley (Alameda County)	Until Filled
<a href="#">Assistant Examination Proctor</a>	San Jose (Santa Clara County)	Until Filled
<a href="#">Assistant Examination Proctor</a>	Fresno (Fresno County)	Until Filled
<a href="#">Graduate Student Assistant</a>	Sacramento (Sacramento County)	Until Filled

 Sign up to receive CSLB Job Announcement Email Alerts

**Other Resources**

Learn more about CSLB job opportunities by downloading our brochure, "[Build a Rewarding Career Protecting California Consumers](#)".

If you're a licensed contractor, consider becoming one of [CSLB's Industry Experts](#).

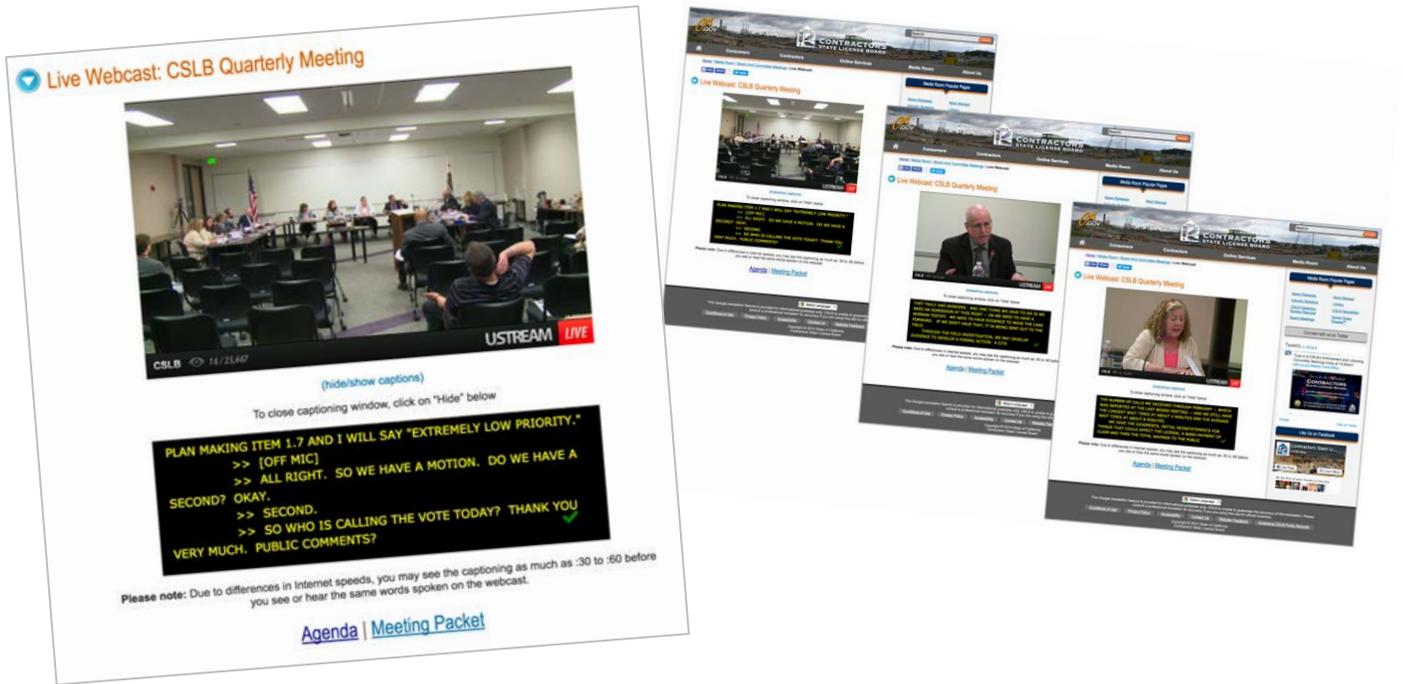
We also encourage you to take a look at other current [Department of Consumer Affairs Job Openings and Examination Opportunities](#).



### VIDEO/DIGITAL SERVICES

#### Live Webcasts

Beginning with the April 6, 2016, Board meeting CSLB resumed live webcasts of meetings after securing a contract to provide real-time live captioning. CSLB is the first DCA regulatory agency to offer live captioning of its meetings.



- Meetings
  - April 6, 2016: Board meeting in Sacramento
  - May 10, 2016: Enforcement & Licensing Committees meetings in Sacramento



CSLB Quarterly Board Meeting April 6, 2016



CSLB Licensing Committee Meeting May 10, 2016



CSLB Enforcement Committee Meeting May 10, 2016

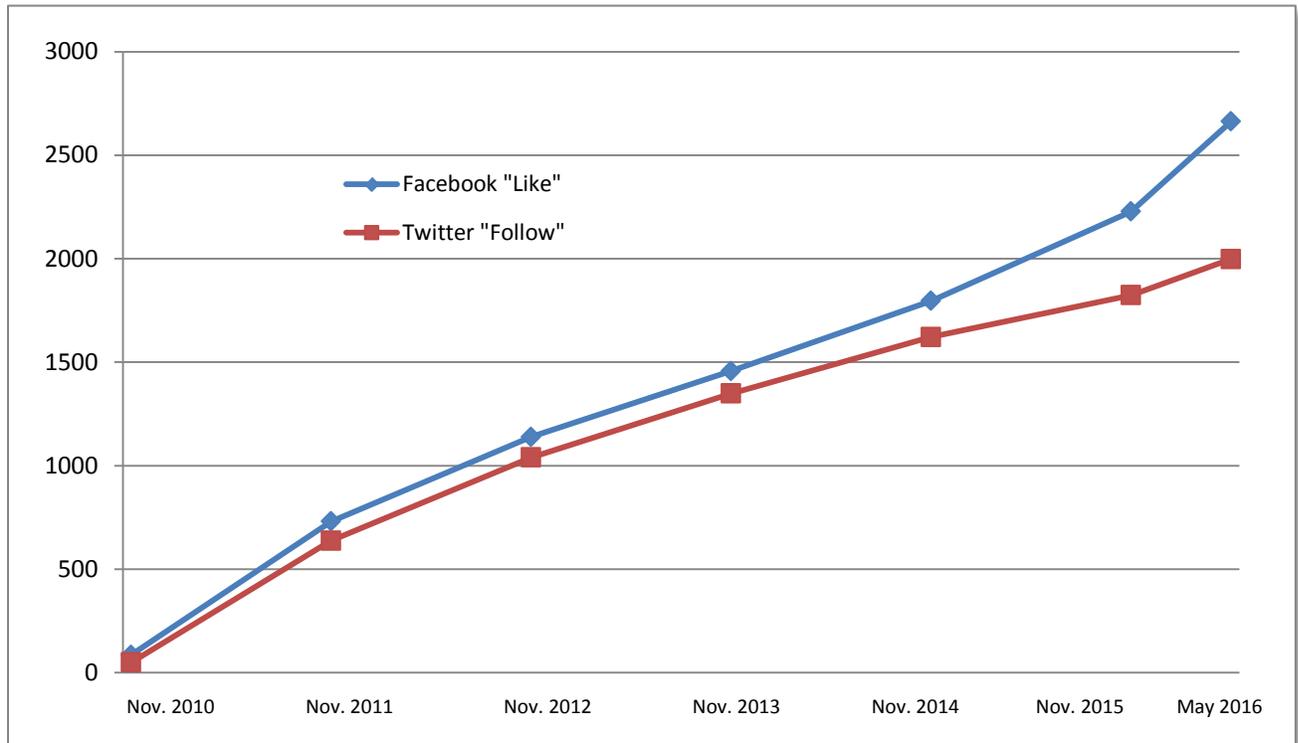


**Social Media**

CSLB has started using a variety of infographics to post information on the Board’s social media pages. Below are examples of infographics recently posted on Facebook, Twitter, and LinkedIn:



Growth of CSLB’s Facebook and Twitter sites since their fall 2010 launch:





### Facebook Growth

As of May 23, 2016, CSLB had tallied 2,066 “likes” on its Facebook page, an increase of 147 since the April Board meeting.

- 68 percent of those who “react” to CSLB on Facebook are male, 30 percent are female.
- 57 percent of CSLB’s Facebook fans are between the ages of 35 and 54.
- Most viewed posts:
  - San Diego Undercover Sting Press Release - 8.4k reach

05/09/2016  
3:03 pm



A total of 19 persons were cited o  
n illegal contracting charges in the

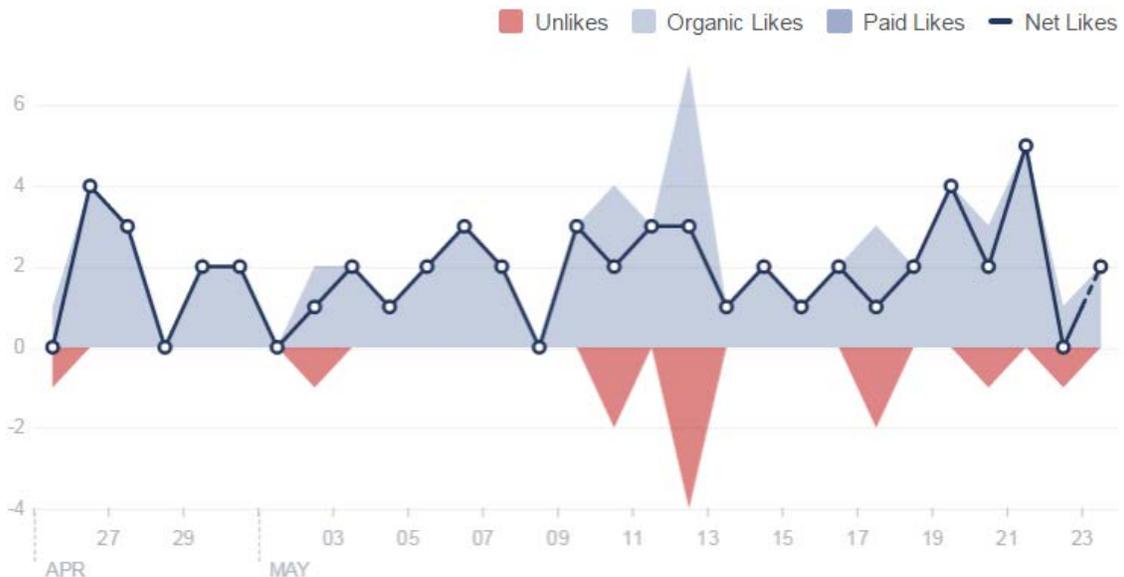
- CBS Los Angeles Solar Sting - 6.5k reach

05/02/2016  
12:05 pm



Homeowners should be very cauti  
ous and do their own research bef

The following chart shows the net growth per day since the end of April 2016 for CSLB’s Facebook page. The blue line represents individuals who have “liked” CSLB, and the red areas represent individuals who have “liked” CSLB at one point, but subsequently “un-liked” CSLB.





### Twitter Growth

Between November 16, 2015 and May 23, 2016, CSLB gained 143 followers on Twitter, growing from 1,855 to 1,998.

- 62 percent of our followers are male; 38 percent female. The percentage of male followers has decreased by 3 percent since the April 2016 Board meeting.
- Tweets receive an average of 30.8K impressions (views) per month.
- Top tweets:  
 Tuesday Tips: Workers' Compensation – 1,095 impressions



CA Contractors Board @CSLB · Apr 26

If a worker is injured on your property & the contractor doesn't have insurance, YOU could be liable. #TuesdayTips  
[pic.twitter.com/6Nc7TTYPmd](http://pic.twitter.com/6Nc7TTYPmd)

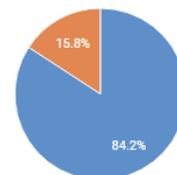
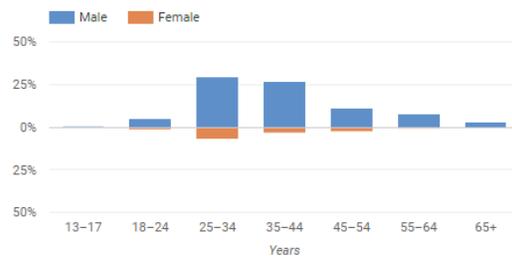
### Periscope Growth

CSLB uses Periscope to stream live videos before Board meetings and during outreach events. A link to the live stream can be sent out via social media and is available to viewers for 24 hours. Periscope allows viewers to send “hearts” to the broadcaster by tapping on the mobile screen as a form of appreciation. Viewers also can send comments and questions during the broadcast.

### YouTube Growth

CSLB’s YouTube Channel received 5,064 views between April 23, 2016 and May 20, 2016, an average of 180 visitors per day. Viewers watched a combined total of 15,064 minutes of video. As of May 23, 2016, CSLB has 516 viewers subscribed to the Board’s YouTube channel.

- Since CSLB created the page in 2009, it has been viewed 350,991 times.
- 84 percent of CSLB YouTube viewers are male; 16 percent female. The percentage of male followers has increased by 3 percent since the April 2016 Board meeting.





- 71 percent of viewers find CSLB videos through “suggested videos” on YouTube, 9.6 percent from YouTube search, 8.2 percent from external links, and 11 percent use other methods.
- The CSLB Experience Verification Seminar currently has the highest audience retention, with 15,384 minutes watched.



Santa Rosa Sting April 6, 2016  
181 views • 1 month ago

On April 6, 2016, CSLB posted video highlights from the undercover sting operation in Santa Rosa. This video received 254 minutes of watch time from more than 180 views.

### **Flickr Growth**

CSLB is expanding its portfolio of photographs on Flickr, a no-cost, photo-sharing social media website.

Flickr allows PAO staff to upload and post high-resolution photos as individual photographs or in album format. Flickr also permits professional media and industry followers of CSLB to download photographs at the resolution level of their choosing.

As of May 23, 2016, CSLB has 196 photos available for download on Flickr.

### **LinkedIn Growth**

PAO is exploring the benefits of utilizing LinkedIn, a business-oriented social networking site primarily used for professional networking. LinkedIn can increase exposure and act as an effective recruiting tool to attract quality employees for CSLB job vacancies.

Since the April 2016 Board meeting, CSLB has used LinkedIn to advertise two vacant positions.

### **Email Alert Feature**

In May 2010, PAO launched a website feature that allows people to subscribe to their choice of four types of CSLB email alerts:

- *California Licensed Contractor* newsletters
- News Releases/Consumer Alerts
- Industry Bulletins
- Public Meeting Notices/Agendas

On May 16, 2016, a new category was added:

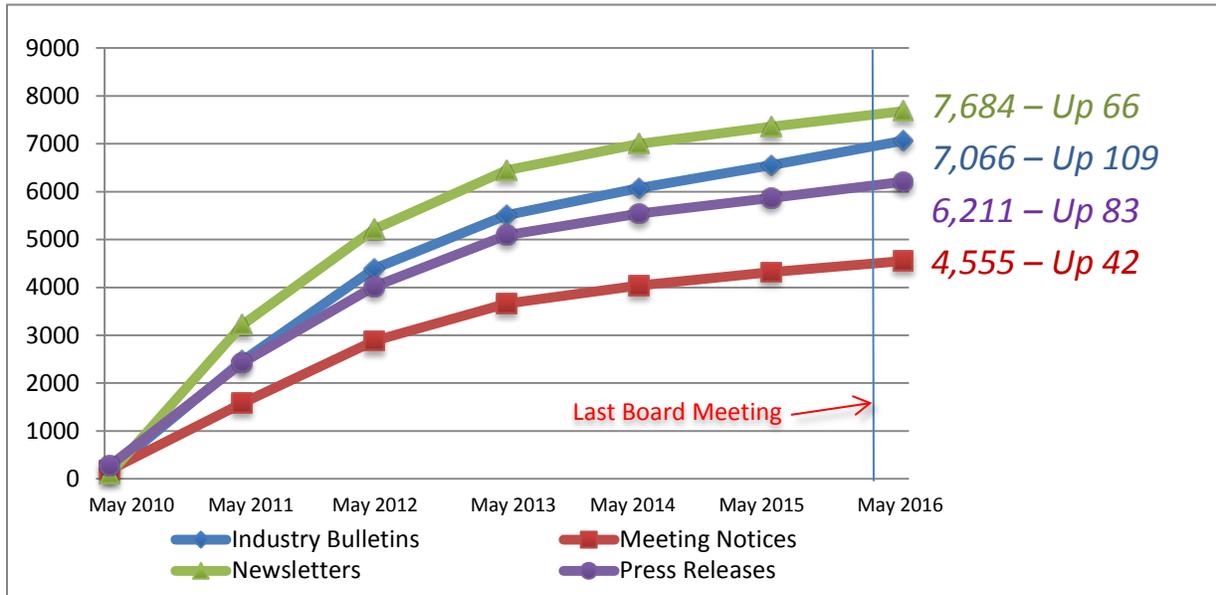
- CSLB Job Openings

The total subscriber database currently stands at 25,533, which includes 317 new accounts since the April 2016 Board meeting.



PAO also utilizes a database consisting of email addresses voluntarily submitted on license applications and renewal forms. This list currently consists of 78,370 active email addresses, which brings the combined email database to 103,903 addresses.

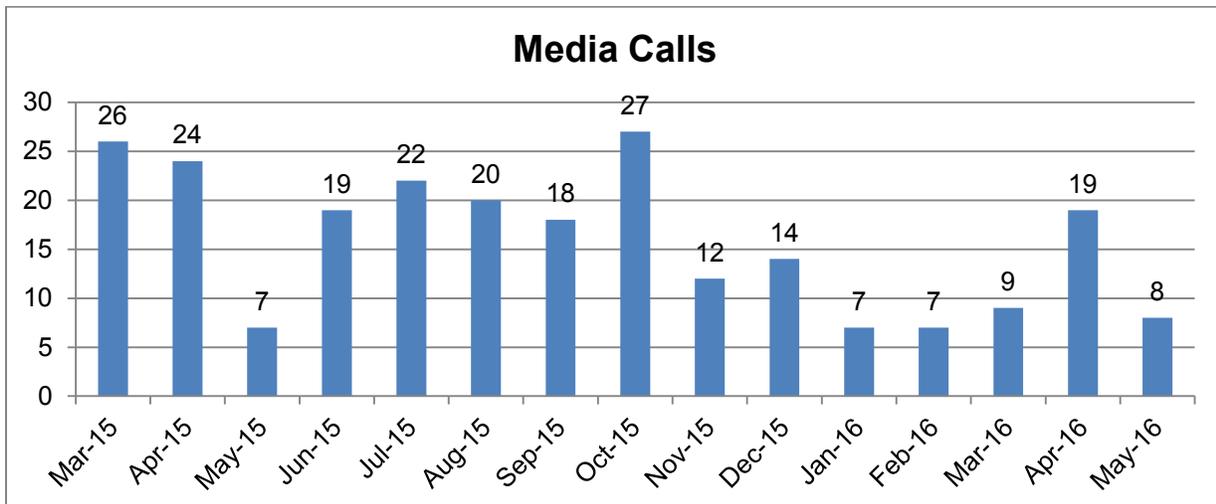
**Email Alert Sign-Up Statistics**



**MEDIA RELATIONS HIGHLIGHTS**

**Media Calls**

Between March 1, 2016 and May 22, 2016, PAO staff responded to 44 media inquiries. PAO provided interviews to a variety of online, newspaper, radio, magazine, and television outlets. The following chart breaks down the media calls by month:





**Media Events**

On May 18, 2016, PAO partnered with the California Department of Insurance during its annual “Operation Underground” enforcement and outreach effort. PAO staff coordinated media outreach in the San Diego market, which included allowing a crew from KNSD-TV (NBC) to accompany a multi-agency team as it swept through active construction sites in Coronado. In addition, PAO staff shot video and stills of the operation, which were made available to all San Diego area media outlets.



**News Releases**

PAO continued its policy of aggressively distributing news releases to the media, especially to publicize enforcement actions and undercover sting operations. Between March 1, 2016 and May 23, 2016, PAO distributed nine news releases.

<b>Release Date</b>	<b>Release Title</b>
March 1, 2016	CSLB Cites 18 on Illegal Contracting Charges in Vallejo Sting
March 14, 2016	Unlicensed Painters in Marin Need to Brush Up on Law
March 14, 2016	In Napa, CSLB Finds Unlicensed Contractors Thriving Online
March 22, 2016	CSLB Uncovers More Than Unlicensed Contractors During Merced Sting
March 29, 2016	CSLB Nearing Completion of its Investigation of Contractors Involved in Berkeley Balcony Collapse
April 11, 2016	83 Unlicensed Contractors Feel Sting of CSLB’s Spring Blitz
April 29, 2016	Contractors in San Diego Area Looked Legitimate, But Weren’t



May 2, 2016	CSLB Investigators Find Phony Contractors in Sacramento
May 23, 2016	Repeat Contracting Violator in Bakersfield Ordered to Jail

**INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS**

**California Licensed Contractor Newsletter**

PAO released the spring 2016 *California Licensed Contractor* quarterly newsletter online in early May. The publication is targeted to CSLB’s nearly 300,000 licensees. To save considerable mailing and printing costs, each edition is now distributed online.



**PUBLICATION/GRAPHIC DESIGN HIGHLIGHTS**

CSLB publications update (print and online):

**Completed**

- 2017 Board Procedure Manual
- 2016-18 Strategic Plan

**In Production**

- Asbestos: A Contractor’s Guide and Open Book Exam
- Description of Classifications booklet
- Mandatory Arbitration Program Guide
- Voluntary Arbitration Program Guide
- New Consumer Guide
- Mandatory Settlement Conference Tips brochure



**In Development**

- New Contractor Guide
- Building Official Information Guide
- New outreach pull-up banners

**COMMUNITY OUTREACH HIGHLIGHTS**

**Senior Scam Stopper<sup>SM</sup> Seminars**

CSLB’s Senior Scam Stopper<sup>SM</sup> seminars have been offered throughout the state since 1999 in cooperation with legislators, state and local agencies, law enforcement, district attorneys, and community-based organizations. Seminars provide information about construction-related scams and how seniors can protect themselves when hiring a contractor. Seniors are a vulnerable audience, often preyed upon by unlicensed or unscrupulous contractors.



Sessions feature expert speakers from many local, state, and federal agencies, who present broader topics, including identity theft, auto repair, Medicare, foreign lotteries, and mail fraud.

The 500<sup>th</sup> seminar took place on April 15, 2016, in Coachella, with Assembly Member Eduardo Garcia.

**COMMUNITY OUTREACH HIGHLIGHTS:**

**Senior Scam Stopper<sup>SM</sup> Seminars**

The following seminars have been conducted and/or scheduled from May 2016 through July 2016:

<b>Date</b>	<b>Location</b>	<b>Legislative/Community Partner(s)</b>
May 5, 2016	San Diego	Rep. Scott Peters
May 6, 2016 AM	Azusa	Asm. Roger Hernandez
May 6, 2016 PM	Pasadena	Sen. Carol Liu
May 11, 2016	San Diego	Rep. Scott Peters
May 13, 2016 AM	Goleta	Sen. Hannah-Beth Jackson
May 13, 2016 PM	South Pasadena	Asm. Chris Holden
May 18, 2016	Yucaipa	Sen. Mike Morrell
May 19, 2016	Fresno	Westlake Mobile Home Parks
May 25, 2016	Los Angeles	Rep. Xavier Becerra
May 26, 2016	Moreno Valley	Riverside Co. Supv. Marion Ashley
May 27, 2016	Watsonville	Sen. Bill Monning
June 3, 2016	Menifee	Sen. Mike Morrell
June 9, 2016	Menifee	Riverside Co. Supv. Marion Ashley
June 10, 2016	Imperial Valley	Asm. Eduardo Garcia
June 17, 2016	Sacramento	Asm. Jim Cooper
June 20, 2016	Alameda Co. - TBA	Asm. Tony Thurmond
June 21, 2016	Perris	Riverside Co. Supv. Marion Ashley
June 23, 2016	Carpinteria	Vista de Santa Barbara Mobile Home Park
June 24, 2016 AM	West Hollywood	Asm. Richard Bloom
June 24, 2016 PM	Pacific Palisades	Sen. Ben Allen
July 8, 2016	Pomona	Asm. Freddie Rodriguez
July 12, 2016	Whittier	Asm. Ian Calderon
July 13, 2016	Lancaster	Sen. Sharon Runner
July 15, 2016 AM	Chico	Sen. Jim Nielsen/Asm. Jim Gallagher

July 15, 2016 PM	Paradise	Sen. Jim Neilsen/Asm. Jim Gallagher
July 19, 2016	Santa Clara Co.- TBA	Asm. Kansen Chu
July 21, 2016	Kettleman City	Asm. Rudy Salas
July 22, 2016	Santa Cruz Co. – TBA	Asm. Luis Alejo
July 26, 2016	Corcoran	Asm. Rudy Salas
July 27, 2016	Wasco	Asm. Rudy Salas
July 29, 2016	Victorville	Asm. Jay Obernolte

From January 2016 through May 2016, CSLB staff spoke to the following organizations/events and conducted Consumer Scam Stopper<sup>SM</sup> seminars:

Date	Location	Organization/Event
January 13, 2016	Sacramento	Sacramento County FAST
January 19, 2016	Turlock	Consumer Scam Stopper Westfork Estates Mobile Home Park
January 26, 2016	Newport Beach	Oasis Senior Center
January 26, 2016	Glendale	Wise & Healthy Aging Sr. Fraud event
January 27, 2016	Rio Vista	Cover Your Assets seminar
February 4, 2016	Ontario	CLCA Landscape Industry Show
February 16, 2016	Chatsworth	VOS Men’s Friendship Club
March 10, 2016	Kingsburg	Intl. Codes Council San Joaquin Valley Chapter
April 11, 2016	Walnut Creek	Consumer Scam Stopper Sons in Retirement
May 12, 2016	Los Angeles	L.A. Fraud Awareness Day (City of LA)
May 17, 2016	Santa Maria	Natl. Assn. of Women in Construction
May 17, 2016	Westminster	Consumer Scam Stopper – Temple Beth David
May 19, 2016	Fresno	Natl. Kitchen & Bath Assn.

**EMPLOYEE RELATIONS**

**Intranet (CSLBin)**

CSLBin, the employee-only intranet site, launched in November 2013. Stories and photos highlight employee and organizational accomplishments. In addition to employee news, the site also is kept current with the latest forms, policies, reports, and other information used by CSLB staff around the state.

Recent articles include a profile of Board member Marlo Richardson and her challenging day job, and a recent tour by some Board members and senior staff to see the construction of a new arena in downtown Sacramento.



# AGENDA ITEM E

## Licensing





## AGENDA ITEM E-1

# Review and Possible Approval of May 10, 2016, Licensing Committee Meeting Summary Report





# CONTRACTORS STATE LICENSE BOARD

## LICENSING COMMITTEE SUMMARY REPORT

### **A. Call to Order, Roll Call, Establishment of Quorum, and Chair's Introduction**

Committee Chair Linda Clifford called the meeting of the Contractors State License Board (CSLB) Licensing Committee to order at 11:30 a.m. on Tuesday, May 10, 2016, in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California 95827. Ms. Clifford welcomed Committee members and asked for introductions.

#### **Committee Members Present**

Linda Clifford, Chair  
Kevin Albanese  
David De La Torre  
Susan Granzella  
Frank Schetter  
Johnny Simpson

#### **Board Members Present**

Joan Hancock  
Ed Lang

#### **CSLB Staff Present**

Cindi Christenson, Registrar  
Cindy Kanemoto, Chief Deputy Registrar  
Charlotte Allison, Licensing Manager  
Rick Lopes, Public Affairs Chief  
David Fogt, Enforcement Chief  
Laura Zuniga, Legislation Chief

Claire Goldstene, CSLB Staff  
Nicole Newman, Licensing Staff  
Ashley Caldwell, Public Affairs Staff  
Wendi Balvanz, Testing Chief  
Kristy Schieldge, Staff Counsel

#### **Others Present**

Rick Pires, Basic Crafts  
Daniel Cohen, Television Education Inc.

### **B. Public Comment Session**

No public comment was presented.



### **C. Review and Discussion Regarding Licensing and Testing Program Updates in the Board Meeting Packet**

#### **1. Licensing Program Update**

Licensing Manager Charlotte Allison requested that Committee members review the current Licensing program update to determine the relevancy of the information provided. Committee member Susan Granzella expressed interest in working with Licensing division staff to condense and better convey the data in the charts. Committee members Linda Clifford and Kevin Albanese asked Licensing staff to prepare an analysis of the time involved in preparing the material and a breakdown of individuals that currently use the charts and graphs provided in the program update.

Licensing workload and processing times were presented for the Application and Transactions units, Experience Verification unit, Judgment unit, Record Certification unit, and the Criminal Background unit. Call volumes in the call center were reported, along with wait times, which continue to meet the Board's goals.

The Committee expressed concern about the backlog in processing applications for exams and received information about how Licensing is addressing this issue, including redirecting staff, filling current vacancies, and overtime. The Licensing division aims to reduce the weeks-to-process from seven to four.

Committee member Kevin Albanese inquired about the length of time it takes to complete verified histories as they relate to Business and Professions Code section 7031 (non-payment due to lack of license).

#### **2. Testing Program Update**

Testing Chief Wendy Balvanz provided updates on examination development and administration within the Testing division. Staff is currently working on the occupational analysis of four (4) examinations, with another eight (8) examinations in the exam development phase. Testing recently released three (3) new examinations: C-8 Concrete; C15 Flooring and Floor Covering; and C43 Sheet Metal.

### **D. Prioritization of 2016-18 Strategic Plan's Licensing and Testing Objectives**

Licensing Manager Charlotte Allison presented to the Committee the prioritized list of strategic plan items for both Licensing and Testing. Committee member Johnny



# CONTRACTORS STATE LICENSE BOARD

## LICENSING COMMITTEE SUMMARY REPORT

Simpson made a motion to accept the strategic plan as itemized, emphasizing that item 1.7 (researching a handyman exemption) be considered a low priority, or (B) Beneficial.

**Committee member Johnny Simpson moved and Committee member Frank Schetter seconded approval of the 2016-18 Licensing and Testing Strategic Plan Objectives Prioritization. The motion carried unanimously, 5-0.**

NAME	Aye	Nay	Abstain	Absent	Recusal
Linda Clifford	X				
Kevin Albanese	X				
David De La Torre	X				
Susan Granzella	X				
Frank Schetter	X				
Johnny Simpson	X				

### E. Adjournment

**Committee Chair Linda Clifford moved and Committee Member Johnny Simpson seconded adjournment of the Licensing Committee meeting. The motion carried 5-0.**

NAME	Aye	Nay	Abstain	Absent	Recusal
Linda Clifford	X				
Kevin Albanese	X				
David De La Torre	X				
Susan Granzella	X				
Frank Schetter	X				
Johnny Simpson	X				

Licensing Committee Chair Linda Clifford adjourned the meeting at 12:03 p.m.

