

AMENDED IN ASSEMBLY JULY 1, 1995

AMENDED IN ASSEMBLY JUNE 7, 1995

**SENATE BILL**

**No. 1061**

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**Introduced by Senator Mountjoy**

February 24, 1995

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An act to amend Sections 7028, 7030, 7040, 7058.6, 7096, 7097, 7098, 7102, 7117.5, and 7125 of, to add Sections 7071.17 and 7076.2 to, to repeal Section 7109.2 of, and to repeal and add Sections 7071.6, 7076, 7125.1, and 7125.2 of, the Business and Professions Code, relating to contractors.

LEGISLATIVE COUNSEL'S DIGEST

SB 1061, as amended, Mountjoy. Contractors.

Existing law provides that an indictment for a violation of engaging in the business of a contractor with respect to work done while not having a license therefor shall be found as an information or complaint filed within 3 years from the date of completion of the work.

This bill would, instead, provide for the indictment, or an information or complaint to be filed within 3 years from the date of the contract, or completion or abandonment of the work, whichever occurs last.

Existing law requires a statement to appear on all written contracts of prime contractors.

This bill would revise that statement as respects the time period for filing of complaints, as specified.

Existing law exempts from licensure under the Contractors' State License Law certain governmental employees, as specified.

This bill would specify that the exception applies when the entity is acting within the scope of its official capacity.

Existing law provides that a contractor is not required to be certified by the Contractors' State License Board nor registered with the Division of Occupational Safety and Health of the Department of Industrial Relations, if bidding on an asbestos project, if the work is done by a properly certified and registered contractor, as specified.

This bill would conform other related provisions of law to the above. It would require the board to obtain and periodically update a list of contractors certified to engage in asbestos-related work, as specified.

The bill would revise bond requirements applicable to contractors' bonds and judgment bonds, and would set forth those requirements in separate sections.

The bill would provide that acting in the capacity of a contractor under an expired license is cause for discipline.

The bill would revise provisions relating to the continuation of a corporate license upon merger or dissolution.

The bill would revise provisions relating to the cancellation of a license to provide, among other things, for the cancellation of a corporate license that has been suspended by the Secretary of State.

The bill would make various technical and clarifying changes.

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 7028 of the Business and
- 2 Professions Code is amended to read:
- 3 7028. (a) It is a misdemeanor for any person to
- 4 engage in the business or act in the capacity of a
- 5 contractor within this state without having a license
- 6 therefor, unless such person is particularly exempted
- 7 from the provisions of this chapter.



1 (b) If such a person has been previously convicted of  
2 the offense described in this section, the court shall  
3 impose a fine of 20 percent of the price of the contract  
4 under which the unlicensed person performed  
5 contracting work, or four thousand five hundred dollars  
6 (\$4,500), whichever is greater, or imprisonment in the  
7 county jail for not less than 10 days nor more than six  
8 months, or both.

9 (c) In the event the person performing the  
10 contracting work has agreed to furnish materials and  
11 labor on an hourly basis, “the price of the contract” for the  
12 purposes of this section means the aggregate sum of the  
13 cost of materials and labor furnished and the cost of  
14 completing the work to be performed.

15 (d) Notwithstanding any other provision of law to the  
16 contrary, an indictment for any violation of this section by  
17 the unlicensed contractor shall be found or an  
18 information or complaint filed within three years from  
19 the date of the contract, completion, or abandonment of  
20 the work, whichever occurs last.

21 SEC. 1.5. Section 7030 of the Business and Professions  
22 Code is amended to read:

23 7030. (a) Every person licensed pursuant to this  
24 chapter shall include the following statement in at least  
25 10-point type on all written contracts with respect to  
26 which the person is a prime contractor:

27 “Contractors are required by law to be licensed and  
28 regulated by the Contractors’ State License Board which  
29 has jurisdiction to investigate complaints against  
30 contractors if a complaint *regarding a patent act or*  
31 *omission* is filed within four years of the date of the  
32 alleged violation. *A complaint regarding a latent act or*  
33 *omission pertaining to structural defects must be filed*  
34 *within 10 years of the date of the alleged violation.* Any  
35 questions concerning a contractor may be referred to the  
36 Registrar, Contractors’ State License Board, P.O. Box  
37 26000, Sacramento, California 95826.”

38 (b) (1) A contractor, who has been disciplined two or  
39 more times within a 10-year period, shall disclose either  
40 in capital letters in 10-point roman boldface type or in



1 contrasting red print in at least 8-point roman boldface  
2 type, in a document provided prior to entering into a  
3 contract to perform work on residential property with  
4 four or fewer units, any citation, license suspension, or  
5 license revocation during the last four years resulting  
6 from any violation of any provisions of this chapter by the  
7 contractor, or any complaint or legal action relating to  
8 conduct regulated under this chapter that resulted in an  
9 unfavorable judgment against the contractor.

