



CONTRACTORS STATE LICENSE BOARD

SENATE BILL 1455 (ASHBY) – CSLB SUNSET EXTENSION BILL

Review, Discussion, and Possible Action on Senate Bill 1455 (Ashby): Contractors: Licensing – CSLB Sunset Extension Bill

SB 1455 (Ashby) – Contractors: licensing.

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB1455

BACKGROUND

This sunset extension bill contains a provision that delays from 2026 to 2028 the workers' compensation insurance for all licensees requirement, and contains a provision that requires the Board, by January 1, 2027, "to establish a process and procedure, as specified, to verify that applicants or licensees without an employee or employees are eligible for exemption from the workers' compensation insurance requirement."

During the Board's discussion of these provisions at its meeting on June 13, 2024, the Board was concerned about the public protection implications delaying until 2028 the requirement that all contractors have workers' compensation insurance. The Board voted to support the bill if amended to reinstate the 2026 workers' compensation requirement effective date, and to move up to January 2025 the date by which the Board must establish a process or procedure for verifying whether contractors are eligible for an exemption.

CSLB staff communicated the Board's support if amended position and provided draft language with the Board's request to the legislature. Staff were told the amendments would be reviewed, but as of this writing, staff have not been told that the amendments will be accepted.

Even though there are public protection concerns related to contractors employing workers without required workers' compensation insurance, there are also concerns about CSLB's ability to manage more than 100,000 additional workers' compensation policies for licensees that currently complete workers' compensation exemption forms. Further, the most important provision in the bill is the extension of the Board's sunset date. If the bill is not passed, CSLB will be Sunsetting and cease to exist as a board January 1, 2025.

The bill is being heard in the Assembly Business and Professions Committee on Tuesday, June 25, 2024. It is essential that staff be able to communicate that the Board is in full support of its sunset bill on that date. As such, the staff is requesting a Board position of support of this bill.

Workers' compensation requirements and exemptions can be further discussed at future public board meetings.



STATUS/LOCATION (as of June 19, 2024): Being heard on June 25, 2024, in the Assembly Committee on Business and Professions.

SUBJECT: Contractors State License Board “Sunset Bill”

CODE SECTION(S): Several sections of the Contractors State License Law (Business and Professions Code sections 7000-7191)

SUMMARY: Extends the Board’s “Sunset” date from 2025 to 2029 and includes new legislation proposed by the Business and Professions Committee of the Legislature as well as by the Board in the “New Issues” section of its [2023 Sunset Review Report](#).

THIS BILL:

- Extends the Board’s sunset date from 2025 to 2029.
- Removes the requirement that an applicant for licensure include a duty statement of their role and responsibilities planned for the license they are intending to qualify. The requirement was added by a 2021 bill, and it created confusion and was redundant to the Board’s existing authority. The Board approved this change at its March 2023 Board Meeting. More information is on page 130-132 of the Board’s [March 2023 Board Meeting Packet](#).
- Requires licensees who are subject to a workmanship complaint that results in a letter of admonishment or a citation to pay between \$100 and \$1,000 for CSLB’s cost to pay its industry expert to investigate the complaint. This was identified as new issue number 1 on pages 124-126 of the Board’s [2023 Sunset Review Report](#)
- Provides that license applicants pay the examination cost directly to the examination vendor instead of CSLB. This was identified as new issue number 4 on pages 126-128 of the Board’s [2023 Sunset Review Report](#).
- Includes a “federally recognized tribe” among the entities to which CSLB can issue a contractor’s license. This was identified as new issue number 5 on pages 128-129 of the Board’s [2023 Sunset Review Report](#). **Staff note, the language on this topic in the sunset bill is a “placeholder” and not the language that was submitted by CSLB staff.*
- Clarifies that in a public works contract the awarding authority must select contractors in accordance with the licensing classification descriptions in the Contractors State License Law when determining the license class necessary to bid and perform a project. This change was requested by the operating engineers and discussed with the Board’s Legislative Committee Chair in April of 2024.
- Extends CSLB’s workers’ compensation for all requirement from 2026 to 2028. Provides that no later than January 1, 2027, the board must establish a process



for verifying (by audit or submission of proof or other means) how an applicant or licensee can obtain an exemption from workers' compensation from CSLB.

COMMENT/ANALYSIS: As CSLB's sunset bill is developed by the board and staff, it is important the Board support the bill. CSLB staff continue to meet regularly with legislative staff on bill language and to provide technical information. CSLB's New Issue 6 (CSLB responsibility for attorney fees in cash bond cases) will not make it into the bill because the bill would have to be double referred to a different committee. Staff has provided language to the committee to include new Issue 2 (adopt minimum enforcement fines in statute) in the bill but it is not included as of this writing.

FISCAL IMPACT: Minor and absorbable impact to workload. Anticipated revenue of around \$250,000 annually to recover industry experts' costs.

STAFF RECOMMENDATION: SUPPORT