

AMENDED IN ASSEMBLY APRIL 24, 2014

AMENDED IN ASSEMBLY APRIL 10, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2740

Introduced by Assembly Member Bonilla
(Principal coauthor: Senator Lieu)

February 26, 2014

An act to amend Section 9810 of the Business and Professions Code, relating to consumer affairs.

LEGISLATIVE COUNSEL'S DIGEST

AB 2740, as amended, Bonilla. Bureau of Electronic and Appliance Repair, Home Furnishings, and Thermal Insulation.

Existing law establishes the Bureau of Electronic and Appliance Repair, Home Furnishings, and Thermal Insulation under the supervision and control of the Director of Consumer Affairs. Existing law requires the director to administer and enforce those provisions relating to the licensure and regulation of electronic and appliance repair service dealers and persons engaged in various businesses associated with home furnishings. Existing law requires the Governor to appoint a chief of the bureau to serve under the direction and supervision of the director, as specified.

This bill would require that the powers and duties of the bureau, as provided, be subject to review by the appropriate policy committees of the Legislature as if these provisions were scheduled to be repealed on January 1, 2019.

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

3 (1) The Bureau of Electronic and Appliance Repair, Home
4 Furnishings, and Thermal Insulation is within the Department of
5 Consumer Affairs, its mission is “to protect and serve consumers
6 while ensuring a competent and fair marketplace,” and its mandate
7 includes making protection of the public its highest priority in
8 exercising its licensing, regulatory, and disciplinary functions.

9 (2) The California Bureau of Home Furnishings and Thermal
10 Insulation was established in 1911 in Assembly Bill 547 (Ch. 73,
11 Stats. 1911) in response to unscrupulous manufacturing practices
12 in the mattress industry, which contributed to the fires following
13 the 1906 San Francisco earthquake.

14 (3) The California Bureau of Electronic and Appliance Repair
15 was established in 1963 under the Electronic and Appliance Repair
16 Dealer Registration Law in Senate Bill 1292 (Ch. 1492, Stats.
17 1963) in response to growing concerns to consumers and law
18 enforcement agencies about fraud and negligence in the television
19 repair industry.

20 (4) In 2009, Assembly Bill 20 (Chapter 18 of the Fourth
21 Extraordinary Session of the Statutes of 2009), officially merged
22 the Bureau of Home Furnishings and Thermal Insulation with the
23 Bureau of Electronic and Appliance Repair together to create the
24 Bureau of Electronic and Appliance Repair, Home Furnishings,
25 and Thermal Insulation.

26 (5) Today, the bureau licenses and regulates over 40,000
27 businesses, including businesses that engage in the repair of
28 electronics and appliances, the sale and administration of service
29 contracts, and the manufacture, sale, or maintenance of upholstered
30 home furnishings, bedding, and thermal insulation. In addition,
31 the bureau adopts regulations and ensures compliance with the
32 law; inspects businesses and conducts investigations; conducts
33 research on, develops standards for, and tests upholstered furniture,
34 bedding, and thermal insulation products to confirm they meet
35 specified standards; handles consumer complaints; and initiates
36 disciplinary action against businesses that violate statutory or
37 regulatory requirements.

1 (6) On March 10, 2014, the Assembly Business, Professions
2 and Consumer Protection Committee and the Senate Business,
3 Professions and Economic Development Committee (the
4 committees) held a joint oversight sunset hearing and prepared a
5 background paper on the bureau.

6 (7) While the hearing and the background paper found the
7 bureau in good standing, it also identified areas for followup and
8 requested the bureau to report back to the committees on specific
9 issues, which include all of the following:

10 (A) While the bureau is in good fiscal standing, its revenues are
11 projected to stay the same over the next few years and the cost of
12 doing business is projected to rise over time, potentially leading
13 to a long-term deficit. The bureau should report to the committees
14 any planned efforts to increase its revenues and reduce its
15 expenditures, and whether, or when, it might seek a statutory fee
16 increase in the future.

17 (B) For the 2013–14 fiscal year, the Bureau’s Electronic and
18 Appliance Repair Fund and the Home Furnishings and Thermal
19 Insulation Fund are expected to spend roughly 37 percent and 19
20 percent of their budgets, respectively, on the pro rata costs to the
21 department. The bureau should advise the committees about the
22 bases upon which pro rata costs are calculated, and whether it
23 could achieve cost savings by dealing with more of its consumer
24 complaints in-house.

