

# CONTRACTORS STATE LICENSE BOARD

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*Protection of the public shall be the highest priority for Contractors State License Board in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.*

— Business and Professions Code § 7000.6

Created in 1929, the Contractors' State License Board (CSLB) licenses and regulates construction contractors, handles consumer complaints, and enforces existing laws pertaining to contractors. A consumer protection agency within the Department of Consumer Affairs (DCA), CSLB is authorized pursuant to the Contractors' State License Law (CSLL) and Business and Professions Code section 7000 et seq.; the Board's regulations are codified in Division 8, Title 16 of the California Code of Regulations (CCR). CSLB licenses almost 290,000 contractors in California.

CSLB licenses general engineering contractors (classified as "A"), general building contractors ("B"), and approximately 40 specialty contractor categories ("C"); in addition, the Board registers home improvement salespersons who market contractor services to consumers. The 15-member Board consists of one general engineering contractor, two general building contractors, two specialty contractors, one member from a labor organization representing building trades, one local building official, and eight public members (including one who represents a statewide senior citizen organization). Under Business and Professions Code section 7002(b), a representative of a labor organization is eligible to serve as a public member of CSLB. The Board currently maintains five committees: executive, enforcement, licensing, legislation, and public affairs.

On February 25, 2022, Governor Gavin Newsom [appointed](#) Alan Guy as a “B” general contractor member. Guy is currently Chief Executive Officer and President of Anvil Builders Inc, which he co-founded in 2010. He was previously a project manager at Webcor Builders Inc. His term expires in June 2026.

At this writing, there is currently one public member vacancy on the Board to be appointed by the Governor and two industry members.

## **HIGHLIGHTS**

### **CSLB Considers Proposed Rulemaking Relating to Solar BESS Installer Requirements**

At the November 29, 2021, CSLB [meeting](#), the Board considered whether to approve the [proposed regulatory text](#) to amend sections 810, 831, 832.10, and 832.46, Title 16 of the CCR and initiate the formal rulemaking process pursuant to the Administrative Procedure Act (APA). These amendments would limit the scope of C-46 licensees and require a Class C-10 licensee to install solar Battery Energy Storage Systems (BESS) in California.

The vote comes after the California Solar and Storage Association filed a petition for [writ of mandate and complaint](#) in the San Francisco Superior Court, alleging among other things that the CSLB failed to comply with the APA on July 27, 2021, when it voted to preclude C-46 licensees from installing BESS. [See [27:1 CRLR 118–119](#)]

According to the [staff memo](#) [Agenda Item D-1], CSLB began exploring the issue of the appropriate contractor license classification to install battery energy storage systems on October 28, 2016, when it heard dozens of hours of public testimony on the topic, and on March 21, 2019, it published an 81-page Energy Storage Systems [report](#). [24:2 CRLR 92–93] After additional hours of public participation and conflicts surrounding economic impacts and safety implications of

allowing C-46 licensees to install BESS, CSLB sought a qualified expert to review the appropriate classification to install BESS. The University of California, Berkeley was chosen to complete the [study](#), its conclusion being a strong recommendation “that the CSLB limit the scope of the C-46 to its original scope and preclude C-46 (no C10) license holders from installing BESS.”

At that point, the Board voted to adopt UC Berkeley’s recommendation at the July 2021 meeting. [*See* [27:1 CRLR 118–119](#)]

At the November meeting, CSLB Chair Susan Granzella reported that on November 22, she and Vice Chair Mary Teichert held a series of meetings with stakeholders from the electrical and solar industry to discuss the proposed regulatory language, which mirrors the language of the resolution the Board made in July. Granzella presented the Board with two options for consideration:

First, to have CSLB staff determine whether the proposed language requires an additional expert update regarding its workforce assumptions is needed and whether its proposed regulation is subject to California Environmental Quality Act (CEQA) review—and if so, to return to the Board with a recommendation on how to proceed, or if staff determines no update is needed and CEQA review is not needed, that the Registrar is authorized to initiate rulemaking with the language proposed. Second, to refer this matter to the Board’s legislative committee, direct staff to collect additional stakeholder input, and develop alternative regulatory language that may be acceptable to both the solar and electrical industry stakeholders.

