

**Assembly Bill No. 2456**

CHAPTER 122

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

[Approved by Governor July 24, 2006. Filed with  
Secretary of State July 24, 2006.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2456, 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 a qualifying person and personnel of record of a licensee whose license has been suspended for this purpose from serving in any capacity that is subject to licensure under the Contractors' State License Law other than a nonsupervising bona fide employee, until the covered debts are satisfied. The bill would also provide for suspension of 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.

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

SECTION 1. Section 7145.5 of the Business and Professions Code is amended to read:

7145.5. (a) The registrar may refuse to issue, reinstate, reactivate, or renew a license or may suspend a license for the failure of a licensee to resolve all outstanding final liabilities, which include taxes, additions to tax, penalties, interest and any fees that may be assessed by the board, the Department of Industrial Relations, the Employment Development Department, or the Franchise Tax Board.

(1) Until the debts covered by this section are satisfied, the qualifying person and any other personnel of record named on a license that has been suspended under this section shall be prohibited from serving in any capacity that is subject to licensure under this chapter, but shall be permitted to act in the capacity of a nonsupervising bona fide employee.

(2) The license of any other renewable licensed entity with any of the same personnel of record that have been assessed an outstanding liability covered by this section shall be suspended until the debt has been satisfied or until the same personnel of record disassociate themselves from the renewable licensed entity.

(b) The refusal to issue a license or the suspension of a license as provided by this section shall be applicable only if the registrar has mailed a notice preliminary to the refusal or suspension that indicates that the license will be refused or suspended by a date certain. This preliminary notice shall be mailed to the licensee at least 60 days before the date certain.

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

(d) All versions of the application for contractor's licenses shall include, as part of the application, an authorization by the applicant, in the form and manner mutually agreeable to the Franchise Tax Board and the board, for the Franchise Tax Board to disclose the tax information that is required for the registrar to administer this section. The Franchise Tax Board may from time to time audit these authorizations.