

AMENDED IN ASSEMBLY JULY 1, 2015

AMENDED IN SENATE APRIL 21, 2015

SENATE BILL

No. 465

Introduced by Senator Hill

February 25, 2015

An act to amend Sections ~~7000.5, 7011, and 7071.6 of, and to repeal Section 7067.5 of, 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' State License Board: licensees: bond requirement. 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 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.

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.

~~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 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.*

1 (2) *The conviction of the licensee for any other crime that is*
2 *substantially related to the qualifications, functions, and duties of*
3 *a licensed contractor.*

4 (3) *Any civil action settlement or administrative action resulting*
5 *in a settlement against the licensee in any action involving fraud,*
6 *deceit, misrepresentation, breach or violation of contract,*
7 *negligence, incompetence, or recklessness by the licensee in the*
8 *practice of contracting, if the amount or value of the settlement is*
9 *fifty thousand dollars (\$50,000) or greater.*

10 (4) *A binding arbitration award or administrative action*
11 *resulting in a binding arbitration award against the licensee in*
12 *any action involving fraud, deceit, misrepresentation, breach or*
13 *violation of contract, negligence, incompetence, or recklessness*
14 *by the licensee in the practice of contracting, if the amount or*
15 *value of the settlement is twenty-five thousand dollars (\$25,000)*
16 *or greater.*

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

19 (c) *For the purposes of this section, “conviction” means a plea*
20 *or verdict of guilty in a criminal proceeding, or a conviction*
21 *following a plea of nolo contendere.*

22 (d) *This section shall become operative only if the Legislature*
23 *appropriates moneys from the Contractors’ License Fund for the*
24 *purposes of this section and grants sufficient hiring authority to*
25 *the board.*

26 SEC. 2. *Section 7071.20 is added to the Business and*
27 *Professions Code, to read:*

28 7071.20. (a) *Within 30 days of payment of all or any portion*
29 *of a civil action settlement or arbitration award against a licensee,*
30 *as described in Section 7017.18, the insurer providing professional*
31 *liability insurance to the licensee shall report to the registrar the*
32 *name of the licensee, the amount of value of the settlement or*
33 *binding arbitration award, the amount paid, and the identity of*
34 *the payee.*

35 (b) *Within 30 days of payment of all or any portion of a civil*
36 *action settlement or arbitration award against a licensee, as*
37 *described in Section 7017.18, a state or local government agency*
38 *that self-insures shall report to the registrar the name of the*
39 *licensee, the amount of value of the settlement or binding*
40 *arbitration award, the amount paid, and the identity of the payee.*

1 (c) *This section shall become operative only if the Legislature*
2 *appropriates moneys from the Contractors' License Fund for the*
3 *purposes of this section and grants sufficient hiring authority to*
4 *the board.*

5 SEC. 3. *Section 7124.6 of the Business and Professions Code*
6 *is amended to read:*

7 7124.6. (a) The registrar shall make available to members of
8 the public the date, nature, and status of all complaints on file
9 against a licensee that do either of the following:

10 (1) Have been referred for accusation.

11 (2) Have been referred for investigation after a determination
12 by board enforcement staff that a probable violation has occurred,
13 and have been reviewed by a supervisor, and regard allegations
14 that if proven would present a risk of harm to the public and would
15 be appropriate for suspension or revocation of the contractor's
16 license or criminal prosecution.

17 (b) The board shall create a disclaimer that shall accompany
18 the disclosure of a complaint that shall state that the complaint is
19 an allegation. The disclaimer may also contain any other
20 information the board determines would be relevant to a person
21 evaluating the complaint.

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

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

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

28 (1) Citations shall be disclosed from the date of issuance and
29 for five years after the date of compliance if no additional
30 disciplinary actions have been filed against the licensee during the
31 five-year period. If additional disciplinary actions were filed against
32 the licensee during the five-year period, all disciplinary actions
33 shall be disclosed for as long as the most recent disciplinary action
34 is subject to disclosure under this section. At the end of the
35 specified time period, those citations shall no longer be disclosed.