## AGENDA ITEM E-2

# Licensing Program Update

- a. License and LLC Applications Workload Update
- b. Workers' Compensation Recertification Statistics
- c. Experience Verification and Judgment Unit Overview
- d. Licensing Information Center Statistics
- e. Fingerprinting/Criminal Background Unit Statistics
- f. Licensing Processing Time Statistics





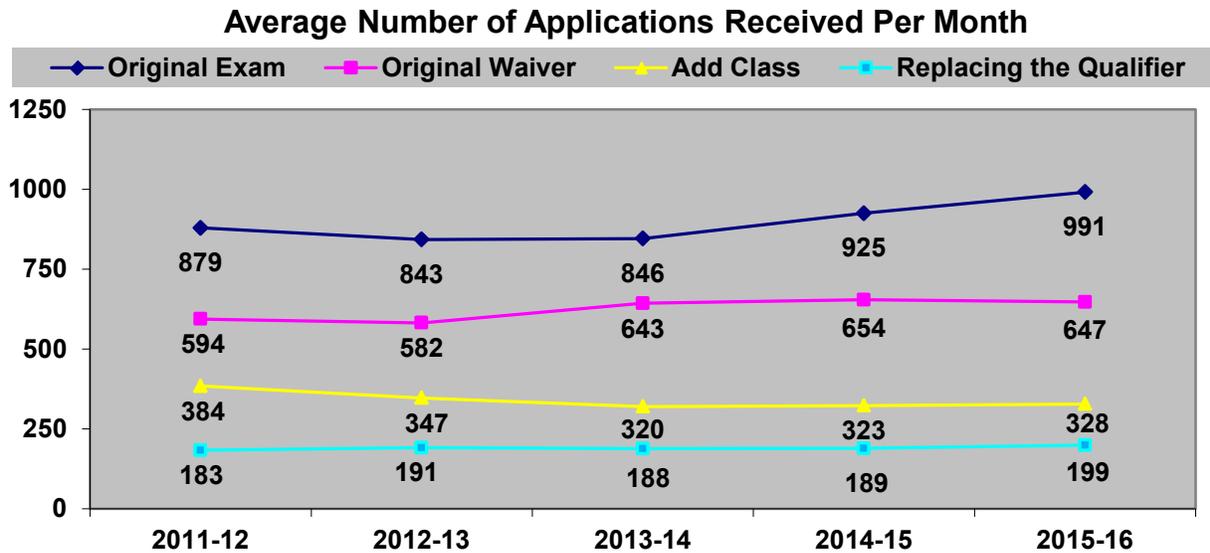
# CONTRACTORS STATE LICENSE BOARD

## LICENSING PROGRAM UPDATE

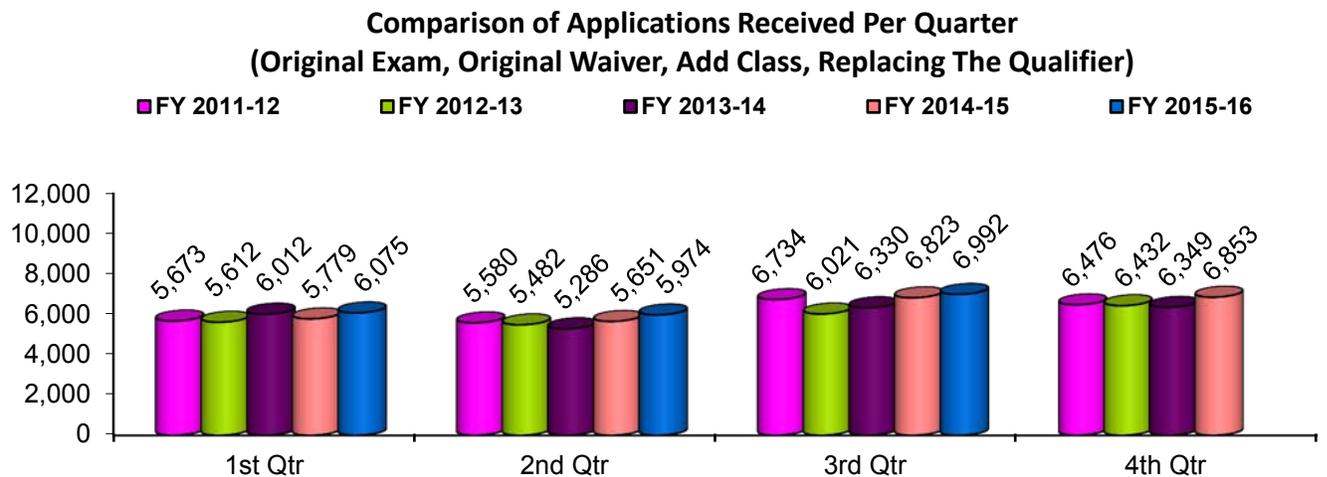
### LICENSE APPLICATION WORKLOAD

Beginning in fiscal year (FY) 2013-14, the number of applications CSLB received trended upward 2 percent from the previous year, reversing the decline in previous years because of the economic recession and housing downturn.

The following chart provides the average number of applications received per month:



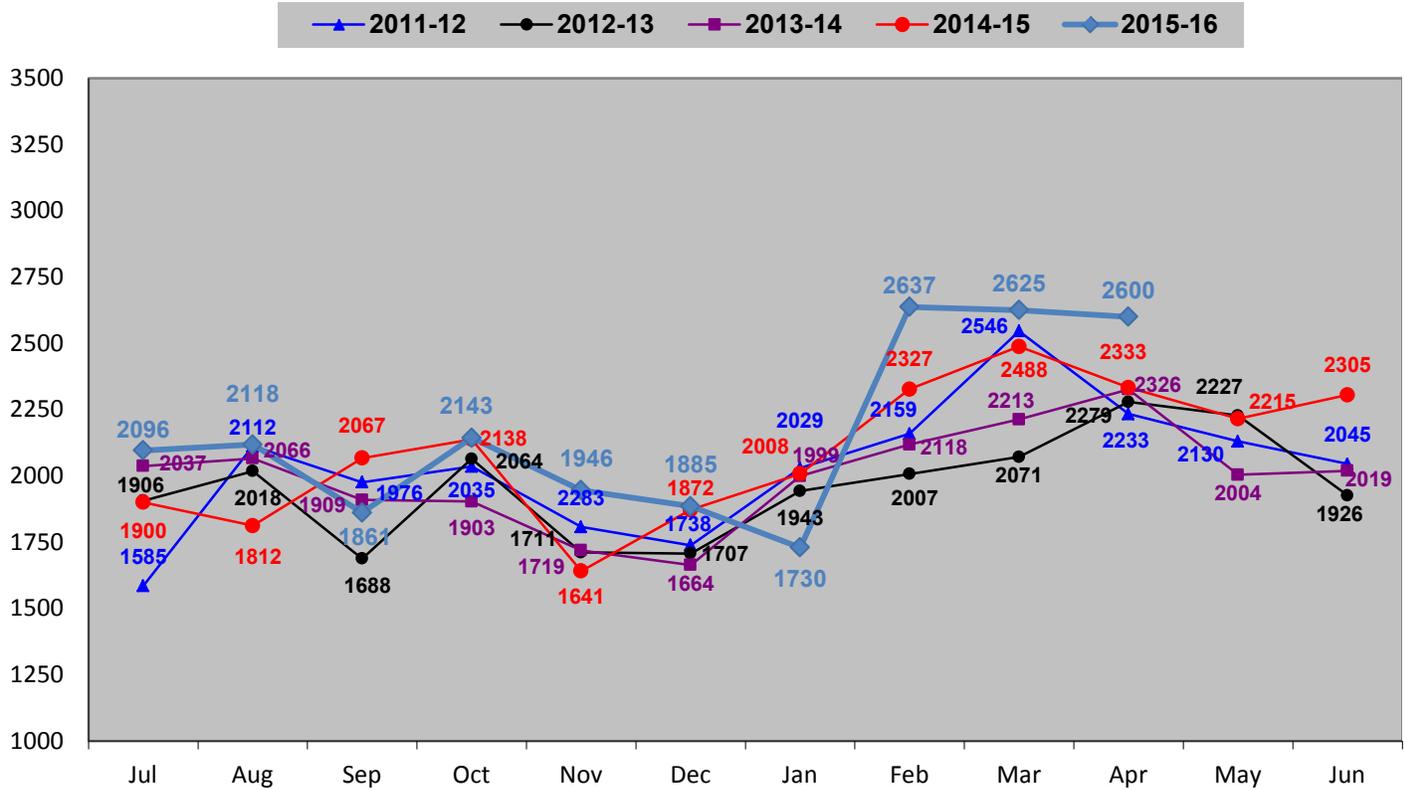
The total number of applications received by fiscal year quarter is shown below:



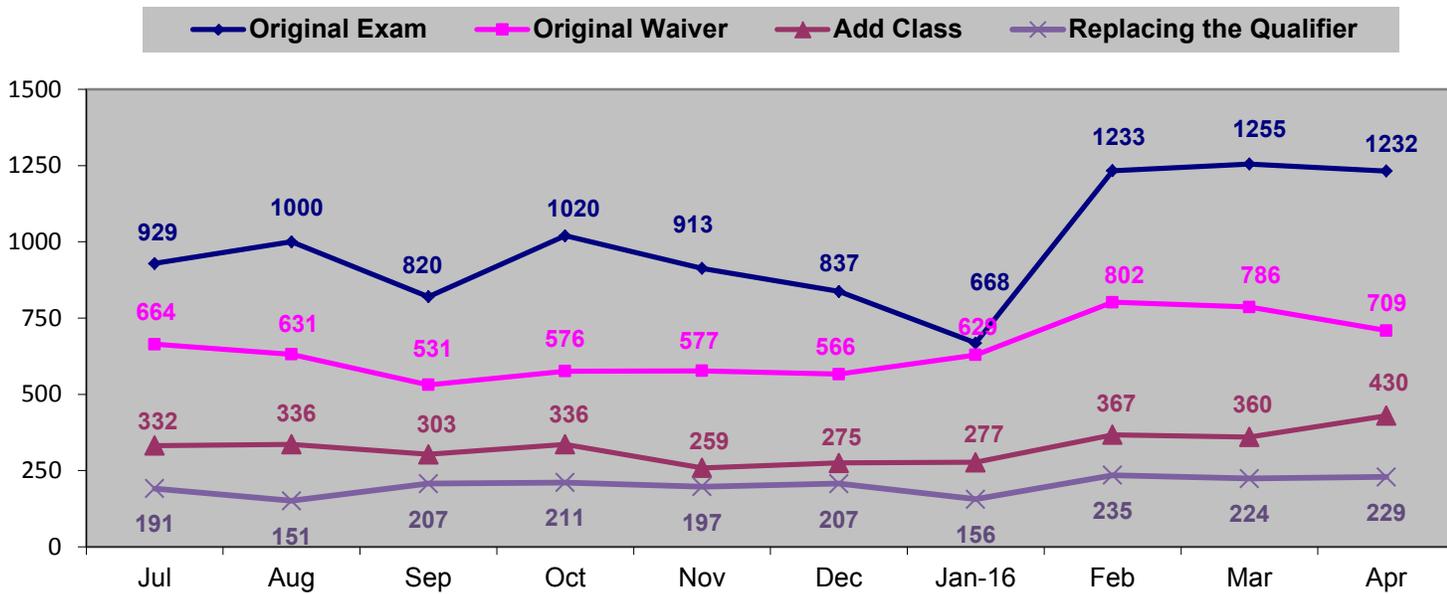
**Increase of 2 percent for total applications received for FY 2014-15  
Compared with FY 2013-14**



**Total Number of Applications Received Per Month for Fiscal Year  
(Original Exam, Original Waiver, Add Class, Replacing the Qualifier)**



**Number of Applications Received**





**LIMITED LIABILITY COMPANIES (LLCs)**

CSLB has licensed LLCs since January 1, 2012, when a new law (SB 392) gave CSLB the necessary authority.

Of the 3,247 original LLC applications received through April 30, 2016, CSLB issued 1,436 limited liability company contractor licenses. The most common reason for rejection continues to be staff's inability to match the name(s), title(s), and total count of LLC personnel on the application with the Statement of Information (SOI) provided in the records of the Office of the Secretary of State. The SOI information is required to process the LLC application and provides staff with the total number and names of LLC personnel, which is crucial to determine the appropriate liability insurance requirement (between \$1 million and \$5 million) for the LLC.

**Most Common Reasons LLC Applications are Returned for Correction:**

1. The personnel listed on the application does not match the personnel listed on Secretary of State (SOS) records.
2. LLC/SOS registration number and/or business name is missing or incorrect.
3. Personnel information needs clarification or is missing, i.e., DOB, middle name, title.
4. Questions section (page 3 of application, #10-15) is missing or incomplete.

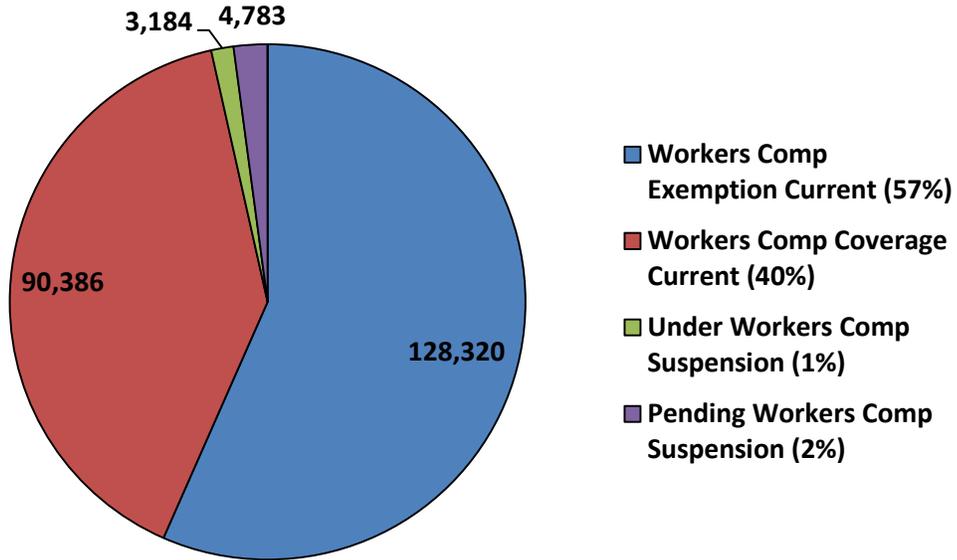
**WORKERS' COMPENSATION RECERTIFICATION**

Business and Professions Code §7125.5 (Assembly Bill 397) took effect on January 1, 2012. Licensing implemented the requirements of the new law in January 2013, effective for licenses expiring March 31, 2013. This law requires that, at the time of renewal, an active contractor with an exemption for workers' compensation insurance on file with CSLB either recertify that exemption or provide a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance. If, at the time of renewal, the licensee fails to recertify his or her exempt status or to provide a workers' compensation policy, the law allows for the retroactive renewal of the license if the licensee submits the required documentation within 30 days after notification by CSLB of the renewal rejection.



This chart provides a snapshot of workers' compensation coverage for active licenses:

**Workers' Comp Coverage for Active Licenses - May 1, 2016**



**Total Number of Active Licenses: 226,673**

*Data obtained from Teale Program ACTLICWC*

The chart shown on the following page provides the current workers' compensation coverage status (policies and exemptions) on file for active licenses by classification and the percentage of exemptions per classification.

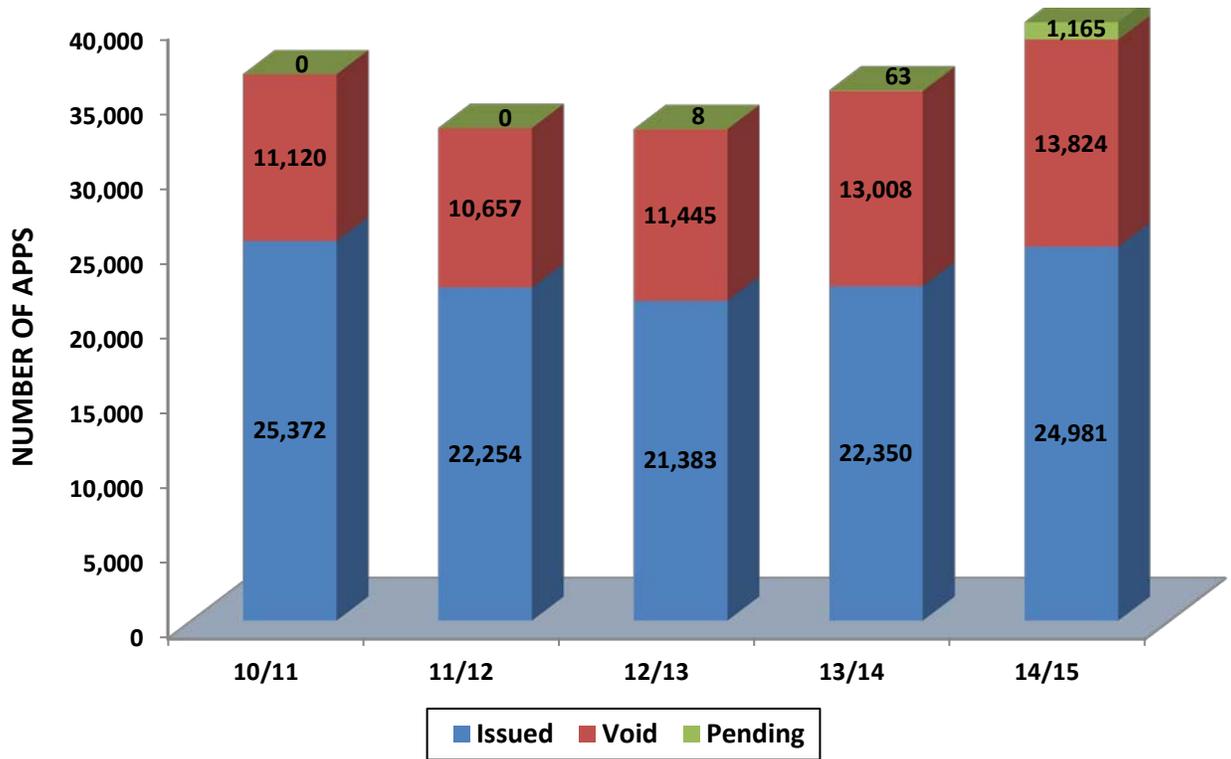
**Active License Classifications – Workers’ Comp Status Effective 05-01-2016**

	<b>Classification</b>	<b>Number of Exemptions on File</b>	<b>Number of WC Policies on File</b>	<b>Total Exemptions &amp; Policies</b>	<b>Percentage of Total with Exemptions</b>
A	General Engineering	5,800	8,771	14,571	40%
B	General Building	64,590	36,565	101,155	64%
C-2	Insulation and Acoustical	299	864	1163	26%
C-4	Boiler Hot Water	218	593	811	27%
C-5	Framing/Rough Carpentry	499	285	784	64%
C-6	Cabinet-Millwork	2,907	1,810	4,717	62%
C-7	Low Voltage Systems	2,209	2,663	4,872	45%
C-8	Concrete	2,601	3,293	5,894	44%
C-9	Drywall	1,334	1,707	3,041	44%
C10	Electrical	14,089	10,383	24,472	58%
C11	Elevator	46	154	200	23%
C12	Earthwork & Paving	1,052	1,282	2,334	45%
C13	Fencing	686	789	1475	47%
C15	Flooring	3,888	3,233	7,121	55%
C16	Fire Protection	755	1,346	2101	36%
C17	Glazing	1,136	1,632	2,768	41%
C20	HVAC	6,324	5,007	11,331	56%
C21	Building Moving Demo	484	1,028	1512	32%
C22	Asbestos Abatement	0	219	219	0%
C23	Ornamental Metal	462	540	1002	46%
C27	Landscaping	4,918	6,114	11,032	45%
C28	Lock & Security Equip	163	194	357	46%
C29	Masonry	1,121	1,375	2,496	45%
C31	Construction Zone	39	190	229	17%
C32	Parking Highway	193	307	500	39%
C33	Painting	9,126	6,342	15,468	59%
C34	Pipeline	170	312	482	35%
C35	Lath & Plaster	661	1,127	1788	37%
C36	Plumbing	8,882	6,124	15,006	59%
C38	Refrigeration	1,002	926	1,928	52%
C39	Roofing	0	4,115	4115	0%
C42	Sanitation	406	561	967	42%
C43	Sheet Metal	488	1,013	1501	33%
C45	Signs	385	434	819	47%
C46	Solar	445	643	1088	41%
C47	Gen Manufactured House	236	192	428	55%
C50	Reinforcing Steel	67	169	236	28%
C51	Structural Steel	427	958	1385	31%
C53	Swimming Pool	1,074	1,244	2,318	46%
C54	Tile	3,640	2,580	6,220	59%
C55	Water Conditioning	136	173	309	44%
C57	Well Drilling	359	520	879	41%
C60	Welding	574	404	978	59%
C61	Limited Specialty	7,671	8,975	16,646	46%
ASB	Asbestos Cert	353	780	1133	31%
HAZ	Hazardous Cert	589	1,329	1918	31%



**Disposition of Applications by Fiscal Year**  
**Teale Report S724: Run Date 05-01-2016**

(Includes: Original, Add Class, Replacing the Qualifier, Home Improvement Salesperson, Officer Changes)





**FINGERPRINTING/CRIMINAL BACKGROUND UNIT**

CSLB began fingerprinting applicants in January 2005. The California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) conduct criminal background checks and provide Criminal Offender Record Information (CORI) to CSLB for instate convictions and for out-of-state and federal convictions, respectively.

Since the fingerprint program began, CSLB has received 358,107 transmittals from DOJ that include clear records and conviction information.

Of the applicants fingerprinted during that time, Criminal Background Unit (CBU) staff received CORI for 62,531 applicants, an indication that DOJ and/or the FBI had a criminal conviction(s) on record for that individual.

As a result of CORI files received through April 30, 2016, CBU denied 1,274 applications and issued 1,516 probationary licenses; 638 applicants appealed their denials.

DOJ and FBI typically provide responses to CSLB within a day or two of an applicant being fingerprinted, but occasionally the results are delayed in order for the agency to conduct further research based on the applicant’s record. This does not necessarily indicate a conviction, as sometimes the results reveal a clear record. Recently, at any given time an average of 300 applicants are subject to DOJ/FBI delays. Most delays are resolved within 30 days; however, some continue for 60 or 90 days, or more. Since DOJ and FBI are independent agencies, CSLB has no control over these delays and must wait for the fingerprint results before issuing a license.

Below is a breakdown of CBU statistics by fiscal year.

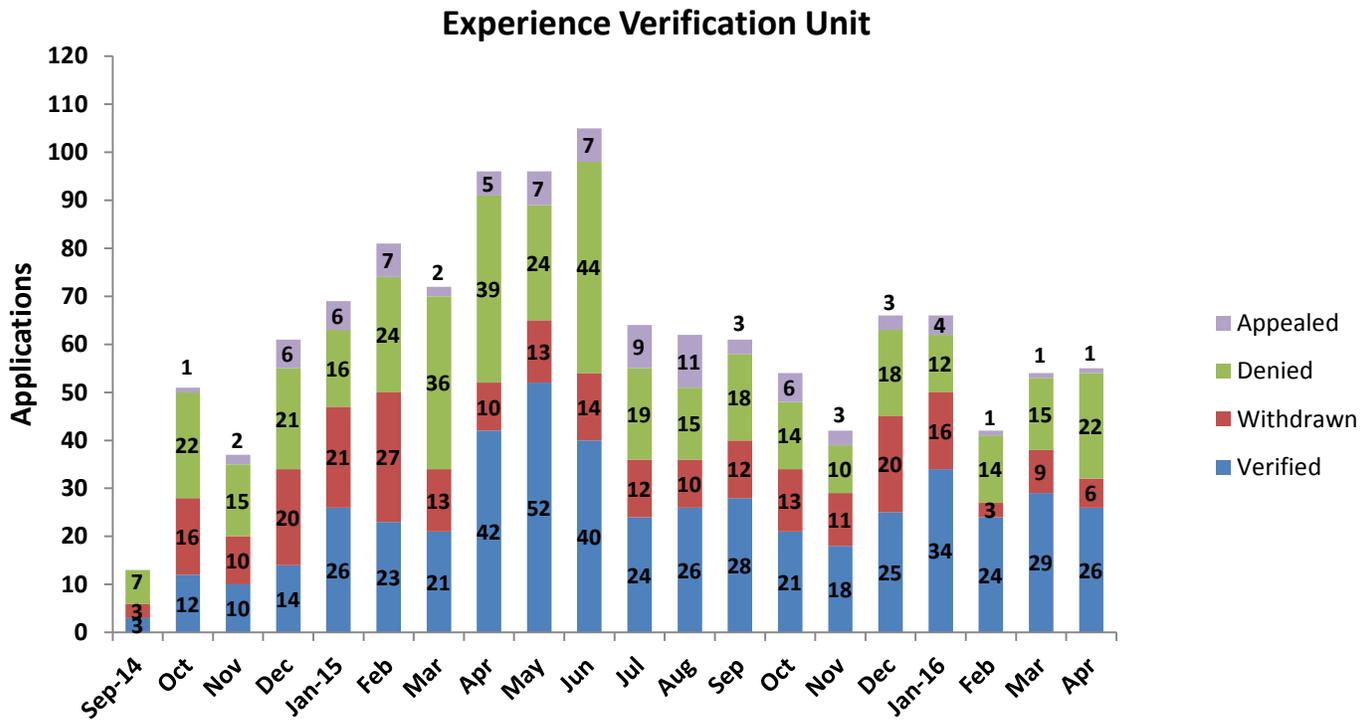
<b>Criminal Background Unit Statistics</b>								
	<b>FY 04-05 thru FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12</b>	<b>FY 12-13</b>	<b>FY 13-14</b>	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>TOTALS</b>
<b>DOJ Records Received</b>	216,177	24,730	18,805	18,270	20,395	28,434	25,720	356,931
<b>CORI RAPP Received</b>	35,407	5,201	3,997	3,663	3,768	4,686	5,116	62,531
<b>Denials</b>	907	108	70	67	37	40	45	1,274
<b>Appeals</b>	435	62	39	36	23	21	22	638
<b>Probationary Licenses Issued</b>	825	243	146	71	76	97	58	1,516



### EXPERIENCE VERIFICATION UNIT

CSLB is required by law to investigate a minimum of 3 percent of applications received to review applicants' claims of work experience. Until 2005, application experience investigations were performed by the Licensing division. However, in early 2005, when the fingerprinting requirements were implemented, Licensing requested that the application experience investigation workload be transferred to the Enforcement division. This enabled Licensing staff, who had previously conducted application experience investigations, to review criminal histories. However, the Experience Verification Unit returned to the Licensing division on July 1, 2014, statistical reporting was in place by September 2, 2014, and the unit was fully staffed by November 20, 2014. Licensing continues to follow the same procedures as Enforcement.

The following chart provides a monthly breakdown of the action taken for applications referred to the Experience Verification Unit.



Since implementation, the Experience Verification Unit staff has been assigned a total of 1,353 applications for experience verification. The number of applications referred to the unit each month meets the 3 percent minimum requirement (Business and Professions Code §7068(g) and California Code of Regulations 824).



The Experience Verification Unit denied 405 applications, 85 have been appealed, and 498 verified for continued processing. Two hundred fifty nine applications were withdrawn.

Currently, 106 applications are pending further review or awaiting additional supporting experience documentation from the applicant.



The chart below provides the classification breakdown for appeals, denials, withdrawals, and experience verifications from September 1, 2014 through April 30, 2016.

**Experience Verification By Classification**

<b>Classification</b>	<b>Total Reviewed by Class</b>	<b>Appealed</b>	<b>Withdrawn</b>	<b>Verified</b>	<b>Denied</b>
A General Engineering	96	15	27	25	29
B General Building	715	53	169	240	253
C-2 Insulation/Acoustic	1			1	
C-4 Boiler Hot Water	1			1	
C-5 Framing/Rough Carp	3			2	1
C-6 Cabinet-Millwork	4			4	
C-7 Low Voltage	10		2	7	1
C-8 Concrete	13		2	5	6
C-9 Drywall	11	2		1	8
C-10 Electrical	74	1	10	47	16
C-12 Earthwork & Paving	9		2	4	3
C-13 Fencing	4			2	2
C-15 Flooring	13	1	1	7	4
C-16 Fire Protection	2		1	1	
C-17 Glazing	4		1	2	1
C-20 HVAC	43	2	6	20	15
C-21 Bldg. Moving Demo	5		1	2	2
C-22 Asbestos	4		2	1	1
C-23 Ornamental Metal	2		1	1	
C-27 Landscaping	42	3	6	18	15
C-28 Lock & Security Equip	1			1	
C-29 Masonry	2		1	1	
C-31 Construction Zone	1				1
C-32 Parking Highway	2		1	1	
C-33 Painting	25		2	18	5
C-34 Pipeline	1				1
C-35 Lath-Plaster	5	1		1	3
C-36 Plumbing	57	3	6	36	12
C-39 Roofing	9	1	2	4	2
C-42 Sanitation	3		2		1
C-43 Sheet Metal	1		1		
C-46 Solar	8	1		4	3
C-47 Manufactured Housing	1			1	
C-51 Structural Steel	1			1	
C-53 Swimming Pool	10	1	2	2	5
C-54 Tile	18		3	11	4
C-57 Well Drilling	10		2	5	3
C-60 Welding	3		1	2	
C-61 Limited Specialty	30	1	4	19	6
<b>Totals By Action</b>	<b>1244</b>	<b>85</b>	<b>258</b>	<b>498</b>	<b>403</b>



**LICENSING INFORMATION CENTER (LIC)**

**LIC Workload**

LIC (call center) staff has continued to exceed Board goals. To date, for fiscal year 2015-16, call center agents answer approximately 13,000 calls per month. Call wait times averaged only 4:08, with 98 percent of all incoming calls answered. The average length of each call was 1:30.

These improved statistics can be attributed to higher staffing levels and more thorough training. Employees hired in 2014 and 2015 continue to benefit from comprehensive training and are becoming more seasoned each day.

**Staffing Update**

LIC is currently fully staffed with 14 full-time Program Technician IIs and one Retired Annuitant.

**Increased Training**

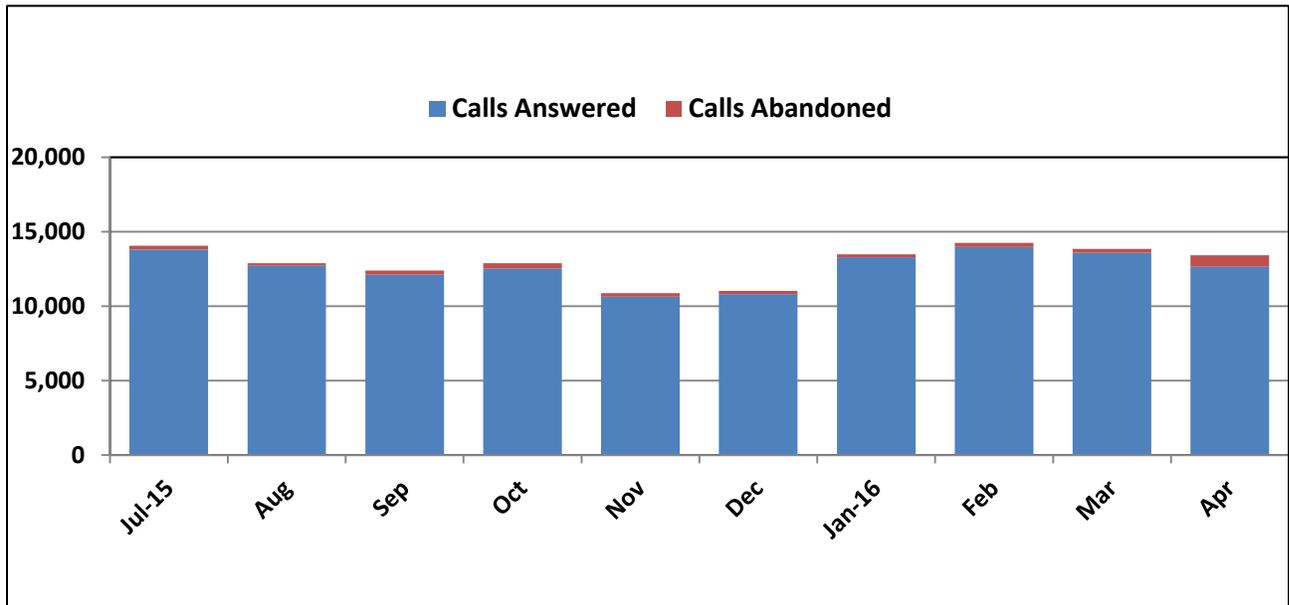
LIC continues to strive to provide timely, efficient, and professional services to its customers. New employees have spent significant time in one-on-one training with seasoned staff and supervisors. LIC meets bi-monthly with the CSLB Classification Deputy for updated classification changes, and keeps in constant contact with all Licensing units to ensure that the public receives the most current information.

LIC analyst Ellen Maier is planning the next round of training for new CSLB employees (date to be determined).



Licensing Information Center Call Data

	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2016	Feb	Mar	Apr
Calls Received	14,060	12,899	12,392	12,889	10,871	11,021	13,500	13,988	13,864	13,496
Calls Answered	13,810	12,709	12,114	12,527	10,646	10,820	13,291	13,710	13,600	12,659
Calls Abandoned	250	189	278	357	223	200	205	273	2%	6%
Longest Wait Time	4:01	3:55	5:40	4:37	5:14	7:47	3:51	4:34	4:50	11:41
Shortest Wait Time	0:07	0:12	0:15	0::21	0:07	0:06	0:12	0:15	:16	:41
Average Wait Time	4:13	4:08	4:00	4:02	4:04	4:20	4:08	4:04	4:08	4:10



**JUDGMENT UNIT**

Judgment Unit staff process all outstanding liabilities, judgments, and payment of claims reported to CSLB by licensees, consumers, attorneys, credit recovery firms, bonding companies, CSLB's Enforcement division, and other governmental agencies. In addition, the Judgment Unit processes all documentation and correspondence related to resolving issues such as, satisfactions, payment plans, bankruptcies, accords, motions to vacate, etc.