Ms. Teichert moved that the Board adopt option two, reporting that based on the stakeholder meetings, she believes that with more time, it is possible to put together alternative regulatory language that may be acceptable to both solar and electrical industry stakeholders that would ensure safe BESS installation.

After lengthy discussion and public comment from a number of stakeholders, Mr. Mark renewed the motion for option 2, with the additional stipulation that should the solar and electrical stakeholders not come to an agreement by the Board's March 2022 meeting, it would proceed with APA rulemaking proceedings using the language proposed during CSLB's November 29, 2021 meeting at that time. The motion was unanimously approved.

At the Board's March 30, 2022 [meeting](#), after discussion and public comment, voted to direct staff to identify an expert within 30 days to consider BESS information received, to perform additional fact-finding as necessary, and to provide CSLB a report, within 30 days, of whether authorizing a C-46 Solar contractor to install BESS to a kWh threshold within 50 kWh or another appropriate range, supported by existing Title 24 codes, is prevalent among C-46 contractors in the construction business, and is consistent with ensuring public safety.

## **CSLB Proposes Amendments to SB 216 after Years of Ineffectively Enforcing Workers' Compensation Insurance Requirement**

At its January 26, 2022 [meeting](#), the CSLB Legislative Committee heard an update on [SB 216 \(Dodd\)](#), a Board-sponsored bill pertaining to workers' compensation. Staff reported that the bill has become a two-year bill and has moved off the inactive file to the Senate floor, and has since been voted over to the Assembly. As written, SB 216 would amend sections 7125 and 7125.4 of the Business and Professions Code to require concrete contractors holding a C-8 license, HVAC contractors holding a C-20 license, or tree service contractors holding a D-49 license to obtain and maintain workers' compensation insurance, even if that contractor has no employees. According to the staff memo (p. 99), 50 to 60% of contractors who currently claim the sole-member exemption do in fact hire employees, creating an unfair competitive disadvantage for law-abiding

contractors who are subject to higher business costs, and placing employees and the public at risk for workplace injuries. This bill aims to eliminate that problem.

At the January 26, 2022, Legislative Committee [meeting](#) (Agenda Item E), staff reported on three proposed amendments to SB 216 that the author is currently considering. The first is to have the insurance requirement take effect three years after SB 216 passes instead of in 2025, and only for license classifications that are not explicitly mentioned in the bill. The second proposed amendment would include asbestos abatement contractors holding a C-22 license to the list of contractors specifically required to have workers' compensation insurance on file, whether or not they hire employees. The third amendment would maintain an exemption for joint venture entities, so as not to require joint ventures to obtain an additional insurance policy when each of the individual members holds insurance policies through their pre-existing entities. Of note, staff reported that the third proposed amendment followed public comment, which raised concerns that unnecessary insurance requirements would arise as the bill was written. CSLB clarified that contractors who created joint venture entities for the purpose of securing larger project contracts would not be required to insure the joint venture so long as each of the contractors underlying the joint venture are individually insured. The projected fiscal impacts also require an update, as the licensing fees have increased in 2022.

In its staff memo, CSLB reported a conservative projection with an estimated five percent decline in licensee population when licensees who currently do not have a policy are required to obtain one. This would result in CSLB losing revenue of \$115,000 annually for three years and then roughly \$1,400,000 on an ongoing basis thereafter.

At this writing, amendments to the bill have not addressed CSLB's requests and is pending referral at the Assembly desk.