36 (2) Accusations that result in suspension, stayed suspension, or
37 stayed revocation of the contractor's license shall be disclosed
38 from the date the accusation is filed and for seven years after the
39 accusation has been settled, including the terms and conditions of
40 probation if no additional disciplinary actions have been filed

1 against the licensee during the seven-year period. If additional
2 disciplinary actions were filed against the licensee during the
3 seven-year period, all disciplinary actions shall be posted for as
4 long as the most recent disciplinary action is subject to disclosure
5 under this section. At the end of the specified time period, those
6 accusations shall no longer be disclosed.

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

9 (f) *The registrar shall make available to the public all civil
10 action settlements, binding arbitration awards, and administrative
11 actions reported to it pursuant to Section 7071.18.*

12 ~~SECTION 1. Section 7000.5 of the Business and Professions
13 Code is amended to read:~~

14 ~~7000.5. (a) There is in the Department of Consumer Affairs
15 a Contractors' State License Board, which consists of 15 members.~~

16 ~~(b) Notwithstanding any other provision of law, the repeal of
17 this section renders the board subject to review by the appropriate
18 policy committees of the Legislature.~~

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

22 ~~SEC. 2. Section 7011 of the Business and Professions Code is
23 amended to read:~~

24 ~~7011. (a) The board, by and with the approval of the director,
25 shall appoint a registrar of contractors and fix his or her
26 compensation.~~

27 ~~(b) The registrar shall be the executive officer and secretary of
28 the board and shall carry out all of the administrative duties as
29 provided in this chapter and as delegated to him or her by the
30 board.~~

31 ~~(c) For the purpose of administration of this chapter, there may
32 be appointed a deputy registrar, a chief reviewing and hearing
33 officer, and, subject to Section 159.5, other assistants and
34 subordinates as may be necessary.~~

35 ~~(d) Appointments shall be made in accordance with the
36 provisions of civil service laws.~~

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

1 ~~SEC. 3.— Section 7067.5 of the Business and Professions Code~~
2 ~~is repealed.~~

3 ~~SEC. 4.— Section 7071.6 of the Business and Professions Code~~
4 ~~is amended to read:~~

5 ~~7071.6. (a) The board shall require as a condition precedent~~
6 ~~to the issuance, reinstatement, reactivation, renewal, or continued~~
7 ~~maintenance of a license, that the applicant or licensee file or have~~
8 ~~on file a contractor’s bond in the sum of fifteen thousand dollars~~
9 ~~(\$15,000).~~

10 ~~(b) Excluding the claims brought by the beneficiaries specified~~
11 ~~in subdivision (a) of Section 7071.5, the aggregate liability of a~~
12 ~~surety on claims brought against a bond required by this section~~
13 ~~shall not exceed the sum of seven thousand five hundred dollars~~
14 ~~(\$7,500). The bond proceeds in excess of seven thousand five~~
15 ~~hundred dollars (\$7,500) shall be reserved exclusively for the~~
16 ~~claims of the beneficiaries specified in subdivision (a) of Section~~
17 ~~7071.5. However, nothing in this section shall be construed so as~~
18 ~~to prevent any beneficiary specified in subdivision (a) of Section~~
19 ~~7071.5 from claiming or recovering the full measure of the bond~~
20 ~~required by this section.~~

21 ~~(c) No bond shall be required of a holder of a license that has~~
22 ~~been inactivated on the official records of the board during the~~
23 ~~period the license is inactive.~~

24 ~~(d) Notwithstanding any other law, as a condition precedent to~~
25 ~~licensure, the board may require an applicant to post a contractor’s~~
26 ~~bond in twice the amount required pursuant to subdivision (a) until~~
27 ~~the time that the license is renewed, under the following conditions:~~

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

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

32 ~~(3) The violation of Section 7028, or the basis for the citation~~
33 ~~issued pursuant to Section 7028.7, constituted a substantial injury~~
34 ~~to the public.~~

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