Outstanding liabilities are reported to CSLB by:

- Employment Development Department
- Department of Industrial Relations
  - Division of Occupational Safety and Health
  - Division of Labor Standards Enforcement
- Franchise Tax Board
- State Board of Equalization
- CSLB Cashiering Unit

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

Payments of claims are reported to CSLB by:

- Bonding companies

When CSLB receives timely notification of an outstanding liability, judgment, or payment of claim, the licensee receives an initial letter that explains options and the timeframe to comply, which is 90 days for judgments and payment of claims, and 60 days for outstanding liabilities.

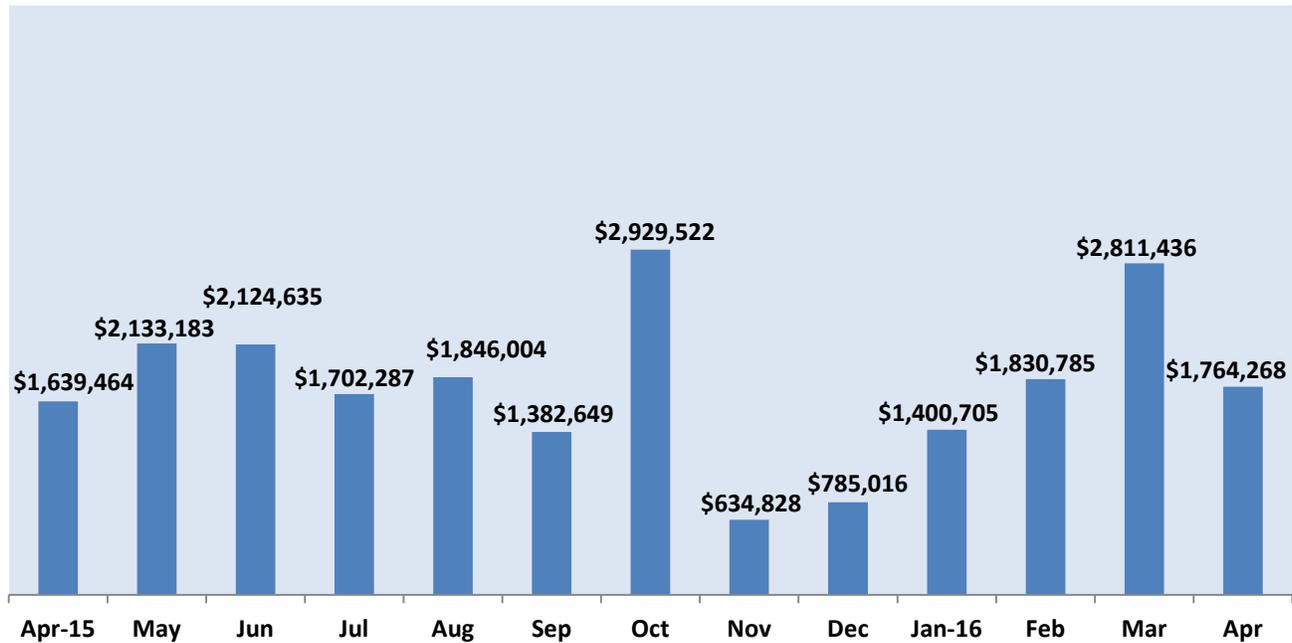
If the licensee fails to comply within the allotted timeframe, CSLB suspends the license and sends the contractor a notice of suspension. Upon compliance, CSLB sends the licensee a reinstatement letter.



**Outstanding Liabilities**

	Apr 2015	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2016	Feb	Mar	Apr
<b>Initial</b>	57	89	102	78	51	51	56	40	91	58	51	71	63
<b>Suspend</b>	36	32	51	80	91	64	38	45	48	33	84	46	44
<b>Reinstate</b>	43	25	40	41	52	42	44	31	33	39	52	49	42

**Savings to the Public**

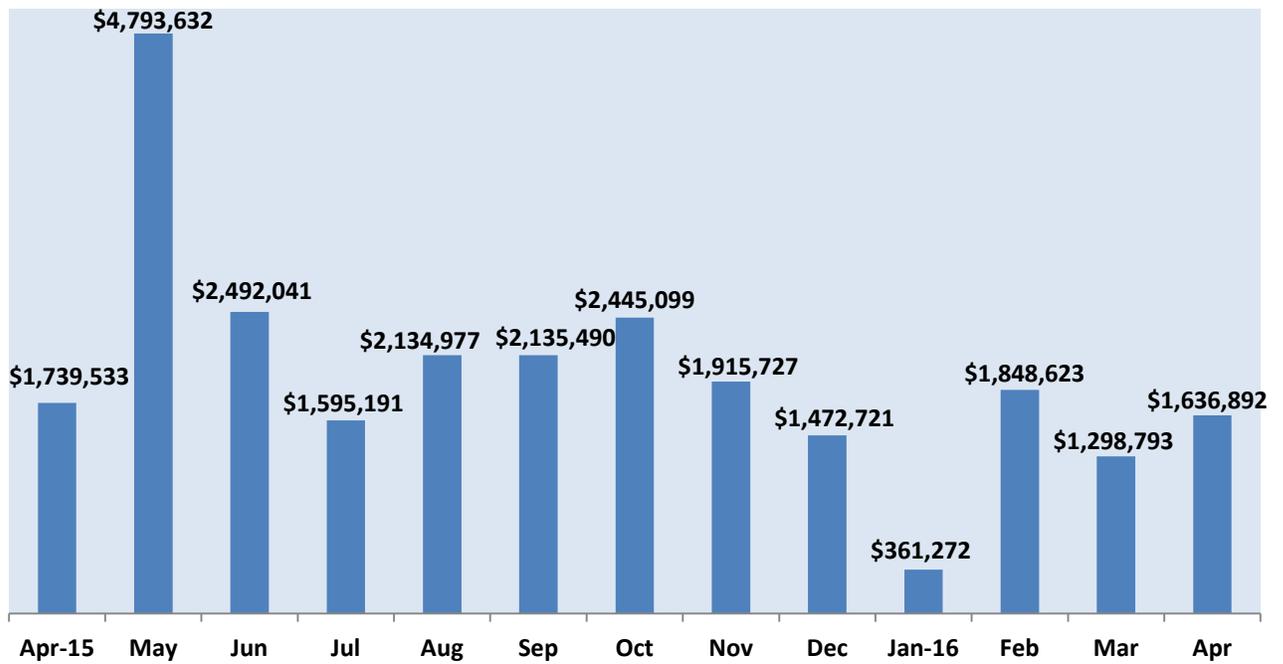




Judgments

	Apr 2015	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2016	Feb	Mar	Apr
<b>Initial</b>	145	148	142	171	144	155	116	27	69	59	55	50	74
<b>Suspend</b>	54	48	84	81	67	54	73	61	77	43	3	19	12
<b>Reinstate</b>	121	93	117	111	102	111	111	84	83	77	70	73	88

Savings to the Public

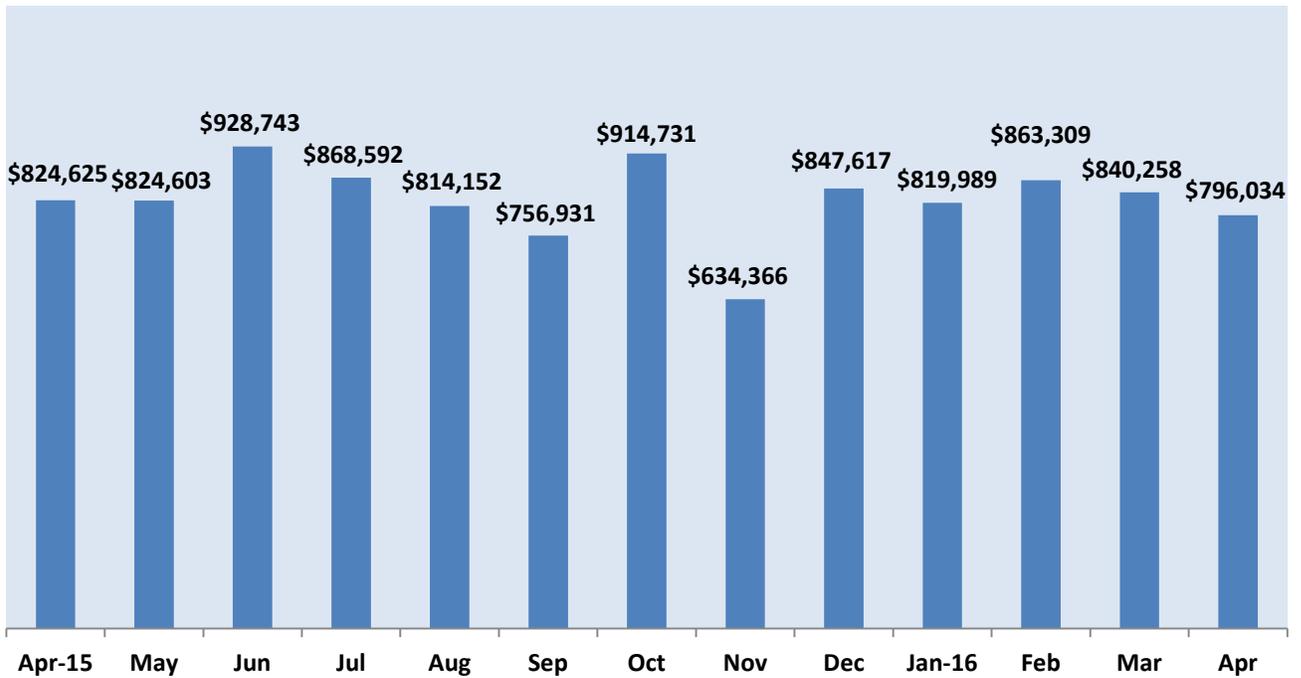




Bond Payment of Claims

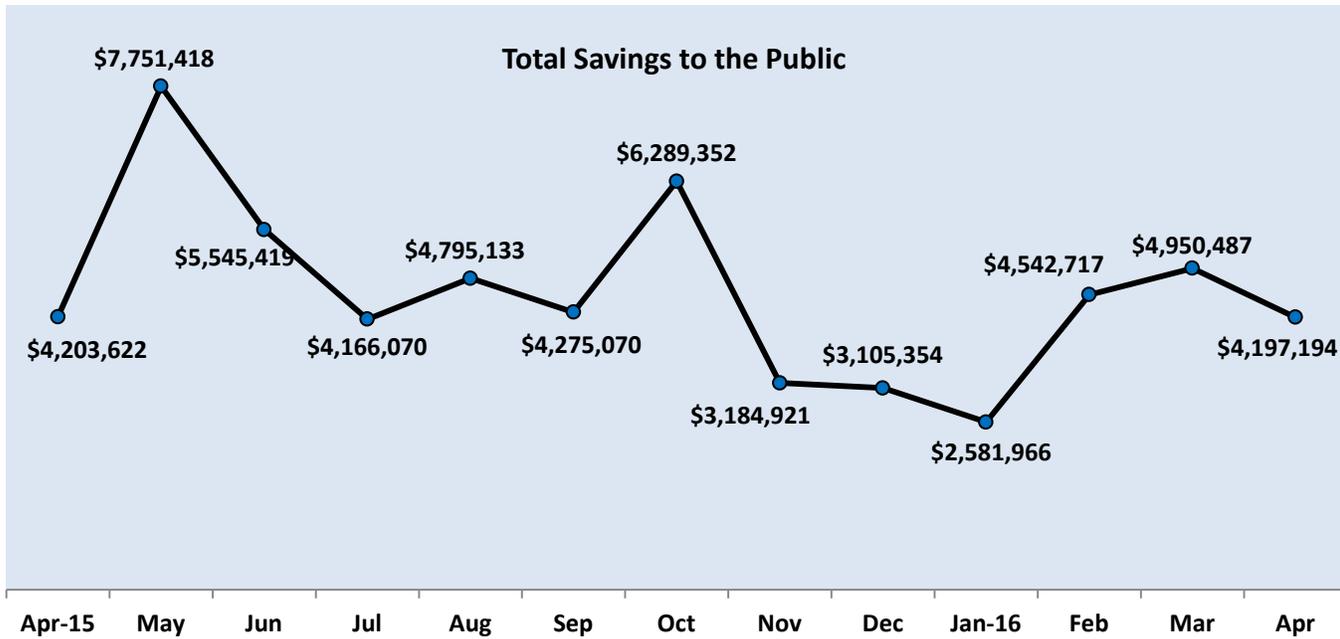
	Apr 2015	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2016	Feb	Mar	Apr
<b>Initial</b>	207	178	218	166	154	182	167	129	143	130	167	137	140
<b>Suspend</b>	114	77	43	127	71	109	72	65	100	57	59	53	34
<b>Reinstate</b>	140	142	157	152	147	130	155	107	146	124	137	139	134

Savings to the Public





The chart below illustrates the combined total savings to the public by month for outstanding liabilities, judgments, and payments of claim.



CSLB management continues to monitor processing times for the various licensing units on a weekly and monthly basis. The charts on the last four pages of this report track the “weeks to process” for the application and license maintenance/transaction units.

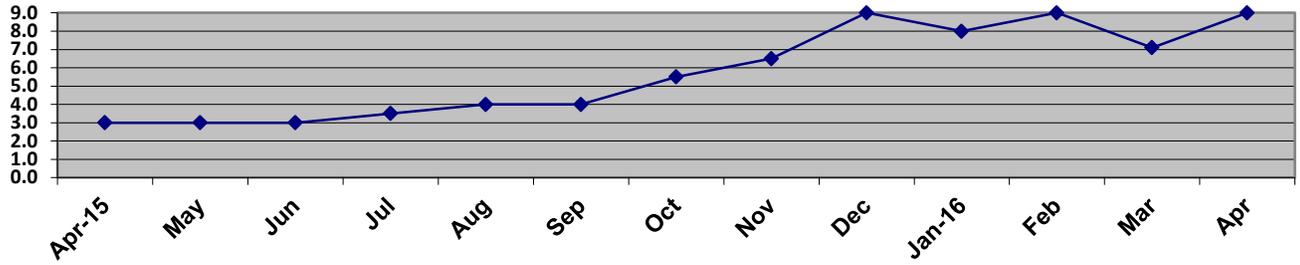
The charts indicate the average number of weeks to process for that particular month. Processing times, or “weeks to process,” refers to the average number of weeks before an application or document is initially pulled for processing by a technician after it arrives at CSLB.

The time-to-process timelines for applications and renewals include an approximate two-day backlog that accounts for the required cashiering and image-scanning tasks that must be completed before an application or document can be processed.

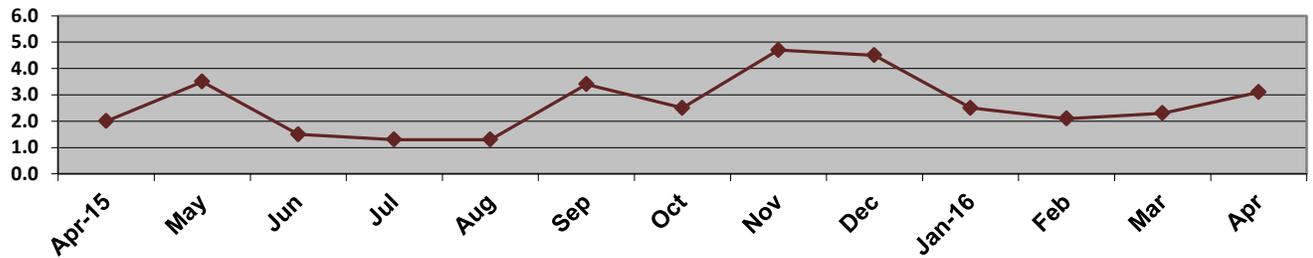


### Number of Weeks before Being Pulled for Processing

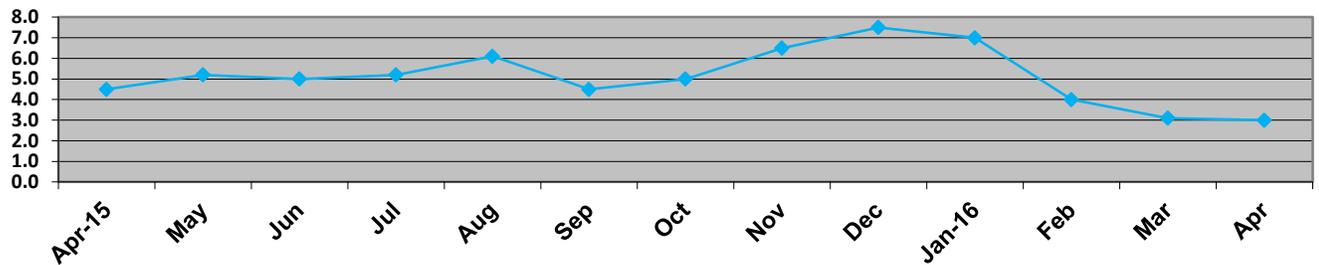
#### Application for Original License - Exam



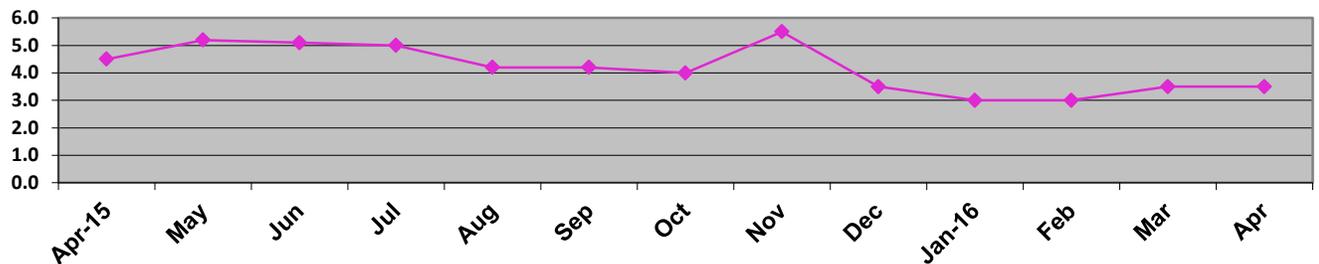
#### Application for Original License - Waiver



#### Application for Additional Classification



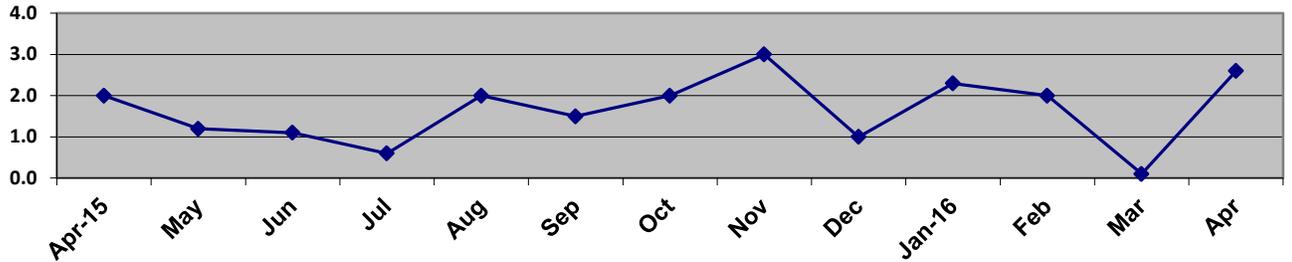
#### Application to Replace the Qualifier



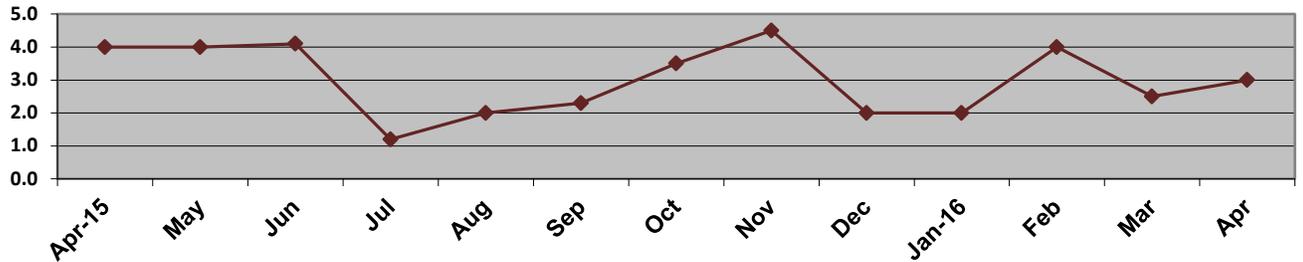


### Number of Weeks before Being Pulled for Processing

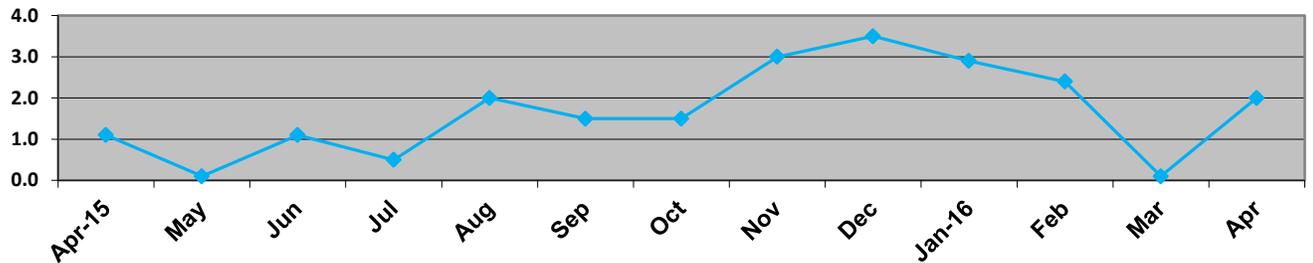
#### Application for Renewal



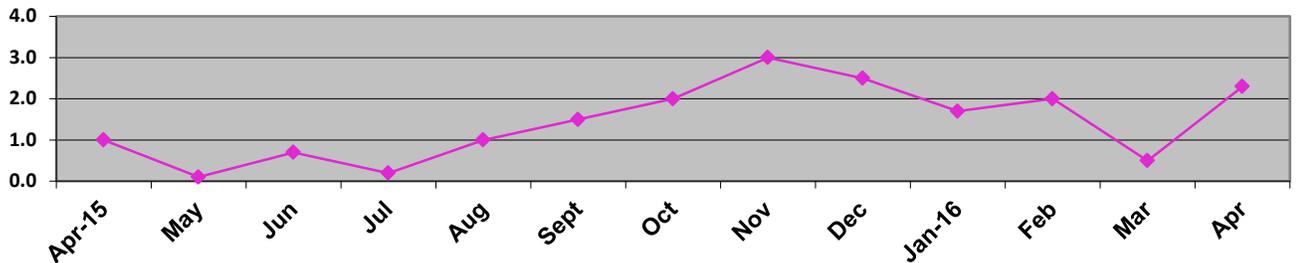
#### Home Improvement Salesperson (HIS) Application



#### Application to Add New Officer



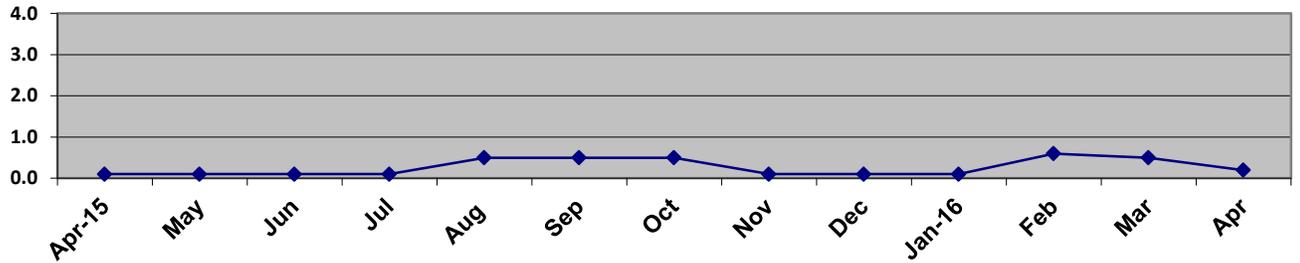
#### Application to Change Business Name or Address



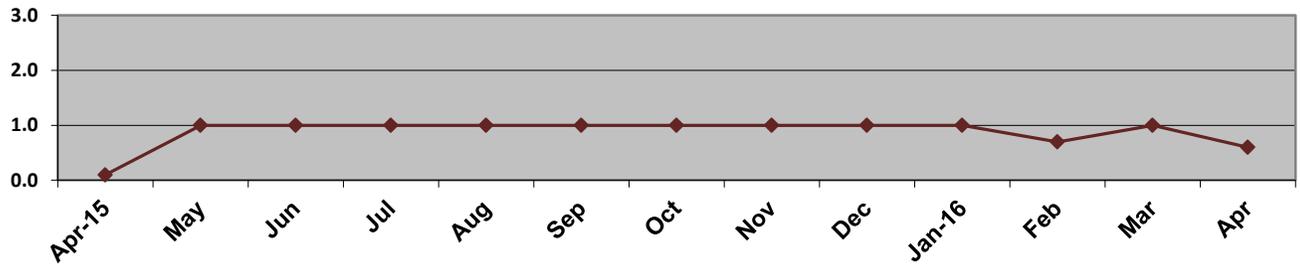


### Number of Weeks before Being Pulled for Processing

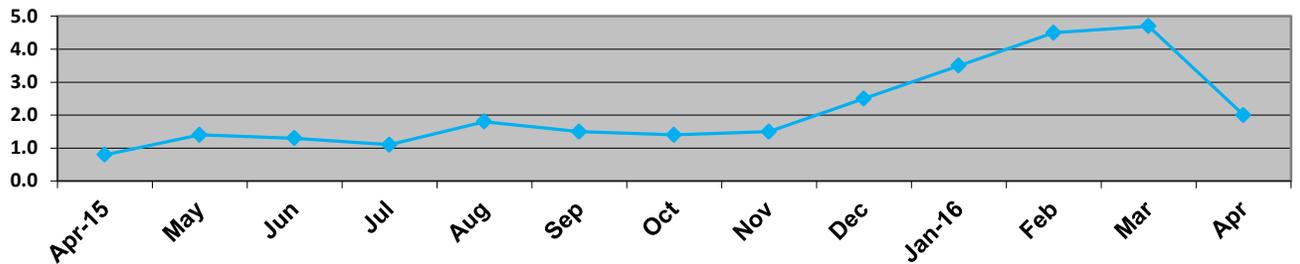
Contractors Bond, Bond of Qualifying Individual, LLC Worker Bond, Disciplinary Bond and Qualifier Exemptions



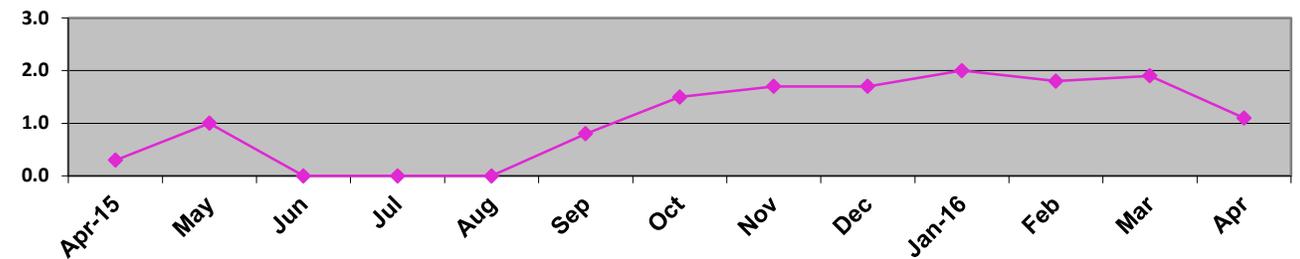
### Workers' Compensation Certificates and Exemptions



### Certified License History



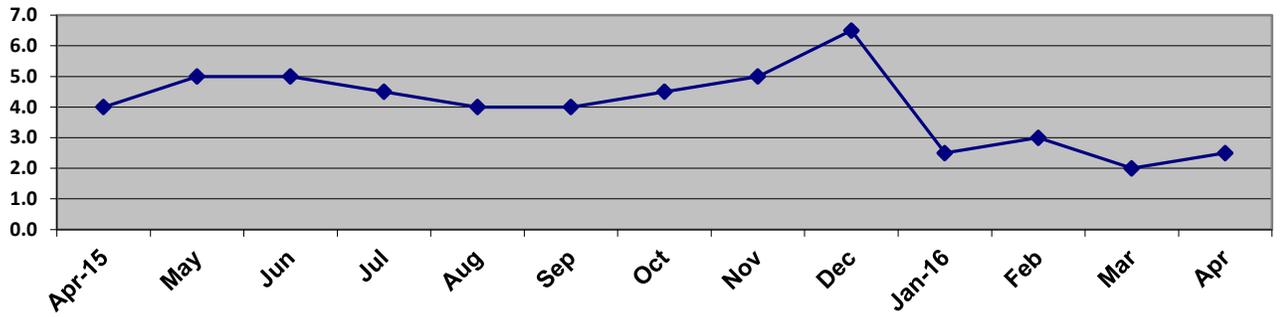
### Request for Copies of Documents





### Number of Weeks before Being Pulled for Processing

#### Criminal Background Unit – CORI Review



## AGENDA ITEM E-3

# Testing Program Update

- a. Examination Administration Unit Update
- b. Examination Development Unit Highlights





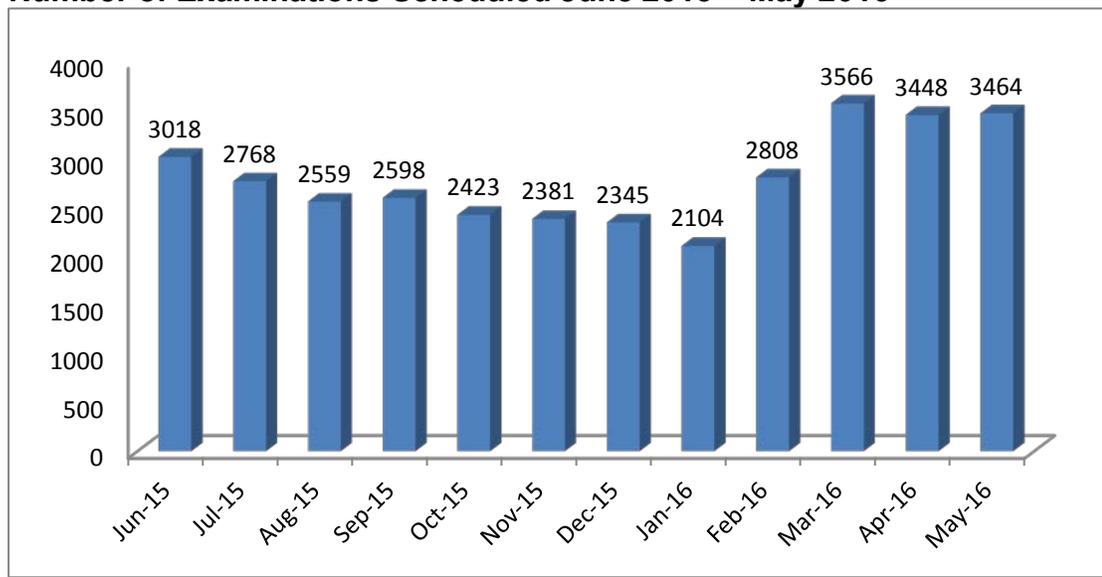
# CONTRACTORS STATE LICENSE BOARD

## TESTING PROGRAM UPDATE

### EXAMINATION ADMINISTRATION UNIT (EAU)

The Testing division's EAU administers CSLB's 46 examinations at eight computer-based test centers. Most test centers are allocated two full-time test monitor positions, with part-time proctors filling in as needed. Test monitors also respond to all interactive voice response (IVR) messages received by CSLB that are related to testing.

