

AMENDED IN ASSEMBLY MARCH 27, 2006

CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2456**

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**Introduced by Assembly Member Nakanishi**

February 23, 2006

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

LEGISLATIVE COUNSEL'S DIGEST

AB 2456, as amended, 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~~no.

*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.

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, associate,  
13 partner, owner, qualifying individual, or other personnel of  
14 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 registrar  
23 has mailed a notice preliminary to the refusal or suspension that  
24 indicates that the license will be refused or suspended by a date  
25 certain. This preliminary notice shall be mailed to the licensee at  
26 least 60 days before the date certain.

27 (c) In the case of outstanding final liabilities assessed by the  
28 Franchise Tax Board, this section shall be operative within 60  
29 days after the Contractor’s State Licensing Board has provided  
30 the Franchise Tax Board with the information required under  
31 Section 30, relating to licensing information which includes the  
32 federal employee identification number or social security  
33 number.

34 (d) All versions of the application for contractor’s licenses  
35 shall include, as part of the application, an authorization by the

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

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