10 (2) A contractor shall provide in a document provided  
11 prior to entering into a contract to perform work on  
12 residential property with four or fewer units, the  
13 following notice:

14  
15 “STATE LAW REQUIRES ANYONE WHO  
16 CONTRACTS TO DO CONSTRUCTION WORK TO BE  
17 LICENSED BY THE CONTRACTORS’ STATE  
18 LICENSE BOARD IN THE LICENSE CATEGORY IN  
19 WHICH THE CONTRACTOR IS GOING TO BE  
20 WORKING—IF THE TOTAL PRICE OF THE JOB IS  
21 \$300 OR MORE (INCLUDING LABOR AND  
22 MATERIALS).

23  
24 LICENSED CONTRACTORS ARE REGULATED BY  
25 LAWS DESIGNED TO PROTECT THE PUBLIC. IF  
26 YOU CONTRACT WITH SOMEONE WHO DOES NOT  
27 HAVE A LICENSE, THE CONTRACTORS’ STATE  
28 LICENSE BOARD MAY BE UNABLE TO ASSIST YOU  
29 WITH A COMPLAINT. YOUR ONLY REMEDY  
30 AGAINST AN UNLICENSED CONTRACTOR MAY BE  
31 IN CIVIL COURT, AND YOU MAY BE LIABLE FOR  
32 DAMAGES ARISING OUT OF ANY INJURIES TO THE  
33 CONTRACTOR OR HIS OR HER EMPLOYEES.

34  
35 YOU MAY CONTACT THE CONTRACTORS’ STATE  
36 LICENSE BOARD TO FIND OUT IF THIS  
37 CONTRACTOR HAS A VALID LICENSE. THE  
38 BOARD HAS COMPLETE INFORMATION ON THE  
39 HISTORY OF LICENSED CONTRACTORS,  
40 INCLUDING ANY POSSIBLE SUSPENSIONS,



1 REVOCATIONS, JUDGMENTS, AND CITATIONS.  
2 THE BOARD HAS OFFICES THROUGHOUT  
3 CALIFORNIA. PLEASE CHECK THE GOVERNMENT  
4 PAGES OF THE WHITE PAGES FOR THE OFFICE  
5 NEAREST YOU OR CALL 1-800-321-CSLB FOR MORE  
6 INFORMATION.”

7

8 This notice shall be set out either in capital letters in  
9 10-point roman boldface type or in contrasting red print  
10 in at least 8-point roman boldface type.

11 (3) A contractor shall provide the disclosure and  
12 notice required by this subdivision to any person with  
13 whom he or she is contracting to perform work on  
14 residential property with four or fewer units. The  
15 disclosure and notice may be provided in a bid, estimate,  
16 or other document prior to entering into a contract.

17 (4) A violation of this subdivision is subject to the  
18 following penalties:

19 (A) A first violation shall be subject to a penalty of one  
20 thousand dollars (\$1,000).

21 (B) A second violation shall be subject to a penalty of  
22 two thousand five hundred dollars (\$2,500).

23 (C) A third violation shall be subject to a penalty of  
24 five thousand dollars (\$5,000) and a one-year suspension  
25 of license.

26 (D) A fourth violation shall be subject to revocation of  
27 license.

28 (5) For purposes of this subdivision, “discipline”  
29 means a decision of the registrar resulting in the  
30 suspension or revocation of a license pursuant to an  
31 accusation whether or not the discipline has been stayed,  
32 or a citation issued pursuant to Section 7099 which has  
33 become a final order of the registrar.

34 SEC. 2. Section 7040 of the Business and Professions  
35 Code is amended to read:

36 7040. (a) This chapter does not apply to an  
37 authorized representative of the United States  
38 government, the State of California, or any incorporated  
39 town, city, county, irrigation district, reclamation district  
40 or other municipal or political corporation or subdivision



1 of this state when the entity or its representative is acting  
2 within the scope of the entity's or representative's official  
3 capacity.

4 (b) Nothing in this section authorizes the entity or it's  
5 authorized representative thereof either to enter into or  
6 authorize a contract with an unlicensed contractor for  
7 work which is required by this chapter to be performed  
8 by a licensed contractor.