**Number of Examinations Scheduled June 2015 – May 2016**



### Test Center Status

CSLB maintains test centers in the following locations:

- Sacramento
- Berkeley
- San Jose
- Fresno
- Oxnard
- Norwalk
- San Bernardino
- San Diego

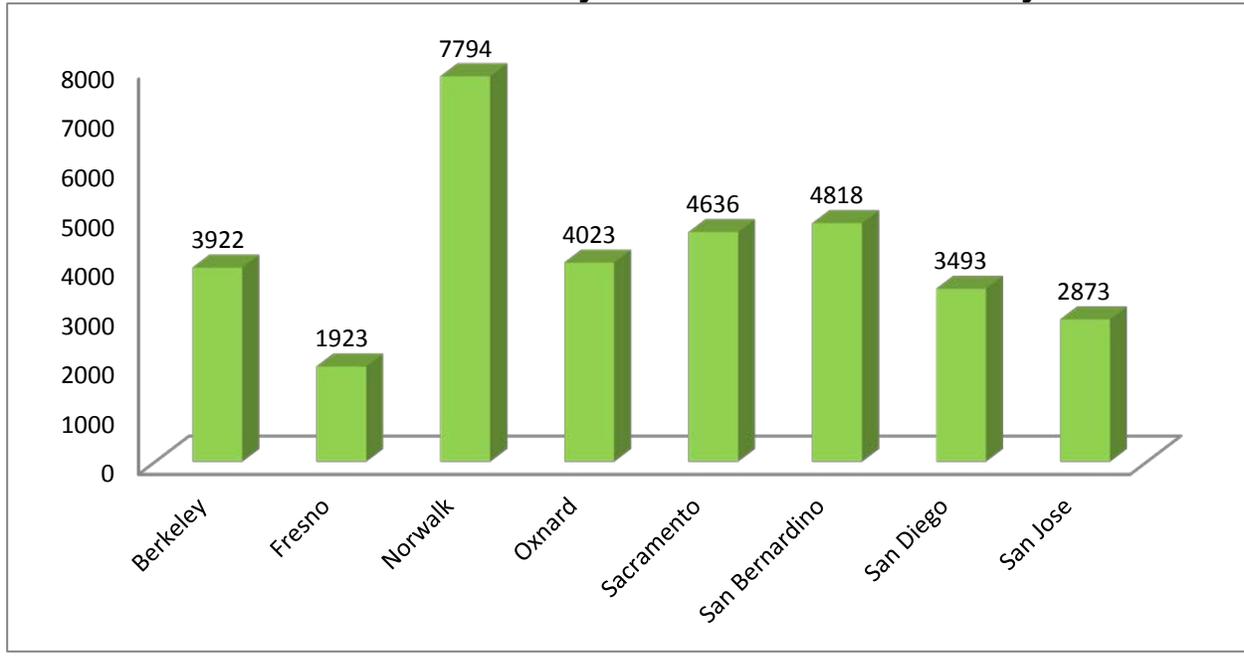
The Norwalk Test Center remodel has begun with a completion target date of July 12, 2016.

### Examination Administration Unit Staffing

EAU is fully staffed.



**Number of Examinations Scheduled by Test Center June 2015 – May 2016**



**EXAMINATION DEVELOPMENT UNIT (EDU)**

The Testing division’s EDU ensures that CSLB’s 46 examinations are written, maintained, and updated in accordance with testing standards, guidelines, and CSLB regulations.

**Occupational Analysis and Examination Development Workload**

Valid licensure examinations involve two ongoing phases: occupational analysis and examination development. This cycle must be completed every five to seven years for each of CSLB’s examinations.

The occupational analysis phase determines what information is relevant to each contractor classification, and in what proportion it should be tested. The cycle starts with interviews of a sample of active California licensees statewide. EDU staff then conducts two workshops with these subject matter experts, along with online surveys about job tasks and relevant knowledge. The end product is a validation report that includes an examination outline, which serves as a blueprint for constructing examination versions/forms.

The examination development phase involves numerous workshops to review and revise existing test questions, write and review new test questions, and determine the passing score for examinations from that point forward.



EDU released one new examination in April 2016: C-43 Sheet Metal and one new examination in May 2016: C-31 Construction Zone Traffic Control.

<b>Occupational Analyses in Progress</b>	<b>New Examinations in Progress</b>
C-2 Insulation and Acoustical	C-16 Fire Protection
C-4 Boiler, Hot Water Heating, and Steam Fitting	C-17 Glazing
C-7 Low Voltage Systems	C-27 Landscaping
C-12 Earthwork and Paving	C-32 Parking and Highway Improvement
HAZ Hazardous Substance Removal	C-33 Painting and Decorating
	C-39 Roofing
	C-53 Swimming Pool
	C-54 Ceramic and Mosaic Tile
	ASB Asbestos Certification
	Law and Business

**Examination Development Unit Staffing**

EDU has two vacancies: one Personnel Selection Consultant II and one Graduate Student Assistant.

**Ongoing Consumer Satisfaction Survey**

EDU conducts an ongoing survey of consumers whose complaint cases have been closed to assess overall satisfaction with the Enforcement division’s handling of complaints related to eight customer service topics. The survey is emailed to all consumers with closed complaints who provide CSLB with their email address during the complaint process. Consumers receive the survey in the first or second month after their complaint is closed. To improve the survey’s response rate, Testing incorporated a reminder email into the process so that non-responsive consumers now receive an email one month after the initial request is sent.

**TESTING DIVISION**

**Civil Service Examinations**

In addition to licensure examinations, EDU develops, and EAU administers, examinations for civil service classifications for use by CSLB. Four test centers administered the Enforcement Representative I examination in June 2016.

# AGENDA ITEM F

## Enforcement





## AGENDA ITEM F-1

# Review and Possible Approval of May 10, 2016, Enforcement Committee Meeting Summary Report





### ENFORCEMENT COMMITTEE MEETING

#### **A. Call to Order, Roll Call, Establishment of Quorum, and Chair's Introduction**

Enforcement Committee Chair Kevin Albanese called the meeting of the Contractors State License Board (CSLB) Enforcement Committee to order on May 10, 2016, at 10:30 a.m. in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California 95827. A quorum was established.

#### Committee Members Present

Kevin Albanese, Chair  
Johnny Simpson  
Frank Schetter  
Dave Dias

#### Committee Members Absent

Bob Lamb  
Marlo Richardson  
Nancy Springer

#### Board Members Present

Ed Lang  
Linda Clifford  
David De La Torre  
Joan Hancock  
Susan Granzella

#### CSLB Staff Present

Cindi Christenson, Registrar  
Cindy Kanemoto, Chief Deputy Registrar  
David Fogt, Chief of Enforcement  
Jessie Flores, Deputy Chief of Enforcement  
Laura Zuniga, Chief of Legislation  
Rick Lopes, Chief of Public Affairs  
Wendi Belvanz, Testing Manager  
Kristy Schieldge, Legal Counsel  
Charlotte Allison, Licensing Supervisor  
Heather Young, Enforcement Staff  
Michael Jamnetski, Enforcement Staff  
Eric Stephens, Enforcement Staff

Committee Chair Kevin Albanese thanked Enforcement Committee member Frank Schetter for arranging an all-access tour of the new Golden One Center in downtown Sacramento for Board members and Enforcement staff. When complete, the arena will be home to the Sacramento Kings, as well as function as a multi-use facility for concerts and special events.

#### **B. Public Comment Session**

There was no public comment.

**C. Enforcement Program Update**

Enforcement Committee Chair Kevin Albanese recognized Enforcement Representative Eric Stephens of the Statewide Investigative Fraud Team for serving a lead role in assisting victims of the Valley Fire, establishing close working relationships with building departments, and serving as an excellent role model for staff.

Mr. Albanese highlighted the recent completion of the five day Enforcement Academy and Advanced Course training conducted by Deputy Attorney General Mike Franklin and Retired Annuitant Doug Galbraith. He also thanked Board member Bob Lamb for presenting certificates to the graduates.

Chair Albanese continued the update by summarizing highlights from the Intake Mediation Center (IMC), Investigative Center (IC), and Statewide Investigative Fraud Team (SWIFT) offices.

Chief of Enforcement David Fogt updated the Committee regarding complaint handling statistics and Enforcement strategies to address workers' compensation fraud.

Eddie Ahn, Executive Director of Brightline Defense Project called into the meeting and asked if CSLB Enforcement was effectively working with partnering agencies. Chief Fogt confirmed that strong and efficacious partnerships with other organizations constitutes a top priority for the Enforcement division, including with the Division of Occupational Safety and Health.

**D. Prioritization of 2016-18 Strategic Plan's Enforcement Objectives**

Deputy Chief of Enforcement Jessie Flores updated the Committee on the division's strategic plan objectives for 2016-18.

**E. Review, Discussion, and Possible Approval of a Legal Action Expenditure Reduction Plan**

Registrar Cindi Christenson and Chief Fogt recently met with staff from the Office of the Attorney General, the Office of Administrative Hearings, Board staff, and other stakeholders to develop an action plan to reduce legal action expenditures.

Staff recommended that the Enforcement Committee recommend to the full Board approval of investigative strategies to reduce legal action expenditures as follows:

1. Pursue criminal, rather than administrative, prosecution of workers' compensation insurance violations.
2. Provide for issuance of a violation notice letter when a contractor is a first time offender, and has mitigated a permit violation by complying with code requirements and paying restitution to injured parties.
3. Establish criteria to provide for an increase in citation civil penalties.



- 4. Create a legal action strike force to settle administrative actions without an administrative hearing.
- 5. Redirect staff to monitor OAH/AG expenditures and conduct monthly meetings with the AG’s office to discuss excessive billings.

Motion to Approve Proposed Legal Action Expenditure Reduction Plan

**MOTION: Committee Member Dave Dias moved, and Committee Member Johnny Simpson seconded, a motion to recommend for full Board consideration approval of the Proposed Legal Action Expenditure Reduction Plan at the June 23, 2016 meeting. The motion carried unanimously, 4-0.**

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Dave Dias	X				
Bob Lamb				X	
Marlo Richardson				X	
Frank Schetter	X				
Johnny Simpson	X				
Nancy Springer				X	

**F. Update and Report on Consumer Satisfaction Survey**

Testing Manager Wendi Belvanz summarized the 2015 consumer satisfaction survey results for the Enforcement Committee.

**G. Adjournment**

Enforcement Committee Chair Kevin Albanese adjourned the meeting at approximately 11:20 a.m.

## AGENDA ITEM F-2

# Enforcement Program Update

- a. Consumer Investigation Highlights
- b. Statewide investigative Fraud Team (SWIFT) Highlights
- c. General Complaint Handling Statistics
- d. Case Management Statistics
- e. Statewide Investigative Fraud Team Statistics





## **CONSUMER INVESTIGATION HIGHLIGHTS**

### **Financial Elder Abuse Charges Recommended for Respondent *and* Complainant**

CSLB does not often recommend criminal charges against both a respondent and a complainant, but that indeed happened after an alert Enforcement Representative in the San Francisco Investigative Center unraveled a complicated elder abuse case. The incident started when an 82-year-old Oakland women and her bedridden 77-year-old sister needed to sell their home to pay for medical expenses. They planned to sell the home for \$960,000; but the unscrupulous (and unlicensed) real estate agent they chose persuaded them to renovate the home and sell it for \$1.5 million. The agent generously offered to arrange financing and select a contractor for the renovations. Unbeknownst to the sisters, the agent and the unlicensed contractor she recommended were working together, and had arranged for a 15 percent kickback on the \$205,300 renovation contract. The sisters eventually paid the contractor \$73,154 on the contract, but balked when he billed them for another \$47,116, despite his limited work progress. The sisters refused to pay any more, and the contractor filed a mechanic's lien. Ironically, the real estate agent filed the complaint with CSLB (on behalf of the sisters).

The CSLB investigator quickly discovered the relationship between the real estate agent and the unlicensed contractor and made a criminal referral to the Alameda County District Attorney requesting prosecution of: 1) the contractor for contracting without a license, illegal advertising, receiving payment in excess of the value of work performed, misrepresentation to obtain a contract, filing a false document, conspiracy, financial elder abuse, grand theft, theft by false pretense, and failure to obtain workers' compensation insurance; 2) the real estate agent for conspiracy to contract without a contractor's license, grand theft, and financial elder abuse; and 3) the RMO whose license the unlicensed contractor used (for failure to provide direct control and other charges). Unfortunately, the sisters were forced to sell their home as-is for \$760,000 in order to avoid foreclosure, and received substantially less than they would have without undertaking the "renovation."

### **Sacramento Intake and Mediation Center (IMC) Reaches \$55,000 Settlement**

CSLB Enforcement staff always encourages alternative resolution to complaints in lieu of administrative discipline or civil action, when appropriate. Such agreements are often in the best interests of both consumers and licensees, and can help all parties avoid costly, time-consuming legal and administrative proceedings. Recently, a Consumer Services Representative (CSR) in the Intake and Mediation Center (IMC) received a complaint from a homeowner against a national home improvement retailer. The homeowner had several complaints about a large kitchen and bathroom remodel, and had already hired attorneys. The retailer offered up to \$18,000 to resolve the complaint in the IMC, but the consumer declined the offer, apparently upon the advice of her attorneys. A civil lawsuit seemed imminent. However, once the CSR transferred the complaint to the Investigative Center, the licensee increased the offer to \$55,000,



prompting both sides to settle and avoid a costly lawsuit and possible disciplinary action.

### **Long-Time Offender Sentenced to Nine Months Jail Time**

CSLB has received several complaints about unlicensed cement contractor Jose Chavez Villegas, dating back to 2010. Despite Notices to Appear for contracting without a license, illegal advertising, excessive down payment, and failure to carry workers' compensation insurance, Villegas continued to work. However, additional CSLB complaints and charges have finally caught up with Villegas. The Kern County District Attorney recently reported that Villegas pled guilty to felony theft and criminal failure to provide workers' compensation for employees. He spent about a month in jail before being sentenced on May 13, 2016, to an additional eight months in jail on the felony charges. He was also placed on three years formal supervised probation, ordered to pay restitution, not to contract without license, and maintain workers' compensation insurance.

### **Unlicensed Contractor Receives 90 Days in Jail**

On December 3, 2014, a homeowner in a mobile home park hired unlicensed contractor Charles Andis for a roof repair after seeing his flyer posted in the neighborhood. The contract price of \$2,039 grew to \$8,161 after several change orders, including the addition of a bathroom remodel. Andis requested and received an illegal initial deposit of \$2,039, and the homeowner eventually paid him in full. However, the homeowner claimed that the work was done incorrectly and paid another contractor \$6,000 to repair the roof, plumbing, and floor. The homeowner complained to CSLB and, after conducting a thorough investigation, the Norwalk Investigative Center filed the case with the Orange County District Attorney for charges of contracting without a license, illegal advertising, and requiring an excessive down payment. On April 5, 2016, Andis appeared in Orange County Superior Court and entered a guilty plea to a charge of violating the provisions of Business and Professions Code §7028, contracting without a license. He waived his right to a trial and was sentenced immediately to 90 days jail time, three years informal probation, and ordered to pay \$8,161 in restitution to the victim.

### **\$7,000 Settlement Reached by San Diego Investigation Center Enforcement Representative**

CSLB Investigation Centers (ICs) prefer settlement or resolution rather than legal action, whenever appropriate. On May 24, 2014, a San Diego consumer entered into a \$4,152 contract with a licensee for new floors at her home. A single change order brought the contract price to \$5,479, and the consumer paid the licensee in full. In October 2015, the homeowner reported workmanship concerns to CSLB. The licensee offered to make any repairs within their warranty, but the consumer declined their offer to return to her home seeking, instead, compensation for the substandard work. After



months of careful negotiation led by the San Diego Investigative Center, the parties eventually agreed to a settlement whereby the licensee pays the homeowner \$7,000.

### **Defective Wall Heater Costs Elderly Homeowner \$21,000**

When the gas company told a 90-year-old homeowner that his wall heater was defective, he selected a legitimate-sounding plumber/HVAC repairman from the Penny Saver. Unfortunately, he chose an unlicensed person with nine prior CSLB complaints and who was convicted in 2014 for contracting without a license. The contractor told the homeowner that not only did the initial wall heater need to be replaced, but so too did another wall heater, the water heater, a sewer pipe, and a gas line. The homeowner paid the contractor a total of \$21,000, of which \$14,500 was in cash. When the contractor balked at providing an itemized invoice of the work performed the homeowner complained to CSLB. A CSLB Peace Officer in Norwalk investigated the case and referred it to the Los Angeles County District Attorney's office in Compton for criminal prosecution.

### **Alley Heating & Air Case Draws to a Close**

CSLB's extensive, multi-year investigations into the misconduct of HVAC contractors Tony Alley (father), Beatriz Alley (wife), and Gabriel Alley (son) have finally concluded. Readers may recall that Sacramento-based Alley Heating & Air was the subject of multiple investigations by CSLB, which found evidence of fraud and deception to "upsell" unnecessary services and equipment to homeowners. In a televised sting operation a Sacramento television station filmed an Alley technician upselling a female "homeowner." CSLB ultimately opened 18 investigations against Alley and, as a result, revoked all licenses issued to the Alley's, their businesses are closed, and, so far, they have paid \$25,043 in restitution to 18 victims. On May 12, 2016, the criminal case concluded with a misdemeanor conviction for Tony Alley and son Gabriel for violations of Business & Professions Code §7161(b), substantial misrepresentation to obtain a contract. The 120-day jail sentences and fines are suspended, pending full restitution to all victims and the completion of 120 days of community service.

### **Newest CSLB Peace Officer Sworn In**

On April 20, 2016, Board Member Bob Lamb swore in CSLB's newest peace officer, Enforcement Representative Arlene Borboa, at the Norwalk office. Peace Officer Borboa is assigned to the Norwalk Investigative Center, and will bring to seven the number of CSLB peace officers working in the Special Investigation Unit. Background checks are complete for two additional peace officer candidates, who are awaiting final external approval for their appointment.

### **CSLB Enforcement Academy Held at Norwalk**

Between April 25 and April 29, 2016, Deputy Attorney General Mike Franklin and Quality Assurance Retired Annuitant Doug Galbraith presented the most recent



Enforcement Academy at the Norwalk office. This week-long academy is designed to provide new CSLB investigators with basic investigative and case management skill and covers investigative techniques, evidence, time management, phone tactics, interview techniques, report writing, the art of testifying, Proposition 115 (hearsay), and Business & Professions Code training. The Academy includes three interactive workshops in interviewing, report writing, and presenting testimony. Board Member Bob Lamb attended graduation and awarded the completion certificates.



In the course evaluations completed at the conclusion of training all attendees gave the Academy the highest possible ratings in the areas of content, instruction, and relevancy. In addition, many students wrote glowing praise:

*"This course was the best one I have been through. I was able to learn a lot and will be applying what I learned to my job."*

*"Excellent training/instructors! Thank you!"*

*"Doug Galbraith and Mike Franklin are two of the best instructors that I have ever had the opportunity to listen to and receive information from."*

*"The class was very educational. It was interesting and captivating."*

*"I truly, truly, truly appreciate Mike and Doug for the training they put on. Great job guys!!!"*

*"I would recommend all investigators employed with the State of California in any Department to attend."*

*"Great tool for the job, answered a lot of the questions I had. Mike and Doug are excellent instructors and I learned a lot from them."*



## **STATEWIDE INVESTIGATIVE FRAUD TEAM (SWIFT) HIGHLIGHTS**

### **“Operation Underground”**

On May 18, 2016, the Statewide Investigative Fraud Team (SWIFT) participated in Operation Underground as part of an effort to help combat insurance premium fraud and the multi-billion dollar underground economy. Other participants included the Employment Development Department (EDD), California Department of Insurance (CDI), Division of Occupational Safety and Health (DOSH), the Division of Labor Standards Enforcement (DLSE), and local district attorney investigators. The annual operation included Calaveras County, Alameda County, Los Angeles County, San Diego County, San Bernardino County, and Orange County and resulted in three non-licensee citations, totaling \$2,250 in fines, and one possible licensee citation. CSLB issued two stop orders for workers' compensation violations and will issue two educational letters. EDD will conduct nine audits, and obtained one new registrant. DLSE issued two citations, totaling \$7,500 in fines, issued three orders to appear, and one stop order. DOSH found 45 violations, one regulatory violation, and issued one order to prohibit use.

### **SWIFT Cites Contractor Misusing Former Employer's License**

On March 25, 2016, representatives from a longstanding Sacramento construction company met with CSLB Enforcement Chief David Fogt and staff from Northern SWIFT. The licensee stated that two ex-employees had co-opted his website and changed the licensee's published phone numbers to their own. SWIFT executed declarations of non-permission with the licensee, and advised him of SWIFT's intent to target the rogue employees in an upcoming sting operation. On April 26, 2016, SWIFT conducted a sting operation in Sacramento and targeted one of the employees identified by the licensee. The employee arrived at the sting location and provided an undercover investigator with a \$1,475 bid for plumbing work, along with a business card containing a license number that did not belong to him. CSLB issued the employee a criminal Notice to Appear for contracting without a license.

### **SWIFT Conducts Simultaneous Stings in San Diego and Sacramento**

On April 26 and 27, 2016, SWIFT investigators conducted simultaneous stings in El Cajon and Sacramento. In El Cajon, 19 unlicensed contractors received Notices to Appear (NTAs) for contracting illegally and advertising violations. Three additional unlicensed contractors stated that they would submit bids by email or fax, which may result in additional criminal filings. The highest bid received was \$24,000, for tree work. Meanwhile, the Sacramento operation resulted in eight suspects receiving NTAs for contracting and/or advertising violations. One suspect may also face a felony charge for fraudulently using his wife's contractor license number. (The suspect's brother previously submitted a complaint to CSLB stating that the suspect was using *his* license



number without permission.) Further investigation revealed the suspect is ineligible to apply for a contractor license because he is a registered sex offender. CSLB cited him after he submitted a \$3,000 bid for new concrete and painting.

**Day Labor Outreach in Sonoma County**

On May 6, 2016, Northern SWIFT investigators and a representative of the Sonoma County District Attorney’s office spoke to members of the Graton Day Labor Center (GDLC) who were taking a landscape class through Santa Rosa Junior College. The GDLC requested a presentation regarding contractor’s license law, workers’ compensation, and CSLB enforcement. The request to speak emerged from efforts to address a complaint SWIFT received about possible contracting without a license by day laborers. The presentation was well received, and GDLC has willingly worked with CSLB to avoid possible violations.





**GENERAL COMPLAINT-HANDLING STATISTICS (Jul-Apr 2016)**

It has been determined that a manageable level of pending complaints for all current CSLB Enforcement staff is 3,210. As of May 2016, the pending case load was 3,506.

To ensure timely mediation and screening of complaints, the optimal case load for Consumer Services Representatives (CSRs) is 1,320. As of May 2016, 1,401 complaints were assigned to CSRs. High CSR caseloads are attributed to a large number of vacancies in the Intake and Mediation Centers. In May 2016, CSLB extended job offers to fill four CSR vacancies.

To ensure timely handling of complaints that warrant formal investigation, the optimal working caseload for Enforcement Representatives (ERs) assigned to the Board’s eight investigative centers (IC) is 35 cases per ER. CSLB has 54 IC ERs; therefore, the eight ICs have an optimal capacity for 1,890 open complaints. As of May, 2, 2016, 105 cases were assigned to ERs.

The following chart outlines how CSLB determines manageable caseloads:

<b>Job Classification</b>	<b>Current Number of Staff</b>	<b>Closure Goal per Month</b>	<b>Preferred Cycle Time (months)</b>	<b>Maximum Case load per ER/CSR</b>	<b>Maximum Number of Cases per Classification</b>
<b>ERs</b>	54	10	4	<b>35</b>	1,890
<b>CSRs</b>	22	20	2	<b>60</b>	1,320
<b>TOTAL</b>					<b>3,210</b>

Recognizing that a licensed contractor may have made a mistake or that a good faith dispute exists regarding the contracting activity, the Board provides training to CSRs and ERs to assist them in resolving construction-related disputes. For FY 2015-16 (July 2015 through April 2016), Enforcement staff’s settlement efforts have resulted in almost \$10 million in restitution to financially-injured parties as depicted in the following chart:

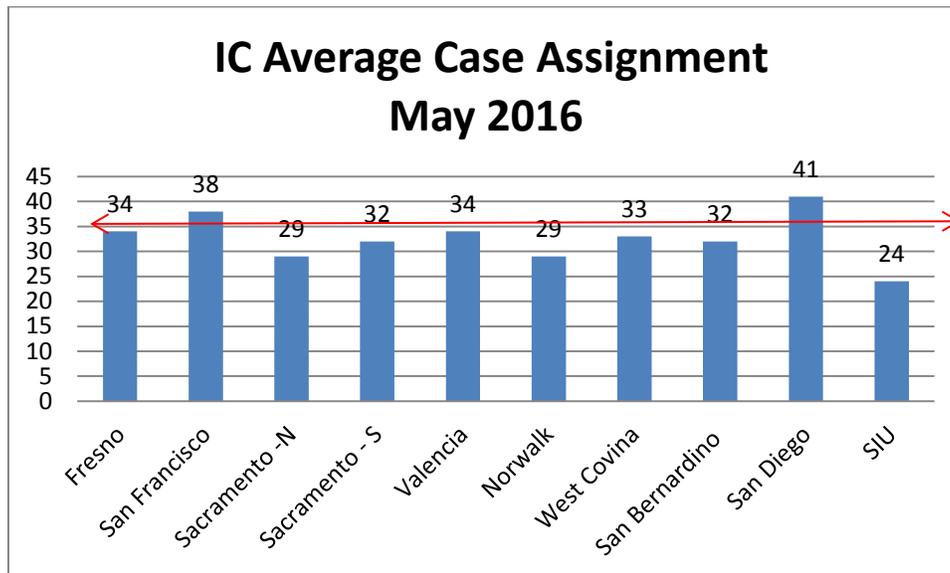


IC Financial Settlement Amount (FY 2015-16)	\$ 3,738,202.93
IMC Financial Settlement Amount (FY 2015-16)	\$ 6,071,778.12

**Investigation of Consumer Complaints**

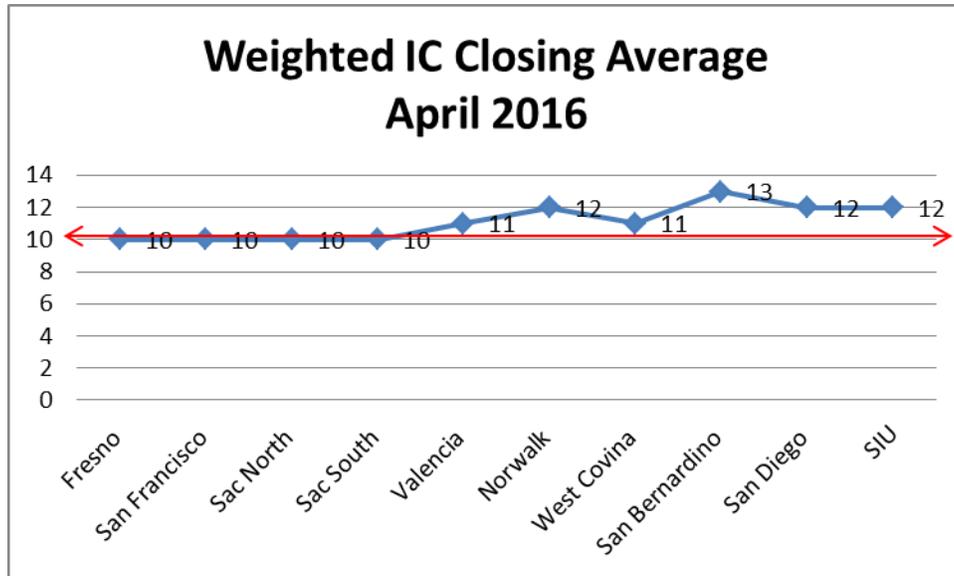
To ensure effective investigation of consumer complaints, the Enforcement division monitors Enforcement Representative (ER) production, pending caseloads, and investigation-closing disposition. For FY 2015-16 (July 2015 through April 2016), Investigative Center (IC) ERs have consistently achieved the Board’s goal of 10 complaint closures per month, and effective case distribution among the eight Investigative Centers has resulted in a manageable, ongoing case load of approximately 35 cases per ER. Of the 1,731 legal actions during this time, 27 percent were referred to local prosecutors.

The following chart tracks open IC investigations. The goal is for each ER in the ICs to carry between 30 and 40 pending cases. At the beginning of May 2016, the statewide average was 33 cases.

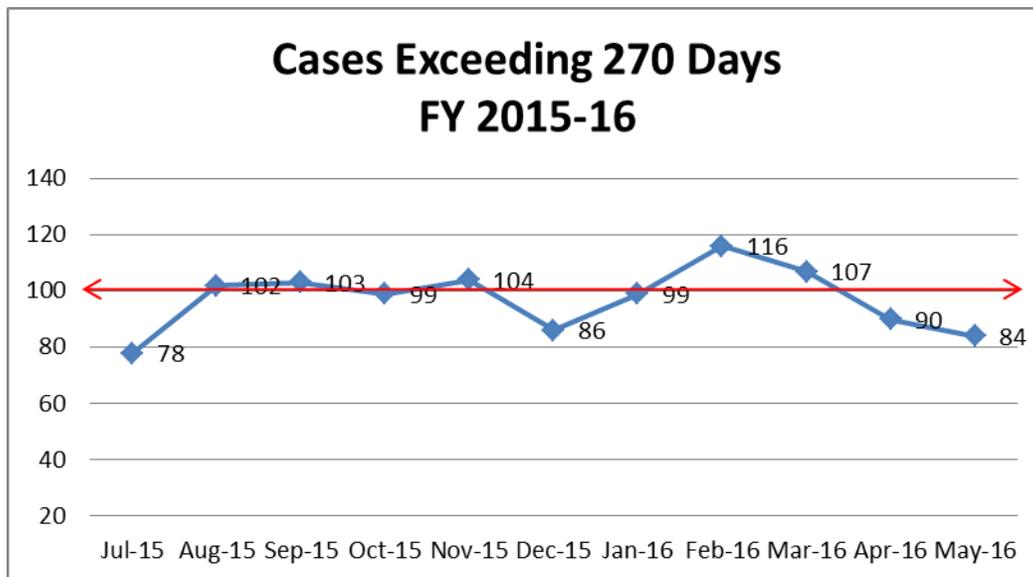




The following chart tracks the Board’s target of each IC ER maintaining a weighted monthly closing average of 10 cases.

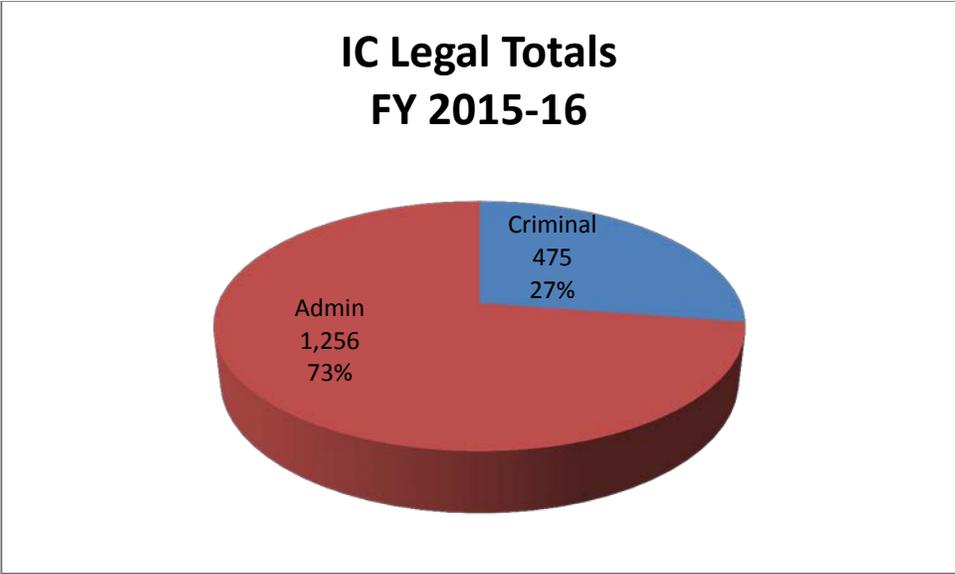


Historically, the Enforcement division has more than 3,000 consumer complaints under investigation at any given time. The Board’s goal is to appropriately disposition all but 100 within 270 days of receipt. Staff’s effective management of pending complaints has resulted in consistently meeting this goal. At the beginning of May 2016, there were 84 cases exceeding 270 days in age.





For FY 2015-16 (July 2015 through April 2016), the Enforcement division has referred 27 percent, or 475 legal action investigations, to district attorneys for criminal prosecution. The following chart depicts the number of completed investigations that resulted in an administrative or criminal legal action.