25 (C) Currently, electronic and appliance repair and thermal
26 insulation licenses are renewed annually, and home furnishings
27 licenses are renewed biennially. The bureau should examine the
28 pros and cons of requiring biennial ~~rewards~~ *renewals* instead of
29 annual license renewals for all licensees.

30 (D) In its last sunset review report in 1995, the department
31 studied both the electronic and appliance repair market and the
32 home furnishings and thermal insulation market to determine
33 whether regulatory activities were appropriate, necessary, and
34 should be continued, and recommended areas of deregulation and
35 areas to monitor in order to better target resources and evaluate
36 consumer risk and impact. The bureau should conduct market
37 condition assessments to study both of these markets and determine
38 if current statutes and regulations reflect the needs of the markets,
39 where risk to consumers is the greatest, where resources could be

1 refocused or expanded, and whether continued regulation is clearly
2 necessary across all segments of these markets.

3 (E) The bureau issues a separate furniture retailer license,
4 bedding retailer license, combination furniture and bedding retailer
5 license, sanitizer license, and custom upholsterer license. The
6 bureau may consider whether it should consolidate any of its
7 licenses, and whether it should continue to regulate, or issue,
8 stand-alone licenses to sanitizers and custom upholsterers.

9 (F) The bureau has reported high product failure rates, which
10 are primarily attributed to technical violations of flammability,
11 product labeling, and feather and down standards. The bureau
12 should reexamine its testing protocols to ensure that it has the
13 information it needs to appropriately identify areas of highest risk
14 to consumers, and reexamine its standards, especially feather and
15 down and product labeling standards, to determine if some
16 standards could be relaxed, presuming there is no appreciable
17 impact on consumer safety, whether standards should be clarified
18 or better advertised, or whether penalties for violations are too low
19 to act as a proper deterrent.

20 (G) The bureau is scheduled to go live on the department's
21 BreEZe system in late 2015. The bureau should update the
22 committees on the status of its implementation of BreEZe,
23 including whether the system will accommodate the bureau's
24 current and future needs.

25 (b) It is the intent of the Legislature that the bureau examine
26 and respond to the issues and recommendations specified in
27 subparagraphs (A) to (G), inclusive, of paragraph (7) of subdivision
28 (a) that were identified in the background paper, and report back
29 to the committees by March 1, 2015, with its findings.

30 SEC. 2. Section 9810 of the Business and Professions Code is
31 amended to read:

32 9810. (a) There is in the Department of Consumer Affairs a
33 Bureau of Electronic and Appliance Repair, Home Furnishings,
34 and Thermal Insulation, under the supervision and control of the
35 director. The director shall administer and enforce the provisions
36 of this chapter and Chapter 3 (commencing with Section 19000)
37 of Division 8.

38 (b) The Governor shall appoint, subject to confirmation by the
39 Senate, a chief of the bureau at a salary to be fixed and determined
40 by the director with the approval of the Director of Finance. The

1 chief shall serve under the direction and supervision of the director
2 and at the pleasure of the Governor.

3 (c) Every power granted to or duty imposed upon the director
4 under this chapter and Chapter 3 (commencing with Section 19000)
5 of Division 8 may be exercised or performed in the name of the
6 director by a deputy or assistant director or by the chief, subject
7 to conditions and limitations that the director may prescribe.

8 (d) Whenever the laws of this state refer to the Bureau of
9 Electronic Repair Dealer Registration or the Bureau of Electronic
10 and Appliance Repair, the reference shall be construed to be to the
11 Bureau of Electronic and Appliance Repair, Home Furnishings,
12 and Thermal Insulation.

13 (e) Notwithstanding any other law, the powers and duties of the
14 Bureau of Electronic and Appliance Repair, Home Furnishings,
15 and Thermal Insulation, as set forth in this chapter and Chapter 3
16 (commencing with Section 19000) of Division 8, shall be subject
17 to review by the appropriate policy committees of the Legislature.
18 The review shall be performed as if this chapter and Chapter 3
19 (commencing with Section 19000) of Division 8 were scheduled
20 to be repealed on January 1, 2019.

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