

ASSEMBLY BILL

No. 2456

Introduced by Assembly Member Nakanishi

February 23, 2006

An act to amend Section 7145.5 of the Business and Professions Code, relating to contractors.

LEGISLATIVE COUNSEL'S DIGEST

AB 2456, as introduced, Nakanishi. Contractors: licenses.

Under existing law, the Contractors' State License Board licenses and regulates contractors and authorizes the registrar of the board to suspend a license for failure of the licensee to resolve outstanding final liabilities.

This bill would prohibit personnel of a suspended license from serving as certain types of personnel for another licensee. The bill would also suspend a licensee's license if he or she employs any personnel of record that have been assessed an outstanding liability, until the debt has been satisfied or the personnel of record disassociate themselves from the licensee. Because a violation of this bill's provisions would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7145.5 of the Business and Professions
 2 Code is amended to read:
 3 7145.5. (a) The registrar may refuse to issue, reinstate,
 4 reactivate, or renew a license or may suspend a license for the
 5 failure of a licensee to resolve all outstanding final liabilities,
 6 which include taxes, additions to tax, penalties, interest and any
 7 fees that may be assessed by the board, the Department of
 8 Industrial Relations, the Employment Development Department,
 9 or the Franchise Tax Board. ~~The~~
 10 *(1) The qualifying person and any other personnel of a*
 11 *licensee whose license has been suspended under this section*
 12 *shall be prohibited from serving as an officer, director,*
 13 *associate, partner, owner, qualifying individual, or other*
 14 *personnel of record for another licensee.*
 15 *(2) The license of any other renewable licensed entity with any*
 16 *of the same personnel of record that have been assessed an*
 17 *outstanding liability covered by this section shall be suspended*
 18 *until the debt has been satisfied or until the same personnel of*
 19 *record disassociate themselves from the renewable licensed*
 20 *entity.*
 21 *(b) The refusal to issue a license or the suspension of a license*
 22 *as provided by this section shall be applicable only if the*
 23 *registrar has mailed a notice preliminary to the refusal or*
 24 *suspension which that indicates that the license will be refused or*
 25 *suspended by a date certain. This preliminary notice shall be*
 26 *mailed to the licensee at least 60 days before the date certain.*
 27 ~~(b)~~
 28 *(c) In the case of outstanding final liabilities assessed by the*
 29 *Franchise Tax Board, this section shall be operative within 60*
 30 *days after the Contractor’s State Licensing Board has provided*
 31 *the Franchise Tax Board with the information required under*
 32 *Section 30, relating to licensing information which includes the*
 33 *federal employee identification number or social security*
 34 *number.*
 35 ~~(e)~~
 36 *(d) All versions of the application for contractor’s licenses*
 37 *shall include, as part of the application, an authorization by the*
 38 *applicant, in the form and manner mutually agreeable to the*

1 Franchise Tax Board and the board, for the Franchise Tax Board
2 to disclose the tax information that is required for the registrar to
3 administer this section. The Franchise Tax Board may from time
4 to time audit these authorizations.

5 SEC. 2. No reimbursement is required by this act pursuant to
6 Section 6 of Article XIII B of the California Constitution because
7 the only costs that may be incurred by a local agency or school
8 district will be incurred because this act creates a new crime or
9 infraction, eliminates a crime or infraction, or changes the
10 penalty for a crime or infraction, within the meaning of Section
11 17556 of the Government Code, or changes the definition of a
12 crime within the meaning of Section 6 of Article XIII B of the
13 California Constitution.

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