**CASE MANAGEMENT FY 2015-16 (Jul-Apr)**

<b>CITATIONS ISSUED</b>		
	<b>Licensee</b>	<b>Non-Licensee</b>
<b>Citations Issued</b>	1,072	728
<b>Citations Appealed</b>	451	315
<b>Citation Compliance</b>	847	390
<b>MANDATORY SETTLEMENT CONFERENCES</b>		
<b>Scheduled</b>	254	
<b>Settled</b>	157	
<b>Civil Penalties Collected</b>	\$1,345,526	
<b>Legal Fee Savings</b>	\$4,353,046	
<b>ARBITRATION</b>		
<b>Arbitration Cases Initiated</b>	428	
<b>Arbitration Decisions Received</b>	333	
<b>Licenses Revoked for Non-Compliance</b>	23	
<b>Arbitration Savings to the Public – Restitution</b>	\$1,377,423	
<b>ACCUSATIONS/STATEMENT OF ISSUES</b>		
<b>Revocations by Accusation</b>	290	
<b>Accusation Restitution Paid to Injured Persons</b>	\$160,951	
<b>Statement of Issues (Applicants Denied)</b>	51	
<b>Cost Recovery Received</b>	\$198,276	
<b>Number of Cases Opened</b>	411	
<b>Number of Accusations/Statement of Issues Filed</b>	311	
<b>Number of Proposed Decisions Received</b>	62	
<b>Number of Stipulations Received</b>	63	
<b>Number of Defaults Received</b>	120	
<b>Number of Decisions Mailed</b>	278	

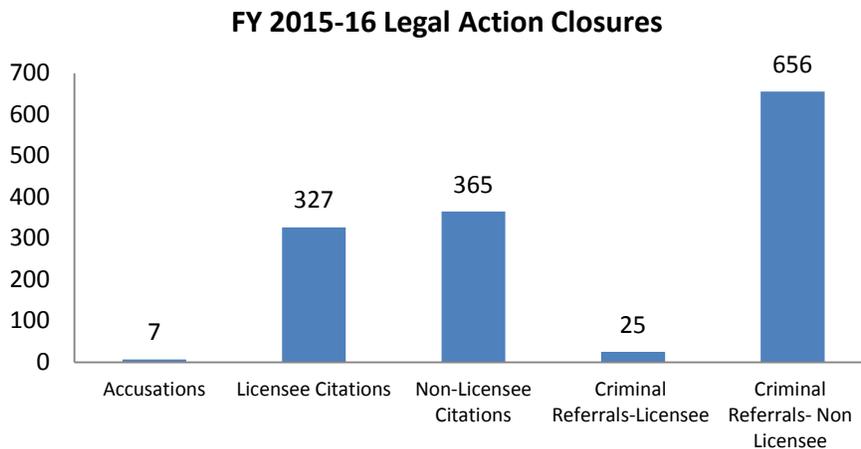


**Statewide Investigative Fraud Team Statistics**

CSLB’s Statewide Investigative Fraud Team (SWIFT) is comprised of Enforcement Representatives (ERs) that aim to enforce license and workers’ compensation insurance requirements at active jobsites and perform undercover sting operations targeting unlicensed persons. Between July 1, 2015 and April 30, 2016, SWIFT conducted 74 sting operations in partnership with law enforcement, district attorneys, building department and code enforcement officials, and other State agencies. In addition to stings, SWIFT also partners with other State and local agencies to verify license, tax, insurance, and safety practices at active job sites, and has conducted 158 sweep days in various counties across California this fiscal year.

**Legal Action Closures**

Between July 1, 2015 and April 30, 2016, as a result of stings, sweeps and leads, SWIFT closed 2,973 cases, of which 1,380 resulted in an administrative or criminal legal action. Below is a breakdown of legal action closures. SWIFT has referred 681 cases to local district attorney offices for criminal prosecution.



**Leads**

Since July 1, 2015, SWIFT has received over 1,400 leads from the public, other State agencies, and licensees in regard to unlicensed contractors and licensees allegedly violating workers’ compensation requirements. From these leads SWIFT has obtained the following results:

CATEGORY	RESULT
Non-licensee Citations	147
Licensee Citations	111



Criminal Referrals – Licensee	5
Criminal Referrals – Non-licensee	43



**Citations**

Between July 1, 2015 and April 30, 2016, SWIFT issued 692 licensee and non-licensee citations, and assessed \$639,181 in citation civil penalties.

**FY 2015-16 Citation Amounts Assessed**

	<b>Northern SWIFT</b>	<b>Central SWIFT</b>	<b>Southern SWIFT</b>	<b>Totals</b>
<b>July 2015</b>	\$22,400.00	\$3,750.00	\$17,250.00	<b>\$43,400.00</b>
<b>August 2015</b>	\$45,250.00	\$6,250.00	\$30,500.00	<b>\$82,000.00</b>
<b>September 2015</b>	\$18,500.00	\$14,250.00	\$49,151.00	<b>\$81,901.00</b>
<b>October 2015</b>	\$14,650.00	\$16,250.00	\$23,750.00	<b>\$54,650.00</b>
<b>November 2015</b>	\$18,250.00	\$19,250.00	\$21,500.00	<b>\$59,000.00</b>
<b>December 2015</b>	\$26,000.00	\$21,500.00	\$36,750.00	<b>\$84,250.00</b>
<b>January 2016</b>	\$14,430.00	\$8,000.00	\$24,250.00	<b>\$46,680.00</b>
<b>February 2016</b>	\$38,750.00	\$7,250.00	\$37,500.00	<b>\$83,500.00</b>
<b>March 2016</b>	\$13,550.00	\$4,500.00	\$25,500.00	<b>\$43,550.00</b>
<b>April 2016</b>	\$24,000.00	\$8,750.00	\$27,500.00	<b>\$60,250.00</b>
<b>TOTALS</b>	<b>\$235,780.00</b>	<b>\$109,750.00</b>	<b>\$293,651.00</b>	<b>\$639,181.00</b>

**Stop Orders**

A Stop Order is a legal demand to cease all employee labor at a job site due to workers' compensation violations until an appropriate policy is obtained and CSLB notified. Since July 1, 2015, SWIFT has issued 382 Stop Orders to licensed and unlicensed individuals who use employee labor without having a valid workers' compensation policy. Failure of a contractor to comply with a Stop Order constitutes a misdemeanor criminal offense, punishable by up to 60 days in county jail or by a fine of up to \$10,000, or both.

**FY 2015-16 Stop Orders**

<b>July 2015</b>	<b>August 2015</b>	<b>September 2015</b>	<b>October 2015</b>	<b>November 2015</b>	<b>December 2015</b>	<b>January 2016</b>	<b>February 2016</b>	<b>March 2016</b>	<b>April 2016</b>
<b>48</b>	<b>49</b>	<b>60</b>	<b>25</b>	<b>35</b>	<b>31</b>	<b>28</b>	<b>32</b>	<b>53</b>	<b>21</b>



## AGENDA ITEM F-3

# Review, Discussion, and Possible Approval of a Legal Action Expenditure Reduction Plan





### STRATEGIES TO REDUCE LEGAL ACTION EXPENDITURES

CSLB Attorney General (AG) expenditures through January 2016 for fiscal year 2015-16 exceed \$3.1 million, and are projected to reach at least \$5.2 million by the end of the fiscal year (FY). Compared to the same period in the previous fiscal year, expenditures have increased by **11%** (from \$2.8 million), and by **28%** compared to two years ago.

This increase is the result of the successful implementation of Board-approved objectives to rigorously enforce permit and workers' compensation (WC) insurance compliance and to discipline contractors convicted of egregious construction-related misdemeanors. In calendar year 2015, CSLB issued 294 standalone permit citations (resulting from industry leads), 64 proactive workers' compensation citations, and 320 administrative actions for criminal convictions – a total of 678 actions.

To explore enhanced investigative strategies and opportunities to reduce legal action expenditures, Registrar Cindi Christenson and Enforcement Chief David Fogt met with the following attorneys in February 2016:

- Deputy District Attorney Dominick Dugo, San Diego District Attorney's Insurance Fraud Division
- Senior Assistant Attorney General Linda Schneider
- Supervising Deputy Attorney General Marc Greenbaum
- Office of Administrative Hearings Presiding Law Judge Alan Alvord

The following summarizes the group's recommendations to reduce legal action expenditures:

#### **1. Use Available Grant Funds to Pursue Criminal Prosecution of Workers' Compensation Insurance Violations**

To combat workers' compensation insurance fraud, the California Department of Insurance provides \$34.9 million in grants to 37 district attorney (DA) offices representing 42 counties. Many of CSLB's more egregious complaints include a WC insurance violation that may provide for criminal prosecution, rather than a CSLB administrative action.

- a) Identify those counties that participate in the Workers' Compensation and Insurance Grant Program, and the assigned deputy DA and DA investigator in each.
- b) Assign CSLB Enforcement Representatives (ERs) to partner with grant-funded counties and their district attorneys. ERs will identify and provide each partnering DA with completed investigations that include an insurance fraud



violation for the three most significant CSLB offenders within the DA's jurisdiction.

- c) Seek opportunities to secure a criminal, rather than administrative, filing for all identified unlicensed/uninsured practice violations.

## **2. Investigation Efficiencies**

Staff recommends that the Board relax its current policy for taking disciplinary action on *all* permit and workers' compensation violations referred to field investigation and consider, instead, the imposition of less serious discipline when the licensee has mitigated the damage and provided verification that unlawful acts will not be repeated.

- a) Issue informal educational "Notice of Violation" letters when the licensee has paid restitution to injured persons to mitigate the violation.
- b) Include the informal letters as exhibits to support administrative legal actions if a permit or workers' compensation violation is repeated.
- c) Consider accusations when contractors continue to reoffend.

## **3. Legal Action Settlement Options**

To assist contractors subject to a CSLB administrative action in resolving their cases without incurring the time and expense of a hearing, staff proposes exploring options for less formal settlement. To overcome the reluctance of licensees to settle a citation, a disclaimer statement on CSLB's website should be considered that indicates that citation settlement is not an admission of guilt. (Citations are disclosed for five years.)

Additional CSLB-sponsored training may be required for deputy attorney generals for the settlement of appealed citations and accusations, and for CSLB staff in the resolution of appealed non-licensee citations.

## **4. Increase Civil Penalties**

CSLB civil penalties are significantly lower than those at partnering state agencies for similar violations, i.e. unlicensed practice and workers' compensation insurance violations. Further, current citation assessments do not cover CSLB's cost to provide for an appeal of an administrative disciplinary action. Staff recommends that the Enforcement division revisit civil penalty guidelines to determine if the penalties have kept pace with inflation and



consumer protection requirements. Staff will propose recommendations for penalty adjustments where appropriate.

#### **5. Monitor Office of Administrative Hearings and Attorney General Billings**

Staff has reviewed November 2015 AG billing reports for statements of issues, citations, and accusations that exceed 50 billable hours. In the billing records for 683 individual cases, 45 involved bills for more than 50 hours, with an average cost of \$15,274.50. The average number of hours billed for these 45 cases was 90; the highest number of hours billed for one case was 380, with a cost of \$64,727.50. To more closely manage these expenditures, staff proposes to:

- a) Identify a CSLB employee to monitor AG case statistics for age and cost on an ongoing basis.
- b) Establish a monthly meeting with a representative from the AG's office to evaluate billings and timeframes.

#### **Recommendations:**

The Board is asked to adopt the following strategies to reduce CSLB's legal action expenditures:

1. Pursue criminal, rather than administrative, prosecution of workers' compensation insurance violations.
2. Provide for issuance of an informal educational violation notice when a contractor is a first time offender, and has mitigated a permit or workers' compensation violation by complying with code requirements and paying restitution to injured parties.
3. With assistance from the AG's office, explore options for the settlement of disciplinary actions without a hearing.
4. Establish criteria to provide for an increase in citation civil penalties.
5. Redirect staff to monitor Office of Administrative Hearings/Attorney General expenditures and conduct monthly meetings with the AG's office to discuss excessive billings.

## AGENDA ITEM F-4

Discussion Regarding Outreach and Enforcement Strategies to Address Deceptive Solar Tactics including Video of Recent KCBS-TV Media Coverage Regarding Consumer Solar Contracts





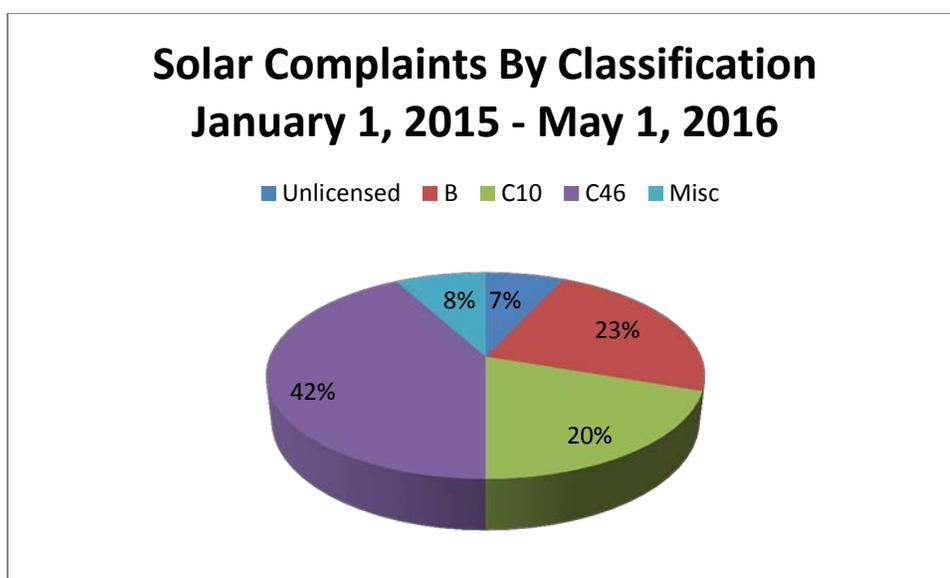
### REVIEW AND DISCUSSION REGARDING STRATEGIES TO ADDRESS DECEPTIVE SOLAR PRACTICES

#### INTRODUCTION

The Enforcement division introduced the Solar Task Force at the September 3, 2015 meeting of the Contractors State License Board (CSLB), which is dedicated to identifying and combatting the issues that consumers face in the growing solar industry. These issues include: a general lack of specificity in solar contracts; the exploitation of consumer confidence about solar savings when systems perform below expectations; and complex or often unlawful finance agreements.

The Enforcement division has completed extensive research into and analysis of the types of solar complaints reported to CSLB statewide. The primary complaint relates to alleged misrepresentation. Consumers are led to believe that they will pay less for a kilowatt hour provided by a public utility or that they are working with a government entity.

- From January 1, 2015 through May 1, 2016, CSLB received 535 solar-related complaints
- Of these 535 complaints received, 42 percent were filed against contractors with a C-46 solar license. The chart below summarizes the types of solar complaints made to CSLB by the respondent's license classification:





## **Unlawful Solar Contracting Activity**

### **Unlicensed Solar Leasing Companies**

Some large monetary funds have established corporations to contract for leased solar installations. In turn, these unlicensed leasing companies contract with licensed contractors to actually install the solar systems. The leasing agreements with the homeowners do not comply with standard home improvement contract requirements, and consumers have little recourse when they discover that they have entered into long-term contracts for exorbitant amounts. An example of a recent CSLB investigation into an unlicensed leasing company follows:

*A 67-year-old complainant was approached by an unregistered Home Improvement Salesperson (HIS) who canvassed her neighborhood representing a licensed solar contractor. The consumer provided the HIS with past utility statements who then estimated that a system adequate enough to provide the promised reductions would cost between \$15,000 and \$25,000. Learning that the complainant could not afford such a purchase the HIS presented a no-money-down leasing option. The complainant agreed to move forward with the installation of a leased system and subsequently signed the lease, via DocuSign on a tablet computer the HIS provided.*

*The complainant believed she was leasing the system through the licensed solar contractor that the HIS initially represented. However, her lease for the solar panel system was through a solar fund/leasing company, which she first realized when she received a bill for her lease payment. The complainant attempted to sell her home and realized that she did not have a hard copy of the signed lease for the solar system. The complainant obtained a copy of the lease, and only then realized she had signed a 25-year lease that would cost her in excess of \$154,000, with payments that continuously escalated over the term of the agreement. When the complainant asked to renegotiate the lease, the leasing company told her that she could buy out the lease for \$87,000. The lien on her home has made it impossible for her to sell.*

### **Unregistered Salespersons and Underground Economy Violations**

Solar contractors routinely fail to obtain the required Home Improvement Salesperson registration for their staff, and engage in underground economy violations. An example follows:

*A resident owner of a duplex entered into a lease contract for a solar system at the recommendation of her tenant neighbor, who happened to be a salesman for a large solar contractor. However, her initial enthusiasm for the project waned when she discovered that the salesperson had forged the signature of her estranged husband and allowed the contractor access to her side of the property without her permission.*



*A Sacramento Consumer Service Representative (CSR) contacted the solar contractor who acknowledged that the husband's signature was inappropriately obtained. The contractor agreed to resolve the situation by removing the panels and canceling the contract. When the CSR asked about having licensed home improvement salespersons, the solar contractor stated that they have expanded to 2,500 "consultants" who sell systems in California. These consultants are apparently not registered as salespersons or reported to tax agencies.*

### **Home Energy Renovation Opportunity (HERO) Program**

Many complaints are filed with CSLB regarding contracts that include financing by the Home Energy Renovation Opportunity (HERO) Program. According to HERO, their program makes purchasing and installing eligible energy-efficient and water-saving upgrades more affordable for homeowners. Home renovation projects start "with no money down" and "fixed rates and flexible terms of 5-20 years, with over 50 categories of eligible projects to choose from." Consumers file complaints when they discover the loan must be paid back through property taxes, and that the interest rate exceeds that which they may have obtained through a traditional lending institution.

### **Obtaining Permits without a Construction Contract**

CSLB has heard concerns from numerous local building officials that solar companies routinely obtain building permits for solar installations when they do not have an executed contract with the property owner. Solar companies are likely obtaining the permits as leverage to convince a customer to sign a contract. Building officials complain that they have to refund hundreds of dollars in permit fees to solar contractors when a property owner declines to install a system.

## AGENDA ITEM F-5

# Update and Report on Consumer Satisfaction Survey





CONTRACTORS STATE LICENSE BOARD  
REPORT ON THE

CONSUMER SATISFACTION SURVEY:  
2015 COMPLAINT CLOSURES  
(January to December)

Report Date: March 2016

## Executive Summary

The Consumer Satisfaction Survey Report is based on surveys of individuals who have filed complaints with the Contractors State License Board (CSLB) Enforcement division against licensed or unlicensed contractors. These surveys assess the public's satisfaction with CSLB's handling of their complaints. The original benchmark survey began with complaints that were closed in 1993, and assessment of consumer satisfaction has continued since that time. The present report measures consumer satisfaction for complaints closed in calendar year 2015.

Eight of the nine questions on the 2015 survey were identical to those used since 1993, and the same seven point agreement scale was used. From 1993-2009, 4,800 complainants (400 per month) were selected randomly to receive surveys. In 2010, the survey's format and sampling method were changed. Beginning with 2010, CSLB began to email the survey to all consumers with closed complaints who had provided email addresses. In 2015, 5,607 complainants provided email addresses, of which 5,393 were deemed valid. Surveys were sent out in individual monthly batches throughout 2015 and early 2016.

In 2015, a total of 1,087 complainants, 20 percent of those surveyed, responded to the questionnaire, a rate similar to that of previous years.

### *Major Findings and Comparison with Previous Years*

Table 1 summarizes the survey results from consumers with complaints closed in 2015. The table also includes the annual ratings for the eight consumer satisfaction questions (service categories) over the last four years.

In 2011, the lowest agreement (52%) was for the question, "The action taken in my case was appropriate," whereas the highest agreement (83%) was for the question related to being treated courteously, a consistent pattern for the last five years. From 2014 to 2015, three service categories showed a 1 percent increase, one service category showed a 3 percent decrease, one service category showed a 2 percent decrease, two service categories showed a 1 percent decrease, and one service category remained unchanged.

**TABLE 1: HISTORICAL RESULTS OF THE CONSUMER SATISFACTION SURVEY (2011-2015)**

Questionnaire Statements	Percent Agreement by Calendar Year				
	2011	2012	2013	2014	2015
1. The CSLB contacted me promptly after I filed my complaint.	81%	81%	77%	80%	77%
2. The procedures for investigating my complaint were clearly explained to me.	74%	75%	72%	75%	74%
3. The CSLB kept me informed of my case's progress during the investigation.	66%	69%	63%	66%	66%
4. I was treated courteously by the CSLB's representative(s).	83%	85%	82%	83%	84%
5. My complaint was processed in a timely manner.	68%	67%	61%	65%	66%
6. I understand the outcome of the investigation (whether or not I agree with the action taken).	67%	69%	67%	69%	70%
7. The action taken in my case was appropriate.	52%	57%	54%	58%	56%
8. I am satisfied with the service provided by the CSLB.	58%	61%	58%	63%	62%

With regard to the most recent data, the following service category showed a 3 percent decrease in satisfaction from 2014 to 2015:

- Question 1: “was contacted promptly.”

No other service category changed more than 2 percent.

Forty-two percent of survey respondents selected “yes” to Question 9, “Before hiring, I inquired about my contractor’s license status with the CSLB,” a 1 percent increase from 2014.

The majority of complaints retained the same characteristics as in previous years:

- Filed by a non-industry consumer (98%)
- Involved a licensed contractor (85%)
- Processed within six months (72%)
- Addressed home improvement repairs or remodeling (83%)
- Was not construction type-specific (65%)

In prior surveys a disproportionate number of responses came from complainants who received favorable outcomes. In order to examine possible response bias, a profile of complaint characteristics was developed for the 5,516 surveyed complainants, including whether or not CSLB considered their complaint outcome positive, and then compared to the 1,087 complainants who responded to the survey. Sixty-two percent of the complaints in the total survey sample were closed in favor of the complainant while 61 percent of the survey responses came from those whose complaints had positive outcomes. This 1 percent discrepancy is the opposite of what usually manifests in this type of survey since, typically, complainants who receive positive outcome are more likely to respond to the CSLB survey. The 2015 results show no indication of positive response bias.

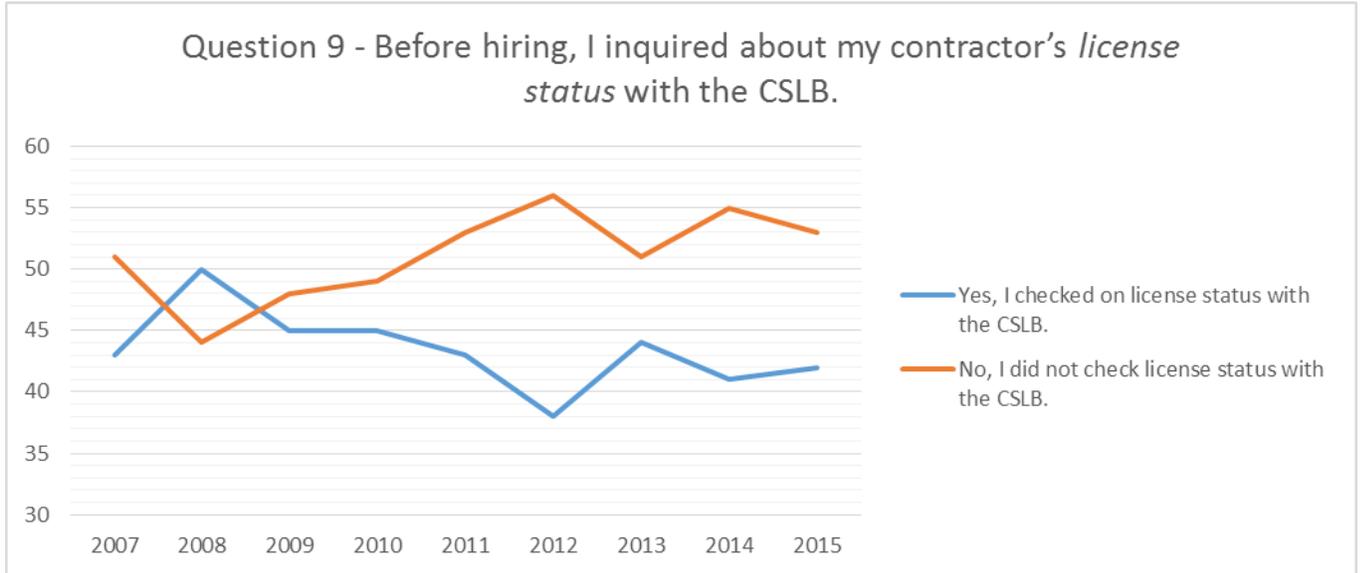
## History

In 1994 the Contractors State License Board began a program to improve consumer satisfaction with CSLB's enforcement program. A cornerstone of this effort was a survey to solicit feedback from individuals who filed complaints with the Board. The first postcard survey, covering complaint closures from 1993, was designed to serve as a benchmark in an ongoing evaluation program as well as to identify areas in need of improvement. These ongoing surveys have been conducted by CSLB's Testing division. The present report covers complaints closed between January and December 2015 and compares these results with the previous four years.

In 2011, the lowest agreement (52%) was for the question, "The action taken in my case was appropriate," whereas the highest agreement (83%) was for the question related to being treated courteously, a consistent pattern over the last five years.

The Consumer Satisfaction Survey also provides a convenient method for polling consumers on other issues. Since 2000, the survey also has been used to estimate the percentage of complainants who inquired about the contractor's qualifications with CSLB. Agreement with this question has ranged from 29 percent in 2000 to 42 percent in 2015. In 2007, this question was rephrased from "Before hiring, I inquired about my contractor's *qualifications* with the Contractors State License Board" to "Before hiring, I inquired about my contractor's *license status* with the CSLB," and the answer choices changed from an agreement scale to a yes/no format. Since 2007, between 38 percent and 50 percent of respondents endorsed this statement (a mean of 43.4 percent). Figure 1 shows these results by year.

Figure 1



In 2007, Question 10, an open-ended follow-up to Question 9, was added to assess the reasons why some consumers did not inquire about the license status of their contractors with CSLB. The responses to Question 10 were reviewed and sorted into twelve comment categories. In 2010, CSLB eliminated this question.

## **Project Design**

### *Questionnaire Description*

The nine-item 2015 questionnaire was developed in Survey Monkey and included eight questions assessing customer service. Seven of them related to specific aspects of the complaint process, and one was about overall satisfaction. These questions were virtually identical to those used since 1994. Complainants were asked to rate the questions on a seven-point agreement scale that provided three levels of agreement with a question (strongly agree, agree, and mildly agree), and three levels of disagreement (strongly disagree, disagree, and mildly disagree). The rating scale also included a "neutral" point. The final question addressed whether or not consumers inquired with CSLB about their contractor's license status prior to hiring and required a yes/no response. The questionnaire also provided space for written comments. A copy of the questionnaire is attached as Appendix A.

Before receiving the survey, each complainant's email address was linked with his/her case number to allow for an analysis of survey responses by the nature of the complaint. The information from complaint files also helped to determine whether or not the respondent sample was representative of the larger group of complainants.

### *Sampling Procedure*

In calendar year 2015, CSLB completed the investigation or mediation process for 19,906 complaints filed by consumers against licensed and unlicensed contractors, 880 more than in 2014. Complainants who provided CSLB with an email address were selected from all of the closed complaint files in 2015. Duplicate complainants and clearly incorrect email addresses were removed from the sample prior to emailing, leaving a total sample of 5,393. Surveys of consumers whose complaints were closed in that month were emailed throughout 2015 and early 2016.

### *Analysis Procedure*

Combining the three "Agreement" points, and then dividing this number by the total number of respondents, determined the level of agreement with each service category question. This procedure provided the proportion of respondents who agreed with the question.

The complaint number attached to each complainant's email address linked response ratings with specific characteristics of the complaint itself. This allowed assessment of complainant satisfaction in the context of such factors as the ultimate outcome of the complaint, the processing time for the complaint, and the license status of the contractor.

The complaint files also helped to determine whether or not the consumers who responded to the survey were representative of the total sample. Analysts developed a profile of complaint characteristics for the respondent group and compared it to the profile for the total sample. Close correspondence between the two profiles would confirm a representative (unbiased) consumer response.

### *Complainants' Comments*

In previous survey years, comments were hand-entered into a database and assigned one or more subject-specific codes (comment category). The majority of comments elaborated on the questionnaire statements; the remaining comments presented additional areas of consumer concern. Some complainants used the comment space to request contact by a CSLB representative, to indicate that they were unsure about the outcome of their case, or to provide positive remarks about CSLB representatives who handled their cases. These surveys were forwarded to CSLB Enforcement staff. Since 2010, all of the comments have been typed by the complainants themselves, thereby reducing the need to first decipher handwriting and then enter and code the comments.

## **Results**

### *Response Rate*

In 2015, the total number of survey responses, 1,087, was 20 percent of those selected for the sample. The response rate for this survey has ranged from 17-31 percent, which is considered standard for this type of survey.

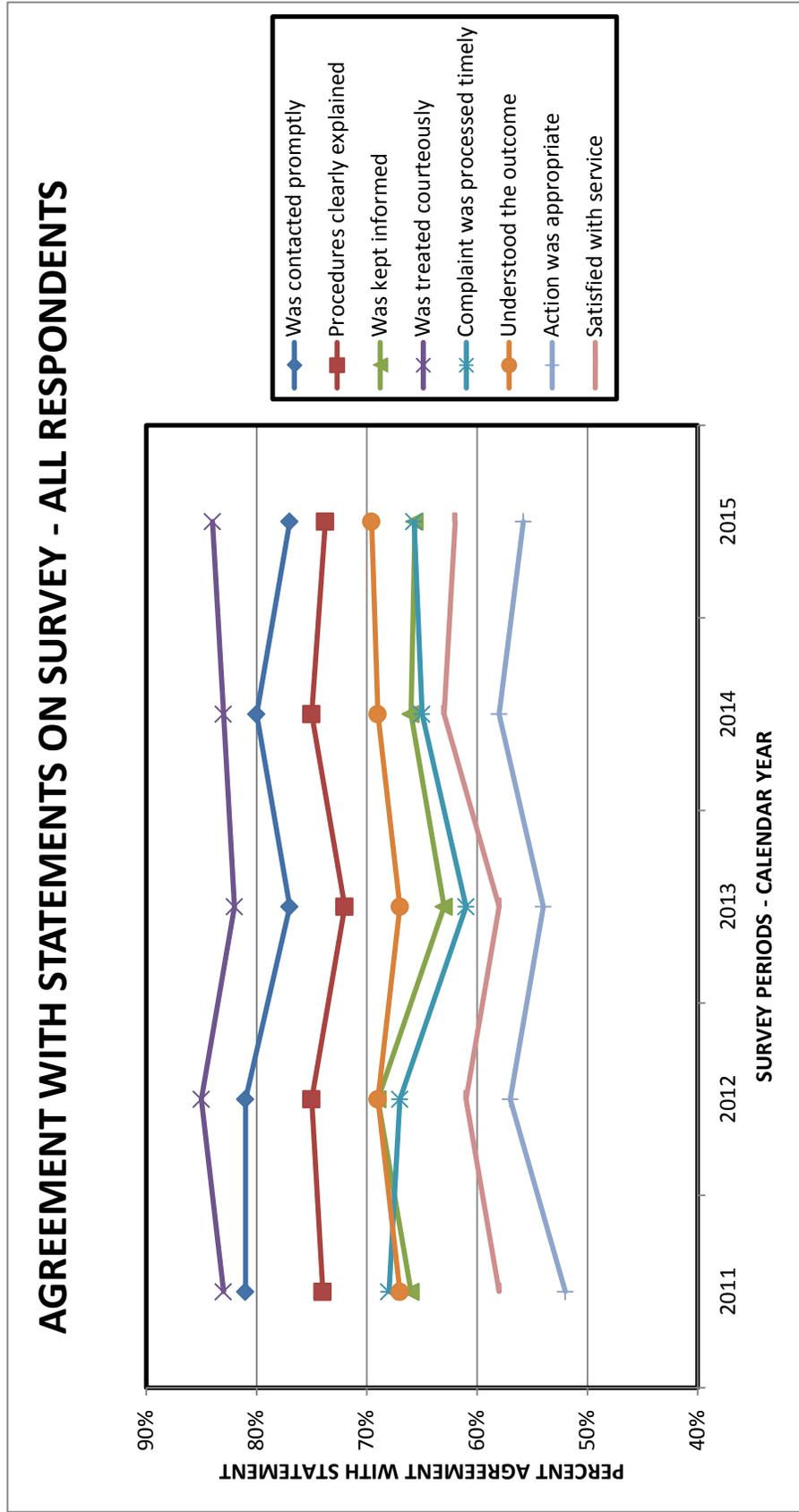
### *Consumer Agreement with Questionnaire Statements*

Appendix B (Table B-1) contains the detailed results for the 2015 Consumer Satisfaction Survey, indicating the individual percentages for each "agreement" category. Table 1 of the Executive Summary presents the satisfaction ratings for the 2015 survey, along with results from 2011 to 2014. This same information is presented in graph form in Figure 2.

