

AMENDED IN SENATE APRIL 21, 2015

SENATE BILL

No. 465

Introduced by Senator Hill

February 25, 2015

An act to amend Sections ~~7000.5 and 7011~~ of 7000.5, 7011, and 7071.6 of, and to repeal Section 7067.5 of, the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 465, as amended, Hill. Contractors' State License ~~Board~~. *Board: licensees: bond requirement.*

Under existing law, the Contractors' State License Law, the Contractors' State License Board is responsible for the licensure and regulation of contractors and is required to appoint a registrar of contractors. Existing law repeals these provisions establishing the board and requiring it to appoint a registrar on January 1, 2016.

This bill would extend these repeal dates to January 1, 2020.

Existing law requires every applicant for an original license, the reactivation of an inactive license, or the reissuance or reinstatement of a revoked license to evidence financial solvency, as specified, and requires the registrar to deny the application of any applicant who fails to comply with that requirement. Existing law, as a condition precedent to the issuance, reinstatement, reactivation, renewal, or continued maintenance of a license, requires the applicant or licensee to file or have on file a contractor's bond in the sum of \$12,500.

This bill would repeal that evidence of financial solvency requirement and would instead require that bond to be in the sum of \$15,000.

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 7000.5 of the Business and Professions
2 Code is amended to read:

3 7000.5. (a) There is in the Department of Consumer Affairs
4 a Contractors' State License Board, which consists of 15 members.

5 (b) Notwithstanding any other provision of law, the repeal of
6 this section renders the board subject to review by the appropriate
7 policy committees of the Legislature.

8 (c) This section shall remain in effect only until January 1, 2020,
9 and as of that date is repealed, unless a later enacted statute, that
10 is enacted before January 1, 2020, deletes or extends that date.

11 SEC. 2. Section 7011 of the Business and Professions Code is
12 amended to read:

13 7011. (a) The board, by and with the approval of the director,
14 shall appoint a registrar of contractors and fix his or her
15 compensation.

16 (b) The registrar shall be the executive officer and secretary of
17 the board and shall carry out all of the administrative duties as
18 provided in this chapter and as delegated to him or her by the
19 board.

20 (c) For the purpose of administration of this chapter, there may
21 be appointed a deputy registrar, a chief reviewing and hearing
22 officer, and, subject to Section 159.5, other assistants and
23 subordinates as may be necessary.

24 (d) Appointments shall be made in accordance with the
25 provisions of civil service laws.

26 (e) This section shall remain in effect only until January 1, 2020,
27 and as of that date is repealed, unless a later enacted statute, that
28 is enacted before January 1, 2020, deletes or extends that date.

29 *SEC. 3. Section 7067.5 of the Business and Professions Code*
30 *is repealed.*

31 ~~7067.5. Every applicant for an original license, or for the~~
32 ~~reactivation of an inactive license, or for the reissuance or~~
33 ~~reinstatement of a revoked license shall possess and every such~~
34 ~~applicant, other than one applying under Section 7029 unless~~
35 ~~required by the registrar, shall evidence financial solvency. The~~
36 ~~registrar shall deny the application of any applicant who fails to~~
37 ~~comply with this section. For purposes of this section financial~~

1 solvency shall mean that the applicant's operating capital shall
2 exceed two thousand five hundred dollars (\$2500).

3 The applicant shall provide answers to questions contained in a
4 standard form of questionnaire as required by the registrar relative
5 to his financial ability and condition and signed by the applicant
6 under penalty of perjury.

7 In any case in which further financial information would assist
8 the registrar in an investigation, the registrar may obtain such
9 information or may require any licensee or applicant under
10 investigation pursuant to this chapter to provide such additional
11 financial information as the registrar may deem necessary.

12 The financial information required by the registrar shall be
13 confidential and not a public record, but, where relevant, shall be
14 admissible as evidence in any administrative hearing or judicial
15 action or proceeding.

16 The registrar may destroy any financial information which has
17 been on file for a period of at least three years.

18 *SEC. 4. Section 7071.6 of the Business and Professions Code*
19 *is amended to read:*

20 7071.6. (a) The board shall require as a condition precedent
21 to the issuance, reinstatement, reactivation, renewal, or continued
22 maintenance of a license, that the applicant or licensee file or have
23 on file a contractor's bond in the sum of ~~twelve thousand five~~
24 ~~hundred dollars (\$12,500).~~ *fifteen thousand dollars (\$15,000).*

25 (b) Excluding the claims brought by the beneficiaries specified
26 in subdivision (a) of Section 7071.5, the aggregate liability of a
27 surety on claims brought against a bond required by this section
28 shall not exceed the sum of seven thousand five hundred dollars
29 (\$7,500). The bond proceeds in excess of seven thousand five
30 hundred dollars (\$7,500) shall be reserved exclusively for the
31 claims of the beneficiaries specified in subdivision (a) of Section
32 7071.5. However, nothing in this section shall be construed so as
33 to prevent any beneficiary specified in subdivision (a) of Section
34 7071.5 from claiming or recovering the full measure of the bond
35 required by this section.

36 (c) No bond shall be required of a holder of a license that has
37 been inactivated on the official records of the board during the
38 period the license is inactive.

39 (d) Notwithstanding any other ~~provision~~ of law, as a condition
40 precedent to licensure, the board may require an applicant to post

1 a contractor's bond in twice the amount required pursuant to
2 subdivision (a) until the time that the license is renewed, under the
3 following conditions:

4 (1) The applicant has either been convicted of a violation of
5 Section 7028 or has been cited pursuant to Section 7028.7.

6 (2) If the applicant has been cited pursuant to Section 7028.7,
7 the citation has been reduced to a final order of the registrar.

8 (3) The violation of Section 7028, or the basis for the citation
9 issued pursuant to Section 7028.7, constituted a substantial injury
10 to the public.