# RULEMAKING

The following is a status update on recent rulemaking proceedings that CSLB has initiated:

- **New Contractor Classification C-49, Tree and Palm Contractor:** On March 30, 2022, the Office of Administrative Law (OAL) [approved](#) CSLB’s C-49 – Tree and Palm contractor classification regulations and filed the action with the Secretary of State. On April 12, 2021, CSLB published [notice](#) of its intent to [amend](#) section 832 and adopt section 832.49, Title 16 of the CCR to add a new contractor classification, C-49, for contractors authorized to perform arboreal work. According to the [Initial Statement of Reasons](#), the Board has been considering establishing a new contractor classification since 2017, after reports of a substantial increase in tree maintenance related accidents, and the proposed regulations seek to address the health and safety issues relating to existing licensure for tree care work. [*See also* [23:2 CRLR 126–128](#); [24:1 CRLR 122–123](#); [24:2 CRLR 93](#); [25:1 CRLR 103–104](#)] This regulatory action becomes effective on January 1, 2024.

- **Checklist for Homeowners:** On November 22, 2021, OAL [approved](#) CSLB’s checklist for homeowners regulations as changes without regulatory effect pursuant to the requirements of the CCR, Title 1, section 100, and filed the action with the Secretary of State. The Board originally published notice of its intent to amend section 872.1 of the CCR on September 28, 2021. [[25:2 CRLR 73](#); [26:1 CRLR 88](#)] In CSLB’s [written statement of explanation](#) regarding changes without regulatory effect, the proposal would amend the “authority” citation by deleting “and 7159.3” because that statute was repealed. This regulatory action became effective on November 22, 2021.

# LEGISLATION

- [AB 1747 \(Quirk\)](#), as introduced on January 31, 2022, is a Board-sponsored bill that would amend sections 7099.2 and 7110 of the Business and Professions Code to provide that the list of violations that constitute cause for disciplinary action by the Board includes a willful or deliberate disregard of any state or local law relating to the issuance of building permits, and would authorize a civil penalty not to exceed \$30,000 for any violation included on that above-specified list. Writing in support of this bill, CSLB states that it will increase compliance with Title 24 clean energy and quality installation standards for HVAC equipment. This bill would create a generalized subdivision for permit violations and increase the fines for permit violations to \$30,000. *[A. Appr]*

- [AB 2105 \(Smith\)](#), as introduced on February 14, 2022, would amend section 7137.1 of the Business and Professions Code to require the Board to grant a 50% fee reduction for initial license to an applicant who provides satisfactory evidence that the applicant is a veteran who has served as an active duty member of the United States Armed Forces or the California National Guard and was honorably discharged. An applicant is deemed to provide satisfactory evidence of veteran status if they provide with their application a copy of a current and valid driver's license or identification card with the word "Veteran" printed on its face. According to the author, who is also the sponsor of the bill, "reducing initial CSLB licensing fees by 50% would help remove the financial barrier and ease the burden for veterans currently residing in California...[e]asing this financial barrier will bring skilled labor into California and help chip away at the growing issue of veteran homelessness in the state." At its March 30, 2022 [meeting](#), CSLB expressed its support of this bill, as it is consistent with CSLB's continued practice of

assisting past and present military personnel and their spouses/domestic partners with application and licensure documentation. *[A. Appr]*

- [AB 2894 \(Cooper\)](#), as introduced February 18, 2022, would add section 7128 to the Business and Professions Code, require the Board to require a licensee to inform the Board of their workers' compensation classification code, except as specified, and would require the Board to post that information on its website. Additionally, because violating these provisions would be a crime, the bill would impose a state-mandated local program. This section would not apply to an applicant or licensee exempt from the requirement as provided in subdivision (b) or (c) of section 7125 of the Business and Professions Code. According to the author, this bill "will protect workers by requiring contractors to provide information to CSLB to ensure employees are properly insured and will prevent unscrupulous contractors from purchasing less expensive coverage." The District Council of Iron Workers of California sponsored the bill. *[A. Ins]*

- [AB 2916 \(McCarty\)](#), as amended on March 24, 2022, would amend section 7124.6 of the Business and Professions Code to require the disclosure period for complaints resolved by a letter of admonishment to be either one year or two years, as specified. The determination regarding the one- or two-year disclosure would be made on the factors enumerated in subdivision (a) of section 7099.2 of the Business and Professions Code. According to the author, the purpose of this bill is to provide the public access to records of disciplinary actions taken by CSLB and incentivize businesses and contractors to comply with laws, regulations and correct violations more quickly. *[A. B&P]*