### *Contractor Qualifications*

The question addressing contractor qualifications was included to assess the need for public education in this area. Question 9 asked, "Before hiring, I inquired about my contractor's qualifications with the Contractors State License Board." See Figure 1.

**FIGURE 2**  
**HISTORICAL RESULTS OF THE CONSUMER SATISFACTION SURVEY**  
**(2011 - 2015) LINE GRAPH PRESENTATION**



### *Complainant's Comments*

Sixty-two percent of the responding complainants chose to include comments with their survey responses, a percentage consistent with past results. As in previous years, the comments ranged from requests for follow up, additional information about the status of complainants' cases, and feedback regarding CSLB representatives. The comments also included suggestions for procedure changes regarding the CSLB complaint process. All comments were forwarded to the CSLB Enforcement staff for review.

### *Sampling Validity*

In survey research, respondents to a survey may not be representative of the overall group, which can occur when a particular segment of the sample is more motivated to respond to the survey. In order to examine possible response bias, a profile of complaint characteristics was developed for the 5,516 surveyed complainants and compared to the 1,087 complainants who responded to the survey. The profile, contained in Appendix C, demonstrates that the responding group has similar characteristics to the sample group.

### *Response Trend*

In most prior surveys a disproportionate number of responses came from complainants who received outcomes in their favor. However, the trend did not manifest in the 2015 results. Although 62 percent of the total sample had outcomes in favor of the complainants, 61 percent of the survey respondents had outcomes in their favor. This 1 percent discrepancy is the opposite of what usually manifests in this type of survey. The results from 2012, 2013, and 2014 also indicate the absence of a positive response bias.

### *Change in Sampling Method*

Beginning in 2010, CSLB altered the sampling method from random sampling to convenience sampling. Random sampling is preferred for most surveys to ensure that the sample is representative of the overall population of interest. It assumes that characteristics such as gender, age, socioeconomic status, etc. are equally distributed across the survey population and, therefore, will be equally distributed across a random sample.

Convenience sampling selects participants based on their availability to the researcher. As applied to the CSLB Consumer Satisfaction Survey, using an email survey rather than a paper and pencil survey reduces costs and saves staff time and, thereby, makes the most convenient sample those complainants who had provided their email addresses. While convenience sampling can induce bias in a

survey, depending on the topic, there is no reason to expect that consumers who provided their email addresses to CSLB would have different opinions on the satisfaction measures assessed by the current survey from those who did not provide email addresses.

## TECHNICAL APPENDICES

Appendix A: CONSUMER SATISFACTION SURVEY QUESTIONNAIRE

Appendix B: DETAILED RESULTS OF CONSUMER SATISFACTION SURVEY

Appendix C: CONSUMER COMPLAINT PROFILES

## APPENDIX A

### Consumer Satisfaction Survey Questionnaire

1. Introduction Section

Dear Consumer:

As part of our ongoing efforts to improve service to consumers, we are conducting a survey to monitor the quality of service provided to consumers who have filed a complaint with the Contractors State License Board.

Your name was selected from our complaint files that were recently closed.

Would you please take a few minutes to respond to the following survey? We need to hear from you so that we can identify where improvements are needed. Of course, we would also like to hear how we are serving you well.

When you are done just click on the "DONE" button at the bottom of the last page to forward your responses on to the Board.

Thank you for taking the time to participate in this survey!

Contractors State License Board

## Consumer Satisfaction Survey month/year

### 2. Survey instructions and questions

Please have the person most familiar with the complaint complete the survey. Select the response that shows how much you agree with each statement on the survey.

We are identifying your response with your complaint number to provide specific information about CSLB operations. YOUR IDENTITY WILL BE KEPT COMPLETELY CONFIDENTIAL UNLESS YOU REQUEST CONTACT FROM THE CSLB.

	<b>STRONGLY AGREE</b>	<b>AGREE</b>	<b>MILDLY AGREE</b>	<b>NEUTRAL</b>	<b>MILDLY DISAGREE</b>	<b>DISAGREE</b>	<b>STRONGLY DISAGREE</b>
<b>The CSLB contacted me promptly after I filed my complaint.</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>The procedures for investigating my complaint were clearly explained to me.</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>The CSLB kept me informed of my complaint's progress during the investigation.</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>I was treated courteously by the CSLB's representative(s).</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>My complaint was processed in a timely manner.</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>I understand the outcome of the investigation (whether or not I agree with the action taken).</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>The action taken in my case was appropriate.</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>I am satisfied with the service provided by the CSLB.</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Before hiring, I inquired about my contractor's license status with the CSLB.

- YES
- NO

Comments (please include any areas that you feel our staff could improve in and/or examples of superior service to you):

## APPENDIX B

### Detailed Results of Consumer Satisfaction Survey



# Consumer Satisfaction Survey Report - Table B-1

## Overall Results Of Consumer Satisfaction Survey 2015 Complaint Closures

QUESTION ASKED	STRONGLY AGREE	AGREE	MILDLY AGREE	NEUTRAL	MILDLY DISAGREE	DISAGREE	STRONGLY DISAGREE	NO RESPONSE
1. Was contacted promptly	386 (36%)	360 (33%)	80 (7%)	59 (5%)	57 (5%)	65 (6%)	73 (7%)	7 (1%)
2. Procedures clearly explained to me	355 (33%)	318 (30%)	117 (11%)	71 (7%)	50 (5%)	68 (6%)	92 (9%)	16 (1%)
3. Was kept informed	323 (30%)	271 (25%)	109 (10%)	97 (9%)	59 (6%)	82 (8%)	130 (12%)	16 (1%)
4. Was treated courteously	579 (54%)	273 (25%)	50 (5%)	75 (7%)	20 (2%)	27 (3%)	50 (5%)	13 (1%)
5. Complaint was processed timely	355 (33%)	240 (23%)	105 (10%)	78 (7%)	66 (6%)	75 (7%)	146 (14%)	22 (2%)
6. Understood the outcome	400 (38%)	284 (27%)	57 (5%)	98 (9%)	37 (3%)	49 (5%)	140 (13%)	22 (2%)
7. Action was appropriate	351 (33%)	194 (18%)	46 (4%)	110 (10%)	58 (5%)	84 (8%)	216 (20%)	28 (3%)
8. Satisfied with service	393 (37%)	200 (19%)	65 (6%)	86 (8%)	44 (4%)	82 (8%)	200 (19%)	17 (2%)

	YES	NO	NO RESPONSE
9. Checked contractor's license status with CSLB	457 (42%)	579 (53%)	51 (5%)

## APPENDIX C

### Complaint Profiles

Complaint Profiles  
(January - December 2015)

**TABLE C-1: ORIGIN OF COMPLAINT**

Code	Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
<b>C</b>	<b>Construction Industry</b>	<b>2%</b>	<b>3%</b>
<b>P</b>	<b>Public Consumer</b>	<b>98%</b>	<b>97%</b>

**TABLE C-2: COMPLAINT PRIORITY**

Code	Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
<b>D1</b>	<b>All Others</b>	<b>69%</b>	<b>67%</b>
<b>B1</b>	<b>Multi-Complaints</b>	<b>17%</b>	<b>17%</b>
<b>C7</b>	<b>Non-Licensees</b>	<b>14%</b>	<b>16%</b>

Complaint Profiles  
(January - December 2015)

**TABLE C-3: INVESTIGATION TYPE**

Code	Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
L	Licensed Contractor	85%	83%
N	Non-Licensed Contractor	15%	17%

**TABLE C-4: CONSTRUCTION TYPE**

Code	Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
0	Electrical	2%	3%
1	All Trades	30%	30%
2	Roofing	5%	5%
3	Painting	3%	3%
4	Masonry and Cement	2%	3%
5	Stucco, Plastering, and Drywall	1%	1%
6	Heating and Air Conditioning	4%	5%
7	Plumbing	7%	7%
8	Cabinets	1%	1%
9	Landscaping	6%	5%
L	Other	31%	32%
M	Insulation	< 1%	< 1%
N	Solar	3%	2%
X	No Construction	4%	4%

Complaint Profiles  
(January - December 2015)

**TABLE C-5: CONSTRUCTION COST/CONTRACT**

Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
No Contract	18%	18%
\$2,000 or less	81%	81%
\$2,001 to \$3,000	< 1%	< 1%
\$3,001 to \$4,000	< 1%	< 1%
\$4,001 to \$5,000	< 1%	< 1%
\$5,001 to \$6,000	< 1%	< 1%
\$6,001 to \$10,000	< 1%	< 1%
\$10,001 to \$30,000	< 1%	< 1%

Complaint Profiles  
(January - December 2015)

**TABLE C-6: FINANCIAL INJURY AMOUNT**

Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
<b>\$30,001 or more</b>	<b>70%</b>	<b>69%</b>
<b>No Amount Reported</b>	<b>29%</b>	<b>31%</b>
<b>\$2,000 or less</b>	<b>1%</b>	<b>&lt; 1%</b>
<b>\$5,001 to \$10,000</b>	<b>&lt; 1%</b>	<b>&lt; 1%</b>
<b>\$10,001 to \$30,000</b>	<b>&lt; 1%</b>	<b>&lt; 1%</b>

**TABLE C-7: PROJECT TYPE**

Code	Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
<b>J</b>	<b>Repairs and Remodeling</b>	<b>83%</b>	<b>81%</b>
<b>L</b>	<b>Other</b>	<b>5%</b>	<b>6%</b>
<b>X</b>	<b>No Construction</b>	<b>5%</b>	<b>5%</b>
<b>F</b>	<b>Swimming Pool</b>	<b>3%</b>	<b>3%</b>
<b>E</b>	<b>New Construction (Home Improvement)</b>	<b>1%</b>	<b>1%</b>
<b>B</b>	<b>New Construction (Single Unit-Custom)</b>	<b>1%</b>	<b>1%</b>
<b>D</b>	<b>New Construction (Commercial)</b>	<b>1%</b>	<b>1%</b>
<b>A</b>	<b>New Construction (Single Unit-Tract)</b>	<b>&lt; 1%</b>	<b>&lt; 1%</b>
<b>C</b>	<b>New Construction (Multiple Units)</b>	<b>&lt; 1%</b>	<b>&lt; 1%</b>

Complaint Profiles  
(January - December 2015)

**TABLE C-8: ELAPSED TIME OF COMPLAINT PROCESSING**

Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
1 month or less	14%	22%
1 to 2 months	22%	19%
2 to 3 months	18%	17%
3 to 4 months	7%	6%
4 to 5 months	5%	5%
5 to 6 months	6%	5%
6 to 12 months	26%	24%
1 to 2 years	2%	1%

Complaint Profiles  
(January - December 2015)

**TABLE C-9: CLOSING ACTION**

Code	Description		% of Respondent Sample (1086)	% of Survey Sample (5516)
CL70	Settled in Screening (CSR)	[+]	22%	26%
CL20	Insufficient Evidence		17%	16%
CL90	No Further Action		13%	13%
CL50	Settled in Investigation (Deputy)	[+]	8%	6%
CL1C	Citation	[+]	7%	6%
CL80	Minor Violation - Warning	[+]	6%	6%
CN10	Prosecutor (Non-Licensee)	[+]	4%	4%
CN20	Insufficient Evidence (Non-Licensee)		4%	4%
CL30	No Jurisdiction		4%	4%
CN60	Citation (Non-Licensee)	[+]	4%	3%
CL1A	Accusation	[+]	3%	3%
CL7M	Mandatory Arbitration	[+]	3%	3%
CL60	License Already Revoked	[+]	1%	2%
CN40	No Further Action (Non-Licensee)		1%	2%
CN30	No Jurisdiction (Non-Licensee)		1%	1%
CN50	No Further Action - Warning	[+]	1%	1%
CL40	No Violation		1%	1%
CL7A	Voluntary Arbitration	[+]	< 1%	< 1%
CL10	Prosecutor	[+]	< 1%	< 1%

# AGENDA ITEM G

## Executive





## AGENDA ITEM G-1

# Review and Possible Approval of April 6, 2016, Board Meeting Minutes





# CONTRACTORS STATE LICENSE BOARD

## BOARD MEETING MINUTES

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

Board Chair Ed Lang called the meeting of the Contractors State License Board (CSLB) to order at 10:30 a.m. on Tuesday, April 6, 2016, in the John C. Hall Hearing Room at CSLB Headquarters, 9821 Business Park Drive, Sacramento, CA 95827. A quorum was established. Vice Chair Agustin Beltran led the Board in the Pledge of Allegiance.

#### Board Members Present

Ed Lang, Chair

Agustin Beltran, Vice Chair

Paul Schifino

Susan Granzella

David De La Torre

Kevin J. Albanese

Pastor Herrera Jr.

Frank Schetter

Joan Hancock

David Dias

Marlo Richardson

Nancy Springer

Bob Lamb

#### Board Members Excused

Linda Clifford, Secretary

Johnny Simpson

#### CSLB Staff Present

Cindi Christenson, Registrar

David Fogt, Chief of Enforcement

Rick Lopes, Chief of Public Affairs

Larry Parrott, Chief of Licensing

Laura Zuniga, Chief of Legislation

Gina Zayaz, Chief of IT

Wendi Balvanz, Chief of Testing

Cindy Kanemoto, Chief Deputy Registrar

Jessie Flores, Deputy Chief of Enforcement

Ashley Caldwell, Information Officer

Erin Echard, Staff Services Analyst

Kristy Schieldge, DCA Legal Counsel

Stacey Paul, Budget Analyst

Mike Melliza, Business Services

#### Public Visitors

Alex Beltran

Matt LaTerza

Beverly Carr

Martin Herzfeld

Phil Vermeulen

Terry Seabury

### B. Public Comment Session – Items Not on the Agenda

There was no public comment.

### C. Executive

#### 1. Review and Possible Approval of December 10, 2015, Board Meeting Minutes



Amendments:

1 – Executive agenda item D1 should read: “the Board approved the September 3, 2015, Board meeting minutes.”

2 – Page 18, Paul Schifino “supports.”

**MOTION:** Approve December 10, 2015, Board meeting minutes with amendments. Joan Hancock moved; David Dias seconded. The motion carried unanimously, 13–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino	X				
Johnny Simpson				X	
Nancy Springer	X				

**2. Review and Possible Approval of March 14-15, 2016, Board Meeting Minutes**

Amendments:

Roll call agenda item A should read: “the Board called to order, the Monday, March 14, 2016, Board meeting.”

**MOTION:** Approve March 14-15, 2016, Board meeting minutes, with amendments. Augie Beltran moved; David Dias seconded. The motion carried unanimously, 13–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				



David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino	X				
Johnny Simpson				X	
Nancy Springer	X				

**3. Review and Possible Approval of February 4, 2016, Executive Committee Meeting Summary Report**

Amendment:

On page 24: “concerned” should read “concern.”

**MOTION:** Approve February 4, 2016, Executive Committee Meeting Summary Report, with amendment. Augie Beltran moved; Bob Lamb seconded. The motion carried unanimously, 13–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino	X				
Johnny Simpson				X	
Nancy Springer	X				



#### **4. Appointment of Nominations Committee**

Registrar Cindi Christenson announced that Board members Nancy Springer and David Dias will present nominations for the 2016-17 slate of officers before the election at the June 2016 Board meeting.

#### **5. Registrar's Report**

##### **a. Tentative 2016 Board Meeting Schedule**

- June 23-24, 2016 – Board meeting and joint discussion with the Nevada State Contractors Board (NSCB) and the Arizona Registrar of Contractors (AZROC) in Garden Grove.
- Future 2016-17 dates will be announced soon.

##### **b. Status of 2016-18 Strategic Plan**

CSLB staff is formatting the objectives established at the March 2016 Strategic Planning Session, which will be available for approval by the Board at the June 2016 Board meeting.

#### **6. Review, Discussion, and Possible Approval of 2016 Board Member Administrative and Procedures Manual**

Erin Echard provided the Board with a summary of changes to the 2014 Board Member Administrative and Procedures Manual, which included additions related to the Bagley-Keene Open Meeting Act, closed session requirements, other types of board meetings, standing committees of the board, committee meeting quorum, board member orientation training, and defensive drivers training. Various laws and references to Business and Professions Code sections were updated as well.

##### Two amendments:

1 – Committee Appointments: “Officers shall serve a term of” becomes “Committee Officers term lengths are.”

2 – Registrar Evaluations: “Board Chair” becomes “Board Members.”

**MOTION:** Adopt changes to Board Members Administrative and Procedures Manual. Kevin J. Albanese moved; David De La Torre seconded. The motion carried unanimously, 13–0.



<b>NAME</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Absent</b>	<b>Recusal</b>
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb	X				
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino	X				
Johnny Simpson				X	
Nancy Springer	X				

**7. Administration Update Regarding Personnel and Facilities**

Business Services Manager Mike Melliza updated the Board on current staff vacancies, Cal Career online accounts, and lease negotiations for field offices, fleet management, contracts, and procurement.

**8. Information Technology Update**

IT Chief Gina Zayas informed the Board that an outside vendor will perform a BreEZe cost benefit analysis for boards not included in either Release 1 or 2 of BreEZe. She also noted that staff has prepared the website for the transition to the Home Improvement Salesperson (HIS) single registrations, which began on January 1, 2016. Ms. Zayas provided highlights on the Interactive Voice Response (IVR) updates coming in the fall of 2016, e-Payment expansion to field sites (San Bernardino not included), and firewall hits.

**9. Budget Update**

Budget Analyst Stacey Paul informed the Board that through February 2016, for fiscal year 2015-16, CSLB had spent approximately 66 percent of its budget. By FY 2017-18, the fund condition is expected to have less than one month’s reserve, which is why the Board is moving forward with legislation seeking a fee increase. Ms. Paul also gave a breakdown of the CSLB fund condition.

**10. Developments since the February 2015 United States Supreme Court Decision: North Carolina State Board of Dental Examiners v. Federal Trade Commission (FTC)**



DCA Legal Counsel Kristy Schieldge briefed Board members regarding updates related to the U.S. Supreme Court's decision causing licensing boards across the nation to evaluate both their structure and how they make policy decisions effecting market participants. Three future state legislative proposals related to this issue are expected and include: 1) an increase in the DCA Director's authority to disapprove regulatory proposals adopted by boards; 2) clarifying indemnification with respect to damages imposed against a board member if a board action is deemed to violate the Sherman anti-trust law; and 3) prevent executive officers from being active licensees of the profession the board regulates.

#### **D. Closed Session**

Pursuant to Section 11126 (a) (1) of the Government Code, the Board moved into closed session to conduct the annual performance evaluation of the Registrar. The Board held closed session from 11:51 a.m. to 1:04 p.m. Board member Robert Lamb left the meeting as closed session began.

The record of this closed session is confidential and not open or available to the public. Pursuant to Government Code Section 11126.1, this minute book is only available to members of this agency or to a court of law if a violation of the Open Meeting Act is alleged.

#### **E. Legislation**

##### **1. Review, Discussion, and Possible Action Regarding Positions on 2016 Proposed Legislation:**

Chief of Legislation Laura Zuniga provided updates on:

##### **a. AB 1793 – Contractors: License Requirements: Recovery Actions (Holden)**

This bill would:

1. Revise the conditions a contractor must meet for a court to determine that a contractor is in substantial compliance with licensing requirements.
2. Revise the current criteria by which a contractor attempts to resolve his or her failure to be licensed to provide that the contractor acted promptly and in good faith to remedy the failure to comply with licensure requirements upon learning of failure
3. Require (rather than permit) a court to determine that a contract is in compliance with the licensing requirement.



**MOTION:** Approve recommended watch position. Kevin J. Albanese moved; David Dias seconded. The motion carried unanimously, 12-0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb				X	
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino	X				
Johnny Simpson				X	
Nancy Springer	X				

**b. AB 1939 – Licensing Requirements (Patterson)**

This bill would:

1. Study where occupational licensing requirements create an unnecessary barrier to labor market entry or mobility, particularly for dislocated workers, transitioning service members, and military spouses.
2. Require the Director of DCA to submit a report to the Legislature by July 1, 2017, on occupational licensing requirements that create an unnecessary barrier to entry.

**MOTION:** Approve recommended watch position. Kevin J. Albanese moved; Nancy Springer seconded. The motion carried unanimously, 12-0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				



Robert Lamb				X	
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino	X				
Johnny Simpson				X	
Nancy Springer	X				

**c. AB 2286 – Fee Schedule (Mullin)**

The Board approved the language of this bill at the December 2015, Board meeting.

Board Member Comment:

Paul Schifino would like to see consistency in language throughout the bill.

Pastor Herrera Jr. asked if any other boards or bureaus have an expedite fee.

Public Comment:

Phil Vermeulen asked how much DCA charges CSLB for pro-rata. Budget Analyst Stacey Paul answered, 10 percent, or approximately \$6.7 million annually.

After discussion, the Board would like to include the following amendment:

1 – Language shall read “but not more than” where dollar amounts are increased.

**MOTION:** Approve sponsor/support position, with amendment. Paul Schifino moved; Kevin J. Albanese seconded. The motion carried unanimously, 12–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb				X	
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				



Paul Schifino	X				
Johnny Simpson				X	
Nancy Springer	X				

**d. AB 2486 – CSLB: License Search By Location (Baker)**

This bill would authorize CSLB to add a feature to its current online license check function that allows a consumer to search for a licensed contractor by zip code or location, as funds are available or during a scheduled update of the CSLB website.

Board Member Comment:

Joan Hancock would like to see an opt-in feature.

**MOTION:** Approve recommended support position. Augie Beltran moved; Pastor Herrera Jr. seconded. The motion carried unanimously, 12–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb				X	
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino	X				
Johnny Simpson				X	
Nancy Springer	X				

**e. AB 2699 – Solar Companies: Solar Energy Systems (Gonzalez)**

This bill would require that a solar company provide each customer with a solar energy disclosure document prior to completion of the sale or financing of a solar energy system, and specifies the content of that document.



Board Member Comment:

Kevin J. Albanese urged the Board to recognize the importance of this issue, as previously discussed at Enforcement Committee meetings, and encouraged the Board to actively watch this bill.

Pastor Herrera Jr. noted his agreement with Mr. Albanese.

Joan Hancock asked how this would affect federal incentive programs such as PACE and HERO.

**MOTION:** Approve recommended watch position. Augie Beltran moved; Paul Schifino seconded. The motion carried unanimously, 12–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb				X	
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino	X				
Johnny Simpson				X	
Nancy Springer	X				

**f. AB 2859 – Retired License Category (Low)**

This bill would authorize DCA boards to establish, by regulation, a retired license category for persons who are not actively engaged in the practice of their profession.

Kristy Schieldge stated that she believed that the statute needs to specify that the licensee must be in good standing in order to convert to retired license status. Laura Zuniga explained that she had discussed this with other boards, none of which are seeking additional language. She suggested that she move forward with this recommendation informally, and that it not be included in the Board approved position.



**MOTION:** Approve recommended support position. David Dias moved; Kevin J. Albanese seconded. The motion carried unanimously, 12–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb				X	
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino	X				
Johnny Simpson				X	
Nancy Springer	X				

**g. SB 465 – Disclosure of Civil Action Settlements or Administrative Actions (Hill)**

This bill failed to pass out of Committee; staff will continue to watch its progress. No further action is necessary.

**h. SB 661 – Protection of Subsurface Installations (Hill)**

This bill would require that every operator of a subsurface installation (except CalTrans) become a member of, participate in, and fund a regional notification center.

**MOTION:** Approve recommended watch position. Paul Schifino moved; Nancy Springer seconded. The motion carried unanimously, 12–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				



Robert Lamb				X	
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino	X				
Johnny Simpson				X	
Nancy Springer	X				

**i. SB 1155 – Licenses: Military Service (Morrell)**

This bill would require DCA boards to create a fee waiver program for the issuance of a license to an honorably discharged veteran who serves as an active duty member of the California National Guard of the U.S. Armed Forces

**MOTION:** Approve recommended support position. Joan Hancock moved; Kevin J. Albanese seconded. The motion carried unanimously, 12–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb				X	
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino	X				
Johnny Simpson				X	
Nancy Springer	X				

**j. SB 1209 – Complaint Disclosure (Morrell)**

This bill provides that public disclosure of all complaints against a license that have been referred for accusation or investigation also appear on the license record of any other license that meets criteria specified in the bill.

**MOTION:** Approve recommended sponsor/support position. David Dias moved; Paul Schifino seconded. The motion carried unanimously, 12–0.



NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb				X	
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino	X				
Johnny Simpson				X	
Nancy Springer	X				

**k. SB 1348 – Licensure Applications: Military Experience (Canella)**

This bill requires DCA boards to modify their license application to advise veteran applicants about their ability to apply military experience and training toward licensure requirements.

**MOTION:** Approve recommended support position. David Dias moved; David De La Torre seconded. The motion carried unanimously, 12–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb				X	
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino	X				
Johnny Simpson				X	
Nancy Springer	X				



Board Member Paul Schifino left the Board meeting at 1:55 p.m.

## **F. Enforcement**

### **1. Enforcement Program Update**

Enforcement Chair Kevin J. Albanese presented highlights from the Intake and Mediation Centers (IMC), Investigative Centers, Statewide Investigative Fraud Team (SWIFT), and Case Management. Chair Albanese noted that the IMC's had settled 45 percent of licensee complaints in the current fiscal year and secured \$10.5 million in restitution, exceeding the Board's goal of settling 30 percent of such complaints.

Chair Albanese updated the Board on staff partnerships with PG&E that have resulted in 4,056 attendees at "Call before You Dig" workshops and also discussed an increase in egregious solar complaints and various enforcement strategies under development.

### **2. Review, Discussion, and Possible Action Regarding Strategies to Reduce the Number of Licensees Filing a False Exemption from Workers' Compensation Insurance Requirements**

Chief Fogt discussed potential strategies to achieve greater licensee workers' compensation insurance compliance, which include establishing a State agency task force with the Employment Development Department and the California Department of Insurance, identifying violators through specified databases, providing education, and taking enforcement action against licensees that remain out of compliance. In addition to the previously approved recommendations, staff proposed three additional strategies:

- 1) Pursue criminal convictions for three egregious offenders in the 27 workers' compensation insurance grant-funded counties.
- 2) Expand sweep operations targeting workers' compensation violations at public works projects.
- 3) Inspect construction sites of exempt contractors identified via the Construction Monitor database.

#### Board Member Comment:

Nancy Springer asked if it would be helpful for building officials to provide letters to people claiming exemptions on permits. Chief Fogt confirmed that such action on the part of building officials would be very helpful.



Joan Hancock inquired about the origins of the designated list of classifications to monitor. Chief Fogt provided a detailed explanation about how the classifications were selected that is most likely to require employee labor.

David Dias stated that there are 37 district attorney offices that receive Department of Insurance fraud grants.

Pastor Herrera Jr. suggested that the letter include the violation penalty. Chief Fogt confirmed that the letter will include the penalty before it is distributed.

Public Comment:

Terry Seabury, Executive Director and CEO for the Western Electrical Contractors Association, Inc. suggested providing a date for compliance in the letters, rather than “due immediately.” Chief Fogt confirmed that a compliance date will be added to the letter.

**MOTION:** Approve strategies to reduce the number of licensees filing a false exemption from workers’ compensation insurance requirements. David De La Torre moved; Nancy Springer seconded. The motion carried unanimously, 11–0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb				X	
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino				X	
Johnny Simpson				X	
Nancy Springer	X				

**G. Public Affairs**

**1. Public Affairs Program Update**

Public Affairs Committee Chair Marlo Richardson informed the Board that the 2015 Accomplishments and Activity report is now available, that the 500<sup>th</sup> Senior Scam



Stopper Seminar will be held on April 15, 2016, in Coachella, and noted that the current Board meeting is CSLB's first with live captioning services, bringing the Board into ADA compliance.

Public Affairs Chief Rick Lopes updated the Board on the unit's activities since the December 2015, Board meeting. He noted how the CSLB website is accessed by various devices, reviewed media events and the issuance of press releases, noted that social media statistics continue to improve, and that CSLB now utilizes Periscope to stream live videos before Board meetings and during outreach events. He also reported that staff completed the 2016 edition of the *California Contractors License Law & Reference Book*, which is available for purchase on the CSLB website.

## **H. Licensing**

### **1. Licensing Program Update**

Chief of Licensing Larry Parrott provided updates on staffing and licensing topics, including application workloads, limited liability companies, workers' compensation recertification, the licensing information center, experience verification, and judgments. Processing times in the criminal background/fingerprinting unit are currently delayed because of reliance upon DOJ and FBI systems. Mr. Parrott is currently working on an assessment of the processing, workload, and application evaluations protocols in order to implement recommendations to improve overall cycle times.

#### Board Member Comment:

Pastor Herrera Jr. requested multiple snapshots to show changes in the disposition of applications.

### **2. Testing Program Update**

Chief of Testing Wendi Balvanz provided highlights from both the Examination Administration and Examination Development Units. She reported on three recently released exams: C-9 (Drywall), C-8 (Concrete), and C-15 (Flooring and Floor Covering). Four exams are in the occupational analysis phase and nine are in the development phase.

## **I. Future Agenda Items**

None requested.



**J. Adjournment**

**MOTION:** Adjourn April 6, 2016 Board meeting. Augie Beltran moved; Kevin J. Albanese seconded. The motion carried unanimously, 11-0.

NAME	Aye	Nay	Abstain	Absent	Recusal
Kevin J. Albanese	X				
Agustin Beltran	X				
Linda Clifford				X	
David De La Torre	X				
David Dias	X				
Susan Granzella	X				
Joan Hancock	X				
Pastor Herrera Jr.	X				
Robert Lamb				X	
Eddie Lang	X				
Marlo Richardson	X				
Frank Schetter	X				
Paul Schifino				X	
Johnny Simpson				X	
Nancy Springer	X				

Board Chair Ed Lang adjourned the Board meeting at 2:39 p.m.

\_\_\_\_\_  
Ed Lang, Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Cindi Christenson, Registrar

\_\_\_\_\_  
Date

## AGENDA ITEM G-2

# Review, Discussion and Possible Approval of 2016-18 Strategic Plan





CONTRACTORS STATE LICENSE BOARD  
*Strategic Plan 2016-18*





## MEMBERS OF THE BOARD

KEVIN J. ALBANESE, (B) GENERAL CONTRACTOR MEMBER

AGUSTIN "AUGIE" BELTRAN, PUBLIC MEMBER

LINDA CLIFFORD, (A) ENGINEERING CONTRACTOR MEMBER

DAVID DE LA TORRE, PUBLIC MEMBER

DAVID DIAS, LABOR ORGANIZATION MEMBER

SUSAN GRANZELLA, PUBLIC MEMBER

JOAN HANCOCK, (B) GENERAL CONTRACTOR MEMBER

PASTOR HERRERA JR., PUBLIC MEMBER

ROBERT J. LAMB II, PUBLIC MEMBER

EDDIE LANG, SENIOR CITIZEN ORGANIZATION MEMBER

MARLO RICHARDSON, PUBLIC MEMBER

PAUL SCHIFINO, (C) SPECIALTY CONTRACTOR MEMBER

FRANK SCHETTER, (C) SPECIALTY CONTRACTOR MEMBER

JOHNNY SIMPSON, PUBLIC MEMBER

NANCY SPRINGER, BUILDING OFFICIAL MEMBER

☒

EDMUND G. BROWN JR.  
Governor

ALEXIS PODESTA  
Acting Secretary, Business, Consumer Services and Housing Agency

AWET KIDANE  
Director, Department of Consumer Affairs

CINDI A. CHRISTENSON  
Registrar, Contractors State License Board

2016

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## OVERVIEW / CSLB HISTORY

California's construction industry is unique from other states in terms of its breadth, magnitude, and complexity. California has one of the top 10 world economies, and construction continues to be one of the state's largest industries. California's physical size, large and diverse population, varied landscape and climate, frequent seismic activity, distinctive legal framework, and massive economy create an unusually demanding context for contractor licensing.

The responsibility for licensing and regulating California's construction industry belongs to the Contractors State License Board (CSLB).

CSLB was established by the Legislature in 1929 as the Contractors License Bureau, under the Department of Professional and Vocational Standards, to protect the public from irresponsible contractors. In 1935, the mission and duties were placed under the auspices of a seven-member Board. CSLB's Board increased to 15 members in 1960, and since 1970, CSLB has been under the umbrella of the Department of Consumer Affairs.

CSLB's legal and regulatory role has changed since its creation. Initially, applicants were not issued licenses in specific classifications; they simply indicated the type of construction work that would be performed under the license, and the license was issued without examination or experience requirements.

In 1938, the Legislature made it mandatory for contractor license applicants to be examined for competence in their designated field. By 1947, CSLB was given the authority to establish experience standards and to adopt rules and regulations, including the classification of contractors "in a manner consistent with established usage and procedure as found in the construction business, and... limiting the field and scope of operations of a licensed contractor to those in which he or she is classified and qualified to engage..."

Today, CSLB licenses more than 280,000 contractors with a staff of more than 400 at its headquarters in Sacramento and field offices/test centers around California, and is considered one of the top consumer protection agencies in the country. In 2015, Senate Bill 467 (Hill) extended CSLB's sunset date until January 1, 2020.



## CSLB'S MISSION, VISION AND VALUES

### MISSION

CSLB protects consumers by regulating the construction industry through policies that promote the health, safety, and general welfare of the public in matters relating to construction.

The Board accomplishes this by:

- Ensuring that construction is performed in a safe, competent, and professional manner;
- Licensing contractors and enforcing licensing laws;
- Requiring licensure for any person practicing or offering to practice construction contracting;
- Enforcing the laws, regulations, and standards governing construction contracting in a fair and uniform manner;
- Providing resolution to disputes that arise from construction activities; and
- Educating consumers so they can make informed choices.

### VISION

CSLB is a model consumer protection agency, integrating regulatory oversight of the construction industry as necessary for the protection of consumers and licensed contractors.

### VALUES

CSLB provides the highest quality throughout its programs by:

- Being responsive and treating all consumers and contractors fairly;
- Focusing on prevention and providing educational information to consumers and contractors;
- Embracing technology and innovative methods to provide services; and
- Supporting a team concept and the professional development of staff.

## **BOARD STRUCTURE AND FUNCTIONS**

CSLB's 15-member Board is comprised of 10 public members and five contractor members. Public members include one representative of a statewide senior citizen organization, one local building official, and one labor representative. The governor and state Legislature makes these appointments.

### **GUBERNATORIAL APPOINTMENTS**

- Three Public Members
- One Public Member – Senior Citizen Organization
- One Public Member – Building Official
- One Public Member – Labor Representative
- One (A) Engineering Contractor Member
- Two (B) General Contractor Members
- Two (C) Specialty Contractor Members

### **SENATE APPOINTMENTS**

- Two Public Members

### **ASSEMBLY APPOINTMENTS**

- Two Public Members

The Board appoints, with the approval of the Department of Consumer Affairs Director, the Registrar of Contractors. The Registrar directs administrative policy for CSLB's statewide operations.

CSLB currently has five standing Board Committees that perform various functions.

- **Licensing Committee**  
Ensures that all applicants and licensees are qualified to provide construction services



- **Enforcement Committee**  
Helps reduce, eliminate, or prevent unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare
- **Public Affairs Committee**  
Educates consumers about making informed choices related to construction services, and provides information to licensed contractors so they can improve their awareness of contracting laws, and technical, management, and service skills
- **Legislative Committee**  
Ensures that statutes, regulations, policies, and procedures strengthen and support CSLB operations
- **Executive Committee**  
Enhances organizational effectiveness and improves the quality of service in all programs

## LICENSING CONTRACTORS

CSLB regulates contractors in 44 license classifications and two certifications under which members of the construction industry practice their trades and crafts. As of June 1, 2016, there were 283,444 contractor licenses in California; 223,788 active and 59,656 inactive.

Licenses are categorized into three basic branches of contracting business, as defined by statute and by CSLB rules and regulations:

- **Class “A” General Engineering**  
Infrastructure and similar projects requiring specialized engineering knowledge and skill
- **Class “B” General Building**  
Buildings – housing, commercial, office, etc.
- **Class “C” Specialty**  
Specific trades, such as painters, plumbers, electricians, etc.

CSLB may issue a license to a sole owner, partnership, corporation, limited liability company, or joint venture. All licenses must have a qualifying individual (also referred to as a “qualifier”). A qualifying individual is the person listed in 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.

CSLB also registers home improvement salespersons (HIS) who are engaged in the sale of home improvement goods and services. As of June 1, 2016, there were 14,995 active HIS registrants.

### **ENFORCING CONTRACTORS' STATE LICENSE LAW**

CSLB's responsibility to enforce California's Contractors' State License Law includes investigating complaints against licensed and unlicensed contractors; issuing citations and suspending or revoking licenses; seeking administrative, criminal, and civil sanctions against violators; and informing consumers, contractors, and the industry about CSLB actions. In fiscal year 2014-15, CSLB helped recover nearly \$68 million in ordered restitution for consumers.

CSLB receives complaints from members of the public, licensees, professional groups, governmental agencies, and others concerning all phases of the construction industry. However, the majority of complaints come from owners of residential property involved in remodeling or repair work. During the 2015 calendar year, CSLB opened more than 19,000 complaints.





## CSLB'S COMPLAINT PROCESS

CSLB's enforcement process consists of a number of steps through which complaints and/or cases may pass:

- **Complaint Initiation**  
Complaint receipt, screening, and mediation to establish jurisdiction and attempt resolution when disciplinary action is not necessary;
- **Complaint Investigation**  
Field investigations performed by CSLB Enforcement Representatives;
- **Arbitration**  
Resolution of disputes for complaint cases meeting defined criteria;
- **Minor Cases**  
Issuance of a warning letter for technical violations of law;
- **Citation**  
Official notice containing allegations of violations and usually ordering a fine and order of correction or abatement; citations may be issued for unlicensed activity cases or for other violations of Contractors' State License Law;
- **Accusation**  
A legal document formally charging a licensed contractor with serious violations that warrant suspension or revocation of a license and providing notice that a disciplinary action may be imposed;
- **Criminal Referral**  
Cases involving alleged criminal violations are referred to local prosecutors for the possible filing of criminal charges;
- **Appeal Hearing**  
After a citation or accusation is issued, evidentiary hearings are held before an administrative law judge (ALJ) from the Office of Administrative Hearings to hear a licensee's appeal;
- **Proposed Decision**  
Submission of the ALJ's proposed decision to the Registrar of Contractors for final agency decision;
- **Reconsideration**  
Requests to the Registrar or the Board to reconsider the decision; and
- **Judicial Review**  
Licensee may file a petition for Writ of Mandate in superior court, seeking to overturn the Registrar's or the Board's decision.

## **THE UNDERGROUND ECONOMY**

California’s underground economy drastically affects law-abiding businesses, consumers, and workers. The problem is particularly prevalent in the construction industry, where businesses that cheat are able to underbid law-abiding businesses by:

- Failing to obtain required licenses and building permits;
- Failing to pay payroll or other taxes;
- Failing to obtain required workers’ compensation insurance;
- Failing to report worker injuries to keep insurance premiums artificially low; and
- Lying on workers’ compensation insurance applications to obtain a lower rate.

CSLB estimates that on any given day, tens of thousands of licensed contractors and unlicensed operators are breaking the law and contributing to the state’s underground economy.

Since no one state agency has the resources or the information to tackle this enforcement problem alone, state agencies with overlapping jurisdiction in the areas of labor law enforcement have joined forces to make a concerted and consistent dent in California’s underground economy. CSLB is a member of multiple task forces.

## **JOINT ENFORCEMENT TASK FORCE (JESF)**

The JESF, which was created by an executive order signed by Governor Pete Wilson in October 1993, is responsible for enhancing the development and sharing of information necessary to combat the underground economy, to improve the coordination of enforcement activities, and to develop methods to pool, focus, and target enforcement resources. The JESF is empowered and authorized to form joint enforcement teams when appropriate to utilize the collective investigative and enforcement capabilities of JESF members.



## **LABOR ENFORCEMENT TASK FORCE (LETF)**

The LETF, which was launched in January 2012, is comprised of investigators from CSLB, the Department of Industrial Relations, Employment Development Department, and Board of Equalization, in collaboration with the Insurance Commissioner and Attorney General's Office. Partners have broadened information-sharing and the use of new enforcement technology to improve the way they target businesses that operate in the underground economy.

## **UNLICENSED ACTIVITY**

CSLB's Statewide Investigative Fraud Team (SWIFT) proactively combats illegal contractors that operate in the underground economy. SWIFT routinely partners with other state and local regulatory and law enforcement agencies to conduct undercover sting and sweep operations, targeting egregious offenders who pose a threat to consumers, employees, businesses, and legitimate licensed contractors.

## **SIGNIFICANT ACCOMPLISHMENTS OF 2015**

Board members developed CSLB's 2016-18 strategic plan in part by reviewing the previous year's accomplishments. A complete review of accomplishments can be seen in the CSLB publication, 2015 Accomplishments and Activities Report, available to download from CSLB's website ([www.cslb.ca.gov](http://www.cslb.ca.gov)).

### **Licensing/Testing**

- Issued 1,000,000th license
- Began testing and issuing licenses for the new C-22 Asbestos Abatement classification
- Received 25,731 license applications, an increase of nearly 6 percent from 2014
- Helped address state's ongoing and severe drought by expediting 239 Well Drilling (C-57) applications, issuing 165 licenses; and expediting 95 Machinery and Pumps Limited Specialty (C-61/D-21) applications, issuing 60 licenses
- Licensing Information Center answered 153,258 calls, a 5 percent increase from 2014, with an average wait time of just over two minutes

- Exam Development Unit completed 13 occupational analyses and updated 10 licensing examinations
- Testing Unit scheduled 31,892 examinations

**Enforcement**

- Opened 19,654 complaints, an increase of 985 from 2014
- Completed 19,906 investigations, an increase of 880 from 2014
- Revoked 393 licenses via accusation process
- Referred 1,333 cases for criminal action
- Statewide Investigative Fraud Team increased number of undercover sting operations by 23 percent
- Newly created Special Investigations Unit completed 430 investigations, with 57 percent referred for legal action
- Newly created Waiver Task Force took action against 77 licensees, including four revocations, where responsible managing officers exercised little or no control over the company's operations
- Public Works Unit closed 255 cases, 20 more than in 2014, with 68 complaints referred for administrative disciplinary action and 13 to local prosecutors for possible criminal charges.
- Fully staffed Subsequent Arrest and Conviction Unit investigated 1,358 licensee criminal convictions
- Created first-ever handbook for unlicensed contracting prosecution, and sponsored in-person and online training session for district attorney staffs from around California

**Legislative**

- Sponsored SB 560 (Monning, 2015), authorizing CSLB Enforcement Representatives to issue a written Notice to Appear (NTA) to individuals who fail to secure workers' compensation insurance (An NTA is a court order mandating an individual's presence at a hearing, on a specified date, to answer to a misdemeanor charge.)



- Sponsored Senate Bill 561 (Monning, 2015) which eliminated the requirement that a home improvement salesperson (HIS) separately register to work for each contractor and, instead, allows a properly registered HIS to utilize his or her individual registration with one or more licensed contractors

### Public Affairs

- Fielded more than 230 media inquiries
- Distributed 44 news releases and 16 industry bulletins
- Organized, conducted, or participated in six media events
- Produced 19 webcasts
- Organized and conducted 91 Senior Scam Stopper<sup>SM</sup>, Consumer Scam Stopper<sup>SM</sup>, and other seminars, speeches and presentations
- Coordinated disaster response to wildfires and flooding across state, with more than 50 Public Affairs and Enforcement staff working local, state and federal agencies to assist homeowners and victims
- Posted online every edition of *California Licensed Contractor* newsletter produced since 1937
- Began posting historical Board meeting minutes, starting with meetings from 1935-39

### Information Technology/Administration

- Implemented new Home Improvement Salesperson registration process, including the update and conversion of records for more than 14,000 current registrants
- Upgraded systems to accommodate increase of contractors' surety bond from \$12,500 to \$15,000
- Updated Imaging and Workflow Automated System to new fully supported platform



- Implemented ePayment expansion to most field offices, allowing applicants and licensees to pay some fees via credit/debit card
- Upgraded computer security by installing next generation firewall
- Information Technology Service Help Desk processed more than 3,100 employee requests
- Hiring of CSLB's first female Registrar of Contractors
- Renewing of leases for CSLB's Norwalk and San Bernardino offices
- Creation of comprehensive career consultation program to help employees advance their careers

## **PROGRAM PRIORITIES**

The Board has established the following priorities to direct program activities:

1. License applicants by reviewing qualifications and criminal background, and administering legal and effective examinations;
2. Help keep licensees compliant with licensing requirements and maintain the collection of revenue by keeping renewals and license maintenance current;
3. Provide services through the Licensing Information Center (call center) and the public counter;
4. Educate consumers about their rights and responsibilities, and empower consumers with ways they can protect themselves;
5. Focus on early enforcement intervention and high priority (health and safety) complaints;
6. Stress early intervention and resolution of reactive complaints, and refer minor complaints to small claims court; and
7. Ensure that Administrative Services and Information Technology divisions provide the support necessary to maintain unit operations.



## CURRENT PROGRAM OBJECTIVES

CSLB has identified the following program objectives to help meet its priorities. These objectives are assigned with a priority status of (E) Essential, (I) Important, or (B) Beneficial.

### LICENSING & TESTING

Licensing & Testing Objectives	Target	Description
1.1 Revise Application Package and Related Outreach Materials (E)	September 2016	In conjunction with Public Affairs Office, update package of application materials to decrease confusion, increase compliance, and reduce the time it takes to issue new licenses
1.2 Create Exam Development Presentation for Future Board Meetings (I)	September 2016	Help current and future Board members, as well as the public, better understand CSLB's computerized license testing process
1.3 Identify Specific Criteria for Examination Waiver Application Review (B)	September 2016	In conjunction with Enforcement division, develop criteria to review waiver applications that better identifies potentially fraudulent submissions <i>(See Legislative Objective 3.4)</i>
1.4 Research and Implement Measures to Reduce Initial Application Processing Times (E)	December 2016	In connection to Objective 1.1, examine current processes, procedures, staffing levels, and other issues to identify ways to speed up the time it takes to issue new licenses
1.5 Conduct Comparative Study of Pass/Fail Rates of Contractor License Exams in Other States (I)	December 2016	Educate and inform Board members and public about how California pass/fail rates compare with other states
1.6 Develop Online Smart Application Content to Reduce Application Return for Correction Rates (E)	January 2017	In conjunction with Information Technology Unit, develop and implement online application to ensure applicants provide accurate and complete information
1.7 Research Handyperson Exemption (B)	January 2018	Determine if current handyperson exemption should be modified, or if a new license type should be developed to better protect consumers

**ENFORCEMENT**

<b>Enforcement Objectives</b>	<b>Target</b>	<b>Description</b>
2.1 Implement Memorandum of Understanding with Labor Commissioner’s Office (B)	July 2016	Create partnership to engage and inform Labor Commissioner’s Office staff about provisions and process for directing referrals to CSLB
2.2 Update Civil Penalties Assessments (E)	September 2016	Review penalty guidelines to determine if they have kept up with inflation and consumer protection requirements
2.3 Develop Strategies to Reduce Solar Industry Fraud (E)	December 2016	In conjunction with Public Affairs Office, develop outreach, education, and enforcement tactics to address deceptive tactics in solar industry <i>(See Public Affairs Objective 4.4)</i>
2.4 Formalize Strategy to Identify Licensee Misuse of Workers’ Compensation Insurance Requirement Exemption (E)	March 2017	In conjunction with Public Affairs Office, develop education and enforcement program targeted at licensees who employ workers despite having workers’ compensation exemption on-file with CSLB
2.5 Reduce Legal Action Expenditures While Not Compromising Consumer Protection (E)	July 2017	Develop partnerships with prosecutors and other government agencies to leverage resources, as well as a strike force to achieve greater legal action settlements
2.6 Expand Proactive Enforcement Targets (B)	July 2017	Develop strategies and partnerships to include public work projects and larger contractors in proactive enforcement efforts



## LEGISLATIVE

Legislative Objectives	Target	Description
3.1 Present Draft Proposal to Reorganize Contractors' State License Law (I)	December 2016	Closely examine and reorganize current law to create a more logical flow and be more user-friendly; cleaning up and clarifying language as needed
3.2 Research Increased Penalties for Predatory Business Practices, Misrepresentation of Services, or Need of Services (I)	March 2017	In conjunction with Enforcement division, examine appropriateness of existing penalties in statute and regulation and if there is a need for changes
3.3 Develop and Implement Regulatory Proposal to Formalize Experience Requirement Criteria (E)	January 2018	In conjunction with Licensing division, clarify the accepted verifiable experience requirements necessary for licensure to help ensure that qualified applicants are able to test for a license
3.4 Further Define Examination Waiver Criteria (I)	January 2018	In conjunction with Licensing division, thoroughly review statutory waiver authority and develop regulations to clarify examination waiver criteria, possibly including methods to prevent fraudulent submissions <i>(See Licensing &amp; Testing Objective 1.3)</i>
3.5 Research Alternative Fee Structures (B)	January 2018	In conjunction with Enforcement division, conduct cost/benefit analyses of Enforcement activities and Enforcement-based fees, including citations; consider need for statutory and/or regulatory revisions
3.6 Review Home Improvement Contract Provisions (I)	June 2018	Identify ways to simplify and improve clarity of provisions in Business and Professions Code section 7159
3.7 Increase Fees (E)	July 2018	Increase statutory authority and limits; follow up with regulations for future increases within statutory limits
3.8 Track and Update Board on Any Legislation Seeking to Modify Business and Professions Code section 7031 (B)	Ongoing	Keep Board members and interested stakeholders updated on potential changes to code section relating to court actions for recovery of compensation in relation to unlicensed contractors

**PUBLIC AFFAIRS**

<b>Public Affairs Objectives</b>	<b>Target</b>	<b>Description</b>
4.1 Complete Flagship Consumer Publication (E)	September 2016	Update of <i>What You Should Know Before You Hire a Licensed Contractor</i> booklet
4.2 Complete Flagship Contractor Publication (E)	November 2016	Creation of new publication targeted toward journeymen, applicants, and licensees
4.3 Update Communications Plan for 2017-2020 (E)	December 2016	Formal guideline that provides overview of Public Affairs objectives, goals, audiences, tools, and timetables to reach those audiences, and plans to evaluate results
4.4 Develop Solar Outreach Materials (I)	March 2017	In conjunction with Enforcement and Information Technology divisions, create portal on CSLB website to link consumers to most reliable solar-related information, supplemented by newly created CSLB material <i>(See Enforcement Objective 2.3)</i>
4.5 Develop Orientation Videos for New Staff/Board Members (I)	December 2017	Produce series of videos to be used as part of efforts to introduce staff and Board members to CSLB <i>(See Administrative Objective 6.5)</i>
4.6 Develop Schedule for Opt-In, "Find a Contractor" Website Feature (E)	June 2018	Web-based feature that enables consumers to get a list of available licensed contractors in specific license classifications for specific geographic locations (May be affected by Assembly Bill 2486)
4.7 Expand Consumer Scam Stopper Outreach Program (B)	June 2018	Look for opportunities to expand CSLB's face-to-face outreach to groups other than seniors



## INFORMATION TECHNOLOGY

Information Technology Objectives	Target	Description
5.1 Implement Internal Group to Prioritize and Execute IT Projects (E)	August 2016	Develop executive team to review and prioritize all IT Project requests, ensuring that resources are directed to meet the business needs and priorities of CSLB Division Chiefs
5.2 Conduct Needs Assessment to Determine Requirements for New Licensing/ Enforcement Computer System	September 2016	Work with various CSLB units, including Cashiering, Testing, Licensing, and Enforcement, to ensure current and future computer needs are met (May be affected by Department of Consumer Affairs' BreEZe Project)
5.3 Upgrade Investigator Cell Phones and Acquire Tablets (I)	Cell Phones: December 2016 Tablets: December 2017	Provide investigators working in field with equipment that improves usability, increases their use of electronic documentation, and offers more effective access to information (May be affected by cell phone refresh date)
5.4 Implement Online Application for Home Improvement Salespersons (I)	February 2017	Applicants would be able to submit applications online, association-disassociation, and could submit online registration renewals (May be affected by Teale)
5.5 Implement ePayment Expansion to San Bernardino Office (E)	June 2017	Will take place after completion of building improvements
5.6 Research Options to Replace Current Imaging and Workflow Automated System (IWAS) (I)	October 2017	Examine available solutions to replace system currently used to scan all incoming license-related paperwork into CSLB's computer system (May integrate into Objective 5.2)
5.7 Implement Online ePayment System (E)	December 2017	Expand ePayment system currently only available in CSLB offices, by allowing 16 payment types to be made by credit card online
5.8 Implement SCORE 2.0 Programming (E)	December 2018	Allow exam development and administration to be more effective and efficient

**ADMINISTRATION**

<b>Administration Objectives</b>	<b>Target</b>	<b>Description</b>
6.1 Partner with DCA to Implement Live Captioning Contract (E)	December 2016	Increase accessibility to public meetings and compliance with the Americans with Disabilities Act
6.2 Develop Succession Planning, Mentoring and Upward Mobility Program for Staff (E)	June 2017	Assess job requirements and skills of existing employees and seek to fill the gaps between needs and skills with targeted training and development activities
6.3 Assess/Enhance Security and Safety Procedures for All CSLB Facilities (I)	June 2017	Examine the security and safety of all CSLB facilities to identify and enhance areas that require improvements
6.4 Evaluate Enforcement Division Staffing Levels (B)	September 2017	Determine if additional personnel are needed to meet CSLB Enforcement division goals
6.5 Enhance Onboarding and Orientation Program for New Staff, Managers and Board Members (I)	December 2017	In conjunction with Public Affairs Office, increase communication and foster cohesive mission-oriented working culture <i>(See Public Affairs Objective 4.5)</i>
6.6 Research and Implement a Special Investigator Classification Series (E)	June 2018	Examine feasibility of establishing new classification to improve recruitment and retention of Enforcement staff
6.7 Pursue Salary Differentials in Regions with Higher Living Costs (E)	June 2018	Define and pursue opportunities to pay competitive wages in high cost of living sections of the state to improve recruitment and reduce employee vacancies in these areas



6.8 Determine Requirements and Procure Equipment for Full Service Broadcast Studio (I)	June 2018	In conjunction with Public Affairs Office, identify and purchase necessary equipment needed for video/audio production (Timing is dependent on CSLB Headquarters building lease negotiations)
6.9 Review Consumer Service Representative Job Classification (B)	June 2018	Expand the qualifying degrees and required courses to increase the applicant pool for recruitment (May have to be coordinated with CalHR modernization project)





## CONTRACTORS STATE LICENSE BOARD

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Sacramento, CA 95826-0026  
800.321.CSLB (2752)

[www.cslb.ca.gov](http://www.cslb.ca.gov)  
[CheckTheLicenseFirst.com](http://CheckTheLicenseFirst.com)  
[SeniorScamStopper.com](http://SeniorScamStopper.com)





## AGENDA ITEM G-3

# Registrar's Report

### a. Tentative 2016-17 Board Meeting Schedule

- September 2016 – Monday 9/19 and Tuesday 9/20  
Monterey  
Day 1 – Quarterly Board Meeting (afternoon)  
Day 2 – CSLB Overview (morning)
- December 2016 – Thursday 12/8  
San Jose  
Day 1 – Quarterly Board Meeting (mid-day)
- March 2017 – Tuesday 3/14 OR Thursday 3/16  
San Diego  
Day 1 – Quarterly Board Meeting (mid-day)
- June 2017 – Thursday 6/22 and Friday 6/23  
Southern California  
Day 1 – Quarterly Board Meeting (afternoon)  
Day 2 – Joint Discussion with NSCB (morning)





## AGENDA ITEM G-4

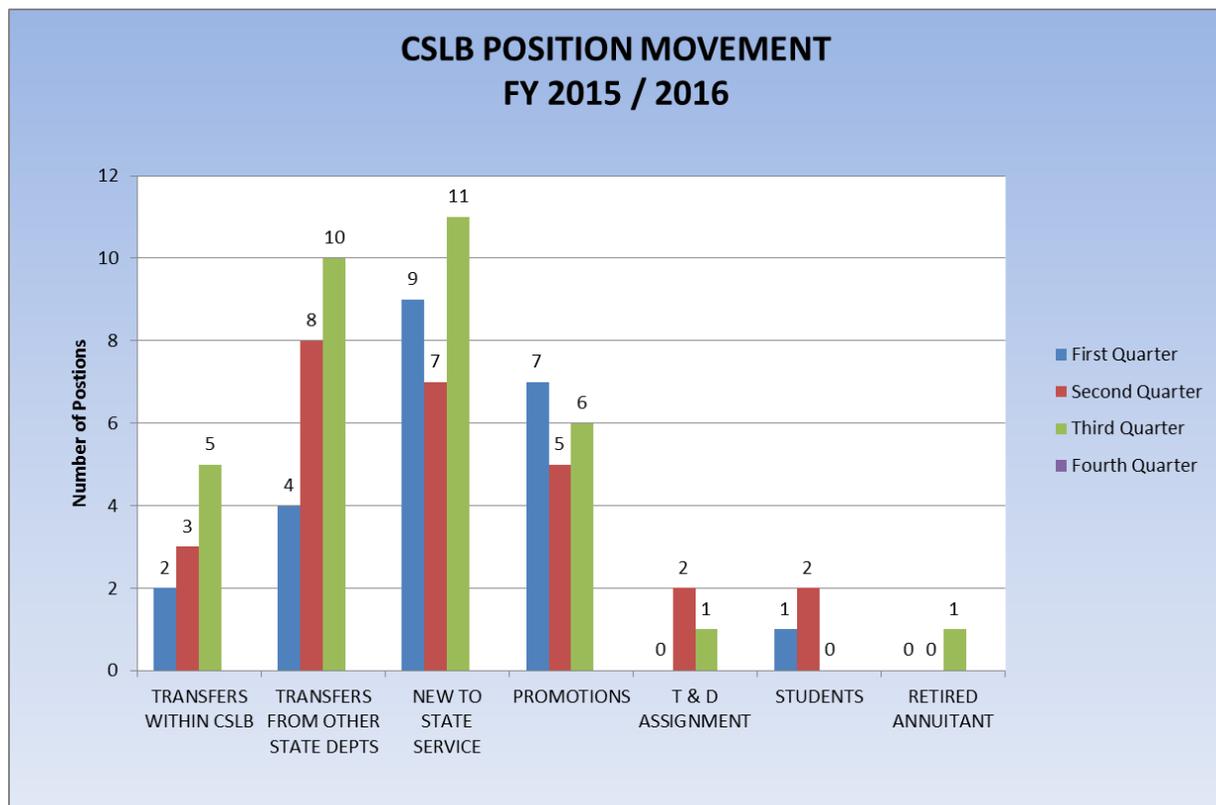
# Administration Update Regarding Personnel and Facilities





### Personnel Update

During the third quarter of fiscal year 2015-16, CSLB personnel staff completed 34 recruitment transactions, which included the addition of 10 new employees from other State agencies, 11 employees new to State service, and one retired annuitant. Another five employees transferred units, one employee accepted a training and development assignment, and six employees were promoted within CSLB.



The Personnel Unit completed its recruitment efforts to fill the Personnel Manager position vacated by Nicole Le and is pleased to announce the promotion of Alex Christian to the position. Mr. Christian brings with him seven years of State service experience and has been the lead analyst in CSLB's Personnel Unit since 2014. Among his accomplishments, Mr. Christian developed CSLB's *Career Counseling Program*. This on-going program is offered to CSLB employees located throughout the State and is designed to help staff members explore the career path right for them. Personnel staff are currently revamping the program to incorporate recent changes in the State's recruitment process and will be rolled-out during the summer of 2016.

Personnel staff continues to assist people interested in employment with CSLB maneuver through CalHR's new Examination and Certification Online System (ECOS)



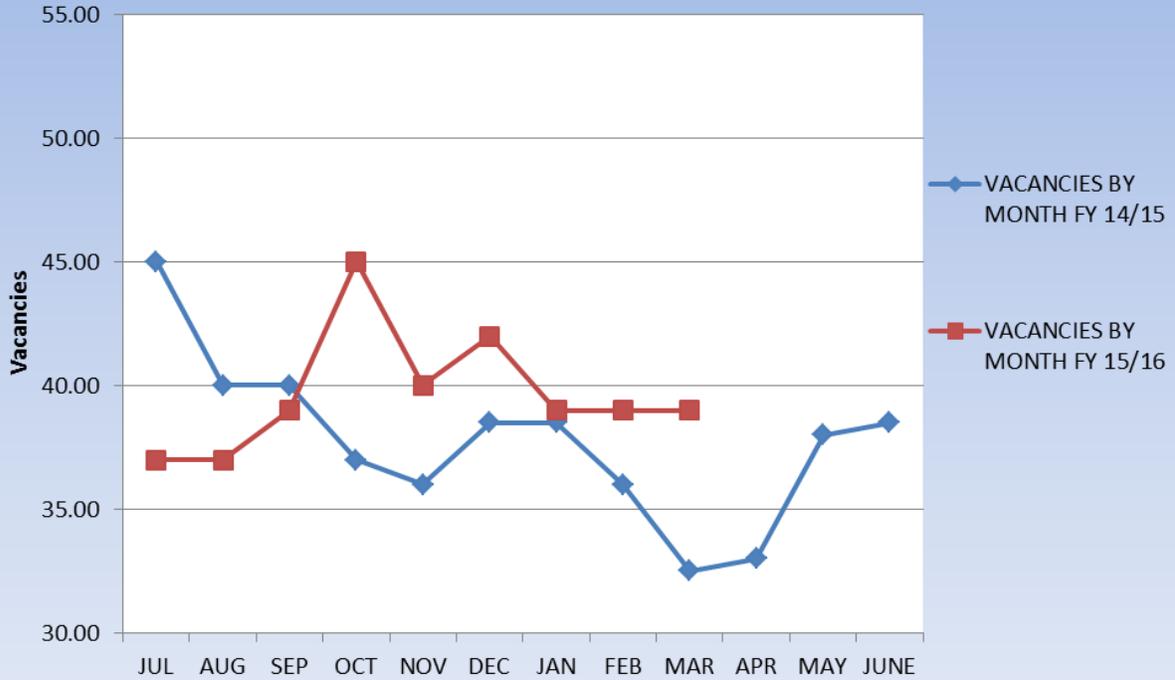
recruitment system. Released in January 2016, the new system allows applicants to create an account (CalCareer account) in which they can apply for state civil service examinations and open positions, develop different versions of their applications, and store resumes and other application-related documents. CSLB no longer receives hard copy applications for employment but, instead, accepts electronic applications through an applicant's CalCareer account. The system provides personnel staff the ability to view applications online and electronically manage the recruitment process through to the final hiring of the candidate. In an effort to improve the effectiveness of the system, CSLB personnel staff were invited to an ECOS forum hosted by DCA's Office of Human Resources, who will share with CalHR the comments and suggestions garnered during the forum.

Personnel staff are currently developing a two-pronged training for CSLB attendance coordinators and supervisors. Designed for managers and supervisors, the training will provide an overview of the new ECOS recruitment process and its effects on CSLB's hiring process. The second portion of the training will concern the reporting of attendance and is designed for managers, supervisors and attendance coordinators. In conjunction with the training, Personnel is updating the *CSLB Hiring Guide* to include the recent changes in the recruitment process, which will be discussed at the training. The training will help participants reduce and/or avoid processing delays and provide an opportunity to discuss current and new procedures.

As indicated in the following graph, third-quarter vacancies as compared to the same timeframe in the prior year are higher. This reflects delays related to the implementation of the new ECOS system as well as the vacancies that remain when staff promote internally. Personnel staff is working closely with DCA and CSLB management to keep vacancies as low as possible.



### CSLB TOTAL VACANCIES BY MONTH FY 2014/2015 AND FY 2015/2016





**Examinations**

DCA and CalHR offer several examinations throughout the year as shown in the following table:

<b>ENFORCEMENT</b>		
Consumer Services Representative		Continuous
Enforcement Representative I	Last exam administered in:	November 2015
	Tentative exam date:	June 2016
Enforcement Representative II	Last exam administered in:	November 2015
	Tentative exam date:	May/June 2016
Enforcement Supervisor I/II	Last exam administered in:	August 2014
	Tentative exam date:	June 2016
<b>INFORMATION TECHNOLOGY</b>		
Assistant/Associate/Staff Information Systems Analyst (CalHR)		Continuous
Systems Software Specialist I/II/III (CalHR)		Continuous
<b>LICENSING</b>		
Supervising Program Technician III (CalHR)		Continuous
<b>TESTING</b>		
Personnel Selection Consultant I/II	Last exam administered in:	November 2015
	Tentative exam date:	TBD
Test Validation & Development Specialist I/II	Last exam administered in:	August 2015
	Tentative exam date:	TBD
<b>ALL CSLB</b>		
Information Officer I, <i>Specialist</i> (CalHR)		Continuous
Management Services Technician (CalHR)		Continuous
Office Services Supervisor (CalHR)		TBD
Office Technician (CalHR)	Last exam administered in:	November 2015
	Tentative exam date:	TBD
Office Assistant (CalHR)	Last exam administered in:	December 2015
	Tentative exam date:	TBD
Program Technician I/II/III (CalHR)	Last exam administered in:	October 2015
	Tentative exam date:	TBD
Associate Governmental Program Analyst/ Staff Services Analyst (CalHR)		Continuous
Staff Services Analyst Transfer Exam	Tentative exam dates:	February/June Sept./December
Staff Services Manager I/II/III (CalHR)		Continuous



## **BUSINESS SERVICES**

### **Facilities**

**San Bernardino** – The contractor and the Department of General Services (DGS) held a pre-construction meeting to discuss the plans, which are awaiting approval from the State Fire Marshall. Once the final plans are approved and the planner receives and approves the project schedule work can proceed.

Projected Completion Date: October 2016

**Norwalk** – The contract and DGS planner held a pre-construction meeting in May 2016 to discuss the final plans and the project schedule. Construction will commence in June 2016.

Projected Completion Date: September 2016

**San Diego** – CSLB submitted a lease renewal document for the San Diego enforcement and testing office to the Department of Consumer Affairs to start the process of renewing the office lease (the current lease expires on January 31, 2018). These offices will receive new paint and carpet, and undergo minor modular modifications.

Projected Completion Date: March 2017

**Sacramento Headquarters** – The DGS space planner is currently working with CSLB staff to identify the upgrades for inclusion in the lease renewal, which will include: new security card reader system; key replacement throughout the entire building; construction of additional office space within the Administration unit; construction of a media room, control room, and storage room for the Public Affairs Office; build a utility cage in the warehouse to store modular furniture; re-painting walls; installation of new carpet throughout building; installation of new projector screens; and installation of new privacy panels on all doors in the restrooms.

Additionally, CSLB has requested that the DGS planner incorporate floor plan modifications into the lease renewal agreement in order to better utilize first floor office space to accommodate the growing needs of the Call Center, Enforcement division, and Records Certification Unit.

Projected Completion Date: September 2017



**Oxnard** – CSLB submitted lease renewal documents for the Oxnard enforcement and testing office to the Department of Consumer Affairs to start the process of renewing the office lease (the current lease expires on April 31, 2018). Modifications to this office will include new carpet and paint, new key card access in the test center, and new storage cabinets for testing candidates.

Projected Completion Date: May 2017

**San Francisco** – CSLB submitted lease renewal documents for the San Francisco enforcement office to the Department of Consumer Affairs to start the process of renewing the office lease (the current lease expires on September 30, 2018). The only changes required to this office are spot painting and carpet cleaning.

Projected Completion Date: August 2018

**San Diego** – CSLB submitted lease renewal documents for the San Diego enforcement and testing office to the Department of Consumer Affairs to start the process of renewing the office lease (the current lease expires on January 31, 2018). Changes include new flooring, a new window in an office, and the relocation of one cubicle for better viewing of testing candidates.

Projected Completion Date: December 2017

**Valencia** – CSLB submitted lease renewal documents for the Valencia enforcement office to the Department of Consumer Affairs to start the process of renewing the office lease (the current lease expires on April 30, 2018). Changes include new paint and carpet, and the installation of a second exit door.

Projected Completion Date: March 2018

**Fresno** – CSLB submitted lease renewal documents for the Fresno enforcement and testing office to the Department of Consumer Affairs to start the process of renewing the office lease (the current lease expires on October 31, 2018). Changes include new paint and carpet, and the installation of additional storage cabinets.

Projected Completion Date: September 2018



## **Contracts and Procurement**

### **Contracts in Process:**

- Renewal of California Highway Patrol contract to provide security services for various meetings and testing offices;
- Maintenance service contract for meter on the inserter mailing machine for Sacramento headquarters;
- Renewal of shredding contract for various field offices.

### **Procurements in Process:**

- New batteries for large UPS machine ;
- Additional access key cards for the Norwalk office; and
- New ergonomic chairs for the San Jose Testing Center.

### **Executed Contracts/Procurement:**

- Installation of 30amp dedicated electrical outlets in the Berkeley, Oxnard, San Bernardino and Norwalk offices for new UPS machines; and
- Renewed Survey Monkey contract for online survey application

## **Fleet Management**

### **Vehicle Purchases:**

- CSLB has received all vehicles purchased for the 2014-15 fiscal year:
  - (4) Ford Fusions – San Francisco IC, Valencia IC, Fresno SWIFT, Norwalk SWIFT
  - (1) Dodge Ram Truck – Sacramento SWIFT
  - (1) Dodge Grand Caravan – Sacramento Testing
  - (1) Nissan Leaf (all electric) – Sacramento Mailroom
- CSLB submitted the 2015-16 Fiscal Year Fleet Acquisition Plan to the Department of Consumer Affairs (DCA), which included a request for 11 replacement vehicles:
  - (4) Ford Fusion Hybrids (1-San Diego IC, 2-Valencia IC, 1-West Covina IC)
  - (6) Chevrolet Impalas (1-Fresno SWIFT, 2-Norwalk SWIFT, 3-Sacramento SWIFT)
  - (1) Dodge Rams (1-Sacramento IC North).

## AGENDA ITEM G-5

# Information Technology Update





### **Implementation of Home Improvement Salesperson (HIS) Online Presence**

CSLB successfully completed implementation of the provisions of Senate Bill 561 on April 3, 2016. Currently, IT staff is enhancing the HIS application to provide online processing functionality. The HIS Online Project is in the analysis and design phase as IT and Licensing Staff collaborate to determine business requirements and screen designs to meet HIS requirements. The HIS online system will allow licensed contractors to associate with and disassociate from HIS registrants via the CSLB website. Once IT fully implements this project, HIS applicants will be able to pay registration fees online.

### **BreEZe**

BreEZe Release One and Release Two are now in production at the Department of Consumer Affairs (DCA).

The current design, development, and implementation contract (with Accenture) for BreEZe implementation ends after Release Two. However, the vendor will continue to perform the maintenance and operation (M&O) services for Release One and Two boards/bureaus/committees under the existing M&O contract. Following implementation of Release Two, DCA will perform a formal cost/benefit analysis to look at viable options for Release Three boards/bureaus/committees before moving forward.

CSLB Business Consulting Unit staff continues to work with programs to document and map current “as is” and “to be” business processes, conduct meetings with CSLB end-users to verify mapping, and complete gap/fit analysis.

CSLB has recently advertised for an outside consultant to assist with completing the CSLB “as is” and “to be” business processes, conducting business requirements gathering sessions, and preparing business requirements documentation for a potential online licensing application. This exercise will allow CSLB to identify business requirements that will prepare the Board to move forward with an online application, whether BreEZe or another online licensing solution. This short-term, one-year contract is expected to start July 1, 2016.

### **SCORE Translator Project - STARS**

The SCORE development staff has begun to roll out a replacement to the existing translator examination system, dubbed STARS (SCORE Translator and Recording Suite). The new system enables bilingual CSLB staff located at remote test sites to listen to the translation of test questions by testing proctors to testing candidates via a live audio stream. The STARS system ensures that exam proctors who provide language translation are not providing answers to testing candidates in lieu of translating test questions.



By utilizing remote bilingual resources, the STARS system allows CSLB test sites to improve the exam scheduling process and to provide a higher quality communication and recording experience for testing candidates. IT anticipates deployment of STARS by the end of September 2016 at all test center sites.

### **Interactive Voice Response (IVR) System**

CSLB's IVR is an interactive, self-directed telephone system that provides valuable information to consumers, contractors, and others. It allows callers to request forms or pamphlets that are sent to them immediately. Callers can look up a license, and applicants can check the status of their exam application. The IVR provides consumers with information on how to file complaints, as well as how to become a licensed contractor. In addition, the IVR gives callers an option to speak to call center agents in Sacramento or Norwalk. From February 2016 through April 2016, CSLB's IVR handled a total of 113,219 calls, which is an average of 37,740 calls per month. The system is available 24 hours a day, seven days a week.

The IVR system offers dozens of possible menu options. Following is a list of the top 20 IVR requests from February 2016 through April 2016.



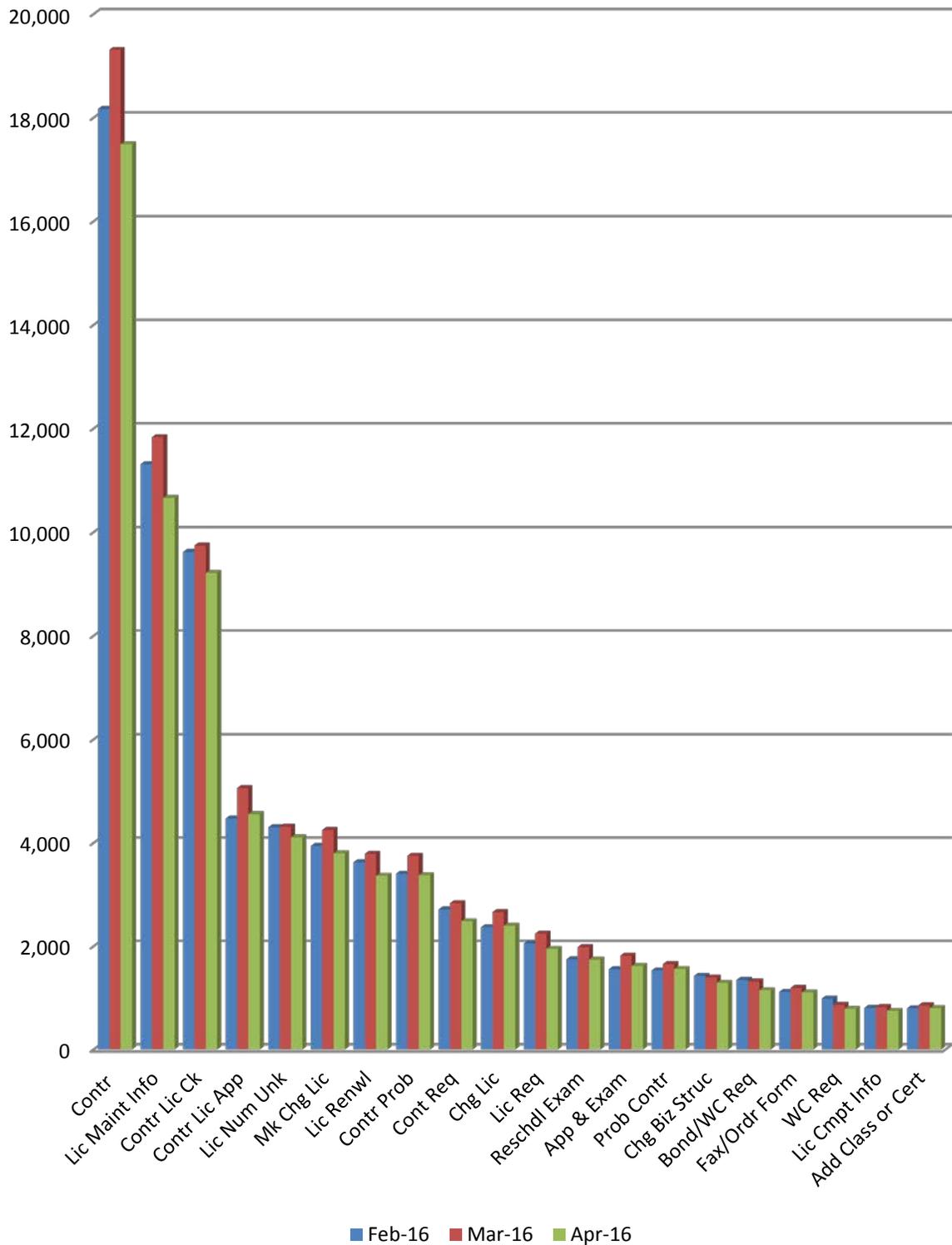
## Top 20 IVR Requests - Feb '16 - Apr '16

IVR Statistics	Feb 2016	Mar 2016	Apr 2016	Total
IVR calls received	37,358	39,425	36,436	113,219
Monthly average				37,740

Top 20 IVR Requests	3 Month Totals			
Contractor or Want to Become Contractor	18,167	19,308	17,486	54,961
Info on Maintaining or Changing License	11,310	11,831	10,660	33,801
Contractor's License Check	9,618	9,742	9,212	28,572
Contractor License Application	4,471	5,059	4,556	14,086
License Number Not Known	4,300	4,313	4,106	12,719
About Making Changes to License	3,939	4,248	3,796	11,983
About License Renewal	3,623	3,786	3,362	10,771
Hire or Problem with Contractor	3,401	3,748	3,370	10,519
About Continuing Requirements	2,710	2,830	2,481	8,021
For Changes to Existing Licenses	2,367	2,659	2,394	7,420
License Requirements	2,052	2,242	1,947	6,241
Reschedule Exam Date	1,744	1,981	1,737	5,462
General Application & Examination Info	1,553	1,815	1,616	4,984
Info on Problems with Contractor	1,528	1,652	1,557	4,737
For Changing the Business Structure of an Existing	1,425	1,393	1,289	4,107
Info about Bond or Workers' Comp Requirements	1,348	1,317	1,146	3,811
To Fax Forms, or To Order Forms by Mail	1,114	1,192	1,104	3,410
Info about Workers' Comp Requirements	985	863	786	2,634
License Complaint Information	805	822	747	2,374
For Adding Classifications, Certifications or Chan	796	854	800	2,450



### Top 20 IVR Requests - Feb'16 - Apr'16

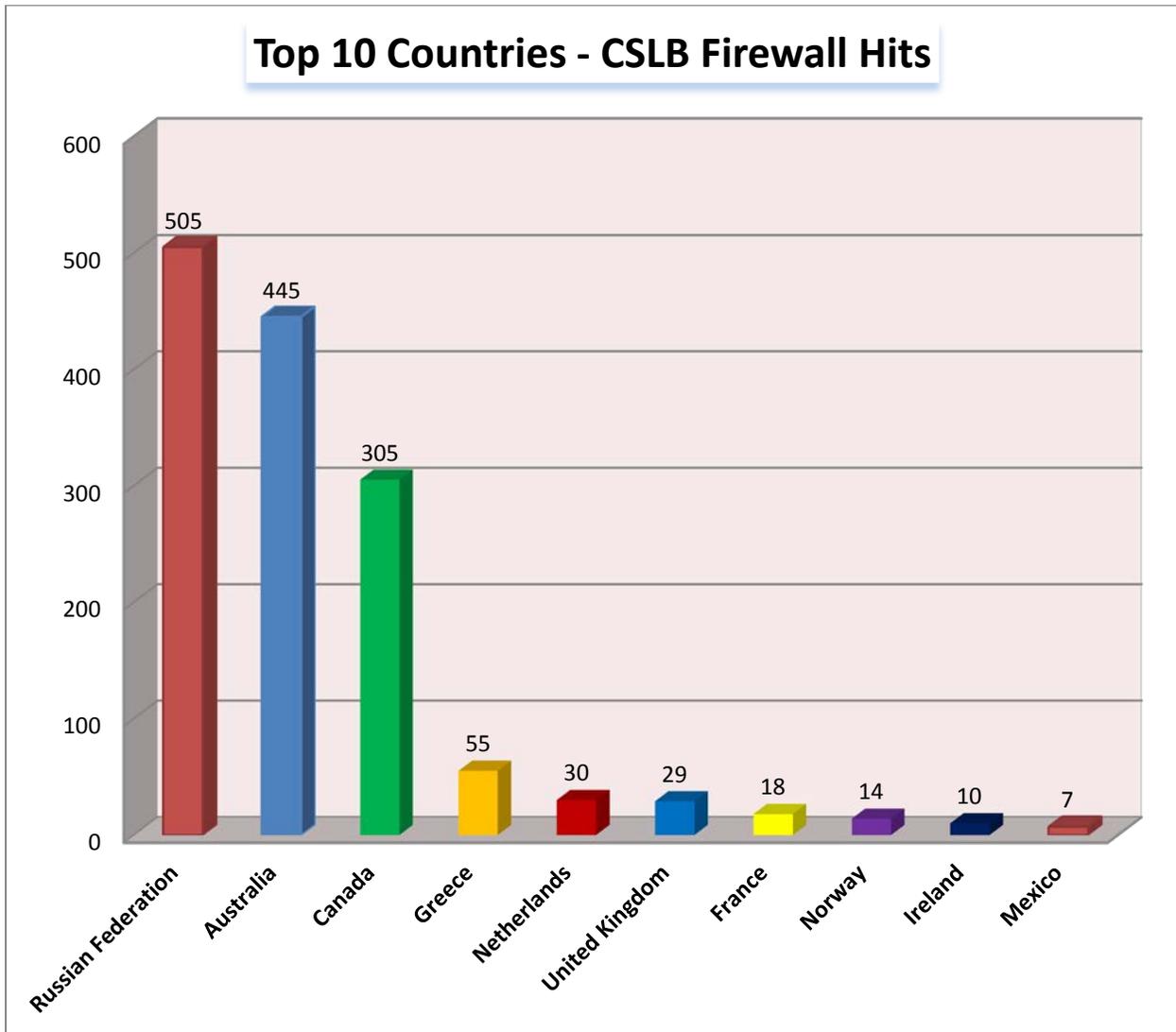




### Enterprise IT Security – Firewall Hits

CSLB’s IT staff maintains high security on the Board’s information technology networks, systems, and applications. Using a multi-layered defense utilizing various security products (Next Generation Firewall, anti-spam and anti-virus programs, web filtering, intrusion detection and prevention systems, event management, and correlation tools), CSLB proactively blocks/denies unauthorized attempts to breach its systems from all sources, including those emanating from foreign countries.

The chart below shows the top 10 foreign countries from which users have attempted to access CSLB systems and applications between January 1, 2016 and May 15, 2016, all of which were successfully denied. To date, utilizing best practices, CSLB’s IT security systems have successfully safeguarded CSLB information assets, and no unauthorized attempts to penetrate the system have succeeded.



# AGENDA ITEM G-6

## Budget Update





# CONTRACTORS STATE LICENSE BOARD

## BUDGET UPDATE

### ❖ Fiscal Year (FY) 2015-16 CSLB Budget and Expenditures

Through April 30, 2016, CSLB spent or encumbered \$50.7 million, roughly 78 percent of its FY 2015-16 budget. The chart below details the CSLB budget, including expenditures through April 2016:

EXPENDITURE DESCRIPTION	FY 2015-16 REVISED BUDGET	APRIL 2016 EXPENSES	BALANCE	% OF BUDGET REMAINING
<b>PERSONNEL SERVICES</b>				
Salary & Wages (Staff)	23,076,000	18,125,308	4,950,692	21.5%
Board Members	16,000	11,000	5,000	31.3%
Temp Help	860,000	414,998	445,002	51.7%
Exam Proctor	41,000	124,341	-83,341	-203.3%
Overtime	146,000	126,404	19,596	13.4%
Staff Benefits	10,996,000	8,830,960	2,165,040	19.7%
<b>TOTALS, PERSONNEL</b>	<b>35,135,000</b>	<b>27,633,011</b>	<b>7,501,989</b>	<b>21.4%</b>
<b>OPERATING EXPENSES AND EQUIPMENT (OE&amp;E)</b>				
Operating Expenses	21,193,000	17,545,514	3,647,486	17.2%
Exams	436,000	189,269	246,731	56.6%
Enforcement	8,554,000	5,684,000	2,870,000	33.6%
<b>TOTALS, OE&amp;E</b>	<b>30,183,000</b>	<b>23,418,783</b>	<b>6,764,217</b>	<b>22.4%</b>
<b>TOTALS</b>	<b>65,318,000</b>	<b>51,051,794</b>	<b>14,266,206</b>	<b>21.8%</b>
Scheduled Reimbursements	-353,000	-180,485	-172,515	
Unscheduled Reimbursements		-197,843	197,843	
<b>TOTALS, NET REIMBURSEMENTS</b>	<b>64,965,000</b>	<b>50,673,466</b>	<b>14,291,534</b>	<b>22.0%</b>

### ❖ Revenue

CSLB received the following revenue amounts thru April 30, 2016:

Revenue Category	Through 04/30/2016	Percentage of Revenue	Change from prior year (04/30/2015)
Duplicate License/Wall Certificate Fees	\$93,575	0.2%	10.0%
New License and Application Fees	\$9,448,177	18.9%	5.8%
License and Registration Renewal Fees*	\$36,691,708	73.4%	0.3%
Delinquent Renewal Fees	\$2,031,960	4.1%	-12.6%
Interest	\$37,347	0.1%	0.0%
Penalty Assessments	\$1,556,345	3.1%	6.9%
Misc. Revenue	\$97,610	0.2%	-4.0%
<b>Total</b>	<b>\$49,956,722</b>	<b>100.00%</b>	<b>0.9%</b>

\* License & Registrations Renewals Fees are based on a 2-year cycle (comparative data is from FY 2013-14, a non-peak renewal year).



❖ **CSLB Fund Condition**

Below is the fund condition for the Contractors’ License Fund, which shows the final FY 2014-15 reserve (\$24 million – approximately 4.5 months’ reserve), along with the projected reversion amounts for current year (CY) 2015-16 through budget year (BY) 2017-18:

	<b>Final FY 2014-15</b>	<b>Projected CY 2015-16</b>	<b>Projected BY 2016-17</b>	<b>Projected BY+1 2017-18</b>
<b>Beginning Balance</b>	\$26,387	\$23,799	\$18,398	\$10,979
Prior Year Adjustment	\$557	\$0	\$0	\$0
<b>Adjusted Beginning Balance</b>	<b>\$26,944</b>	<b>\$23,799</b>	<b>\$18,398</b>	<b>\$10,979</b>
<b>Revenues and Transfers</b>				
Revenue	\$57,120	\$56,211	\$57,635	\$56,811
<b>Totals, Resources</b>	<b>\$84,064</b>	<b>\$80,010</b>	<b>\$76,033</b>	<b>\$67,790</b>
<b>Expenditures</b>				
Disbursements:				
Program Expenditures (State Operations)	\$60,211	\$61,500	\$64,973	\$65,623
State Controller (State Operations)	\$0			
Financial Info System Charges	\$54	\$112	\$81	
<b>Total Expenditures</b>	<b>\$60,265</b>	<b>\$61,612</b>	<b>\$65,054</b>	<b>\$65,623</b>
<b>Fund Balance</b>				
Reserve for economic uncertainties	<b>\$23,799</b>	<b>\$18,398</b>	<b>\$10,979</b>	<b>\$2,167</b>
<b>Months in Reserve</b>	4.5	3.4	2.0	0.4

Notes:

- 1) All dollars in thousands.
- 2) Revenue assumes 1% renewal license fee growth, based on prior 2-year cycle.
- 3) Expenditures in FY 2016-17 based on budgeted authority and then assume growth projected at 1% starting in FY 2017-18, and then ongoing.
- 4) Assumes workload and revenue projections are realized for FY 2015-16 and FY 2016-17.



# CONTRACTORS STATE LICENSE BOARD

## STATISTICS SUMMARY

### Applications Received

	2012-13	2013-14	2014-15	2015-16
July	2,564	2,850	2,805	3,398
August	2,786	3,084	3,004	3,419
September	2,408	2,682	3,207	2,955
October	2,857	2,719	3,177	3,484
November	2,431	2,435	2,542	3,143
December	2,266	2,315	2,944	3,058
January	2,736	2,832	2,958	2,862
February	2,780	3,030	3,568	4,027
March	3,003	3,025	3,978	3,952
April	3,231	3,987	3,878	4,045
<b>Total</b>	<b>27,062</b>	<b>28,959</b>	<b>32,061</b>	<b>34,343</b>
			<i>% Change from Prior FY</i>	7.1%

### Original Licenses Issued

	2012-13	2013-14	2014-15	2015-16
July	925	1,008	1,248	1,155
August	1,013	845	1,275	1,098
September	1,249	1,023	1,036	1,030
October	1,138	970	1,247	954
November	762	759	724	866
December	922	812	887	965
January	1,095	971	1,225	904
February	692	819	1,078	888
March	1,152	921	1,139	1,185
April	1,078	971	971	1,386
<b>Total</b>	<b>10,026</b>	<b>9,099</b>	<b>10,830</b>	<b>10,431</b>
			<i>% Change from Prior FY</i>	-3.7%

### Licenses Renewed

	<i>PEAK</i> 2012-13	2013-14	<i>PEAK</i> 2014-15	2015-16
July	11,125	11,751	10,079	11,584
August	11,273	9,313	11,505	8,611
September	9,868	8,016	11,584	10,292
October	10,167	8,481	8,448	8,501
November	8,988	8,674	6,467	6,881
December	7,335	8,672	11,886	11,885
January	11,439	10,279	9,847	7,206
February	8,108	10,294	8,045	11,381
March	10,449	9,305	12,291	11,911
April	9,746	13,174	10,647	10,029
<b>Total</b>	<b>98,498</b>	<b>97,959</b>	<b>100,799</b>	<b>98,281</b>
			<i>% Change from Non-Peak FY 2013-14</i>	0.3%



**HIS Registrations Issued**

	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
July	324	328	520	894
August	339	323	605	658
September	324	300	497	624
October	415	287	635	533
November	291	280	583	580
December	299	274	476	596
January	336	287	410	499
February	246	344	497	614
March	328	251	703	587
April	384	453	638	733
<b>Total</b>	<b>3,286</b>	<b>3,127</b>	<b>5,564</b>	<b>6,318</b>
			<i>% Change from Prior FY</i>	13.6%

**HIS Registrations Renewed**

	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
July	115	150	158	167
August	180	150	147	140
September	130	101	187	133
October	136	152	158	152
November	104	143	117	111
December	100	124	143	175
January	132	140	179	89
February	164	140	87	200
March	171	179	197	159
April	162	155	242	292
<b>Total</b>	<b>1,394</b>	<b>1,434</b>	<b>1,615</b>	<b>1,618</b>
			<i>% Change from Prior FY</i>	0.2%

**License Population by Status**

	<b>April 2014</b>	<b>April 2015</b>	<b>April 2016</b>
Active	223,625	223,134	224,257
Inactive	64,226	61,713	59,953
<b>Subtotal</b>	<b>287,851</b>	<b>284,847</b>	<b>284,210</b>
Other*	465,080	478,832	489,819
Expired	398,726	409,685	418,081
Expired % of Other	85.7%	85.6%	85.4%
<b>Grand Total</b>	<b>752,931</b>	<b>763,679</b>	<b>774,029</b>

\* Other - includes the following license status categories: cancelled, cancelled due to death, expired no longer renewable, revoked.



**HIS Registration Population by Status**

	<b>April 2014</b>	<b>April 2015</b>	<b>April 2016</b>
Active	9,576	12,211	14,563
Other*	87,973	91,667	66,054
<b>Total</b>	<b>97,549</b>	<b>103,878</b>	<b>80,617</b>

\* Other - includes the following license status categories: cancelled, cancelled due to death, expired no longer renewable, revoked.

**Complaints By Fiscal Year**

	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Received	19,239	18,101	18,203	19,722
Reopened	1,094	844	786	820
Closed	20,366	19,118	18,875	20,016
Pending (as of June 30)	3,901	3,762	3,893	4,458

**CSLB Position Vacancies**

	<b>April 2015</b>	<b>April 2016</b>
Administration	2.0	3.0
Executive/Public Affairs	0.0	1.0
IT	4.0	2.0
Licensing	5.5	9.0
Enforcement	21.0	21.0
Testing	2.5	1.5
<b>Total</b>	<b>35.0</b>	<b>37.5</b>

## AGENDA ITEM G-7

# Election of 2016-17 Board Officers



## Chapter 4. Selection of Officers

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### Officers of the Board

*(B&P Code section 7005)*

The Board shall elect from its members a Chair, a Vice Chair, and a Secretary to hold office for one year or until their successors are duly elected and qualified.

### Nomination of Officers

*(Board Policy)*

The Board Chair shall appoint a Nominations Committee prior to the last meeting of the fiscal year and shall give consideration to appointing a public and a professional member of the Board to the Committee. The Committee's charge will be to recommend a slate of officers for the following year. The Committee's recommendation will be based on the qualifications, recommendations, and interest expressed by the Board members. A survey of Board members may be conducted to obtain interest in each officer position. A Nominations Committee member is not precluded from running for an officer position. If more than one Board member is interested in an officer position, the Nominations Committee will make a recommendation to the Board and others will be included on the ballot for a runoff if they desire. The results of the Nominations Committee's findings and recommendations will be provided to the Board members. Notwithstanding the Nominations Committee's recommendations, Board members may be nominated from the floor at the meeting.

### Election of Officers

*(B&P Code section 7005)*

The Board shall elect the officers at the last meeting of the fiscal year. Officers shall serve a term of one year, beginning July 1 of the next fiscal year. All officers may be elected on one motion or ballot as a slate of officers unless more than one Board member is running per office. An officer may be re-elected and serve for more than one term.

### Officer Vacancies

*(Board Policy)*

If an office becomes vacant during the year, an election shall be held at the next meeting. If the office of the Chair becomes vacant, the Vice Chair shall assume the office of the Chair. Elected officers shall then serve the remainder of the term.

# AGENDA ITEM H

Recess





JUNE 24, 2016  
GARDEN GROVE, CALIFORNIA



CONTRACTORS STATE LICENSE BOARD

DAY 2





## AGENDA ITEM A

# Call to Order, Roll Call, Establishment of Quorum

Roll is called by the Board Chair or, in his/her absence, by the Board Vice Chair or, in his/her absence, by a Board member designated by the Board Chair.

Eight members constitute a quorum at a CSLB Board meeting, per Business and Professions Code section 7007.

### Board Member Roster

KEVIN J. ALBANESE

AGUSTIN BELTRAN

LINDA CLIFFORD

DAVID DE LA TORRE

DAVID DIAS

SUSAN GRANZELLA

JOAN HANCOCK

PASTOR HERRERA JR.

ROBERT LAMB

ED LANG

MARLO RICHARDSON

FRANK SCHETTER

PAUL SCHIFINO

JOHNNY SIMPSON

NANCY SPRINGER





## AGENDA ITEM B

# Public Comment for Items Not on the Agenda

(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

Public comments will be taken on agenda items at the time the item is heard and prior to the CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the Board Chair.

### BOARD MEETING PROCEDURES

To maintain fairness and neutrality when performing its adjudicative function, the Board should not receive any substantive information from a member of the public regarding matters that are currently under or subject to investigation, or involve a pending administrative or criminal action.

- (1) If, during a Board meeting, a person attempts to provide the Board with substantive information regarding matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the person shall be advised that the Board cannot properly consider or hear such substantive information and the person shall be requested to refrain from making such comments.
- (2) If, during a Board meeting, a person wishes to address the Board concerning alleged errors of procedure or protocol or staff misconduct involving matters that are currently under or subject to investigation or involve a pending administrative or criminal action:
  - (a) The Board may designate either its Registrar or a board employee to review whether the proper procedure or protocol was followed and to report back to the Board once the matter is no longer pending; or,
  - (b) If the matter involves complaints against the Registrar, once the matter is final or no longer pending, the Board may proceed to hear the complaint in accordance with the process and procedures set forth in Government Code section 11126(a).
- (3) If a person becomes disruptive at the Board meeting, the Chair will request that the person leave the meeting or be removed if the person refuses to cease the disruptive behavior.





## AGENDA ITEM C

# Joint Discussion with Nevada State Contractors Board (NSCB) and Arizona Registrar of Contractors (AZROC)

1. Discussion Regarding Economic Forecasts for Construction Industry
2. Review of Multi-State Partnering Accomplishments During the Last Fiscal Year
3. Discussion Concerning Solar Construction and Related Enforcement Trends
  - (a) KCBS-TV Solar Scam News Story Video
4. Overview of Public Outreach Strategies and Affiliated Media Campaigns
  - (a) Wildfire Damage Video
5. Overview of CSLB/NSCB/AZROC Enforcement Goals and Objectives
6. Overview of CSLB/NSCB/AZROC Licensing| Goals and Objectives
  - (a) 3-D Construction Video





# AGENDA ITEM D

Adjournment