9 SEC. 3. Section 7058.6 of the Business and Professions  
10 Code is amended to read:

11 7058.6. (a) The board shall not issue an asbestos  
12 certification, as required by Section 7058.5, unless the  
13 contractor is registered with the Division of Occupational  
14 Safety and Health of the Department of Industrial  
15 Relations pursuant to Section 6501.5 of the Labor Code.  
16 The board may issue an asbestos certification to a  
17 contractor who is not registered, provided the contractor  
18 in a written statement acknowledges that he or she does  
19 not perform asbestos-related work. The board shall notify  
20 both the division and the contractor, in writing, of the  
21 contractor's passage of the certification examination, for  
22 the purpose of allowing the contractor to satisfy the  
23 requirement of paragraph (1) of subdivision (a) of  
24 Section 6501.5 of the Labor Code. The contractor shall  
25 register with the division within 90 days from the date the  
26 contractor is notified of the passage of the certification  
27 examination. The board may require a reexamination if  
28 the contractor fails to register within 90 days following  
29 issuance of the notification. Applicable test fees shall be  
30 paid for any reexamination required under this section.

31 (b) Any contractor who is certified to engage in  
32 asbestos-related work shall present proof of current  
33 registration with the division pursuant to Section 6501.5  
34 of the Labor Code upon application for renewal of his or  
35 her license, if the contractor engages in asbestos-related  
36 work, as defined in Section 6501.8 of the Labor Code.

37 (c) A contractor who is not certified pursuant to this  
38 section may bid on and contract to perform a project  
39 involving asbestos-related work as long as the  
40 asbestos-related work is performed by a contractor who



1 is certified and registered pursuant to this section and  
2 Section 6501.5 of the Labor Code.

3 (d) The board shall obtain and periodically update the  
4 list of contractors certified to engage in asbestos-related  
5 work who are registered pursuant to Section 6501.5 of the  
6 Labor Code.

7 This section shall become operative on July 1, 1989.

8 SEC. 4. Section 7071.6 of the Business and Professions  
9 Code is repealed.

10 SEC. 5. Section 7071.6 is added to the Business and  
11 Professions Code, to read:

12 7071.6. (a) Except as provided in Section 7071.8 and  
13 subdivision (b), the board shall require as a condition  
14 precedent to the issuance, reinstatement, reactivation,  
15 renewal, or continued maintenance of a license, that the  
16 applicant or licensee file or have on file a contractor's  
17 bond in the sum of seven thousand five hundred dollars  
18 (\$7,500).

19 (b) Notwithstanding subdivision (a), the board shall  
20 require as a condition precedent to the issuance,  
21 reinstatement, reactivation, renewal, or continued  
22 maintenance of a license for the license classification of  
23 swimming pool contractor, that the applicant or licensee  
24 file or have on file a contractor's bond in the sum of ten  
25 thousand dollars (\$10,000).

26 (c) No bond shall be required of a holder of a license  
27 that has been inactivated on the official records of the  
28 board during the period the license is inactive.

29 (d) Notwithstanding any other provision of law, as a  
30 condition precedent to licensure, the board may require  
31 an applicant to post a contractor's bond in twice the  
32 amount required pursuant to subdivision (a) until the  
33 time that the license is renewed, under the following  
34 conditions:

35 (1) The applicant has either been convicted of a  
36 violation of Section 7028 or has been cited pursuant to  
37 Section 7028.7.

38 (2) If the applicant has been cited pursuant to Section  
39 7028.7, the citation has been reduced to a final order of the  
40 registrar.



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

4 SEC. 6. Section 7071.17 is added to the Business and  
5 Professions Code, to read:

6 7071.17. (a) Notwithstanding any other provision of  
7 law, the board shall require, as a condition precedent to  
8 accepting an application for licensure, renewal,  
9 reinstatement, or to change officers or other personnel of  
10 record, that an applicant, previously found to have failed  
11 or refused to pay a contractor, subcontractor, consumer,  
12 materials supplier, or employee based on an entered and  
13 unsatisfied final judgment from a court of law, file or have  
14 on file with the board a judgment bond sufficient to  
15 guarantee payment of an amount equal to the unsatisfied  
16 final judgment or judgments. The applicant shall have 90  
17 days from the date of notification by the board to file the  
18 bond or the application shall become void and the  
19 applicant shall reapply for issuance, reinstatement, or  
20 reactivation of a license. The board may not issue,  
21 reinstate, or reactivate a license until the judgment bond  
22 is filed with the board. The judgment bond is in addition  
23 to the contractor's bond. The bond shall be on file for a  
24 minimum of one year, after which the bond may be  
25 removed by submitting proof of satisfaction of all debts.  
26 The applicant may provide the board with a notarized  
27 copy of any accord, reached with any individual holding  
28 an unsatisfied final judgment, to satisfy a debt in lieu of  
29 filing the bond. The board shall include on the license  
30 application for issuance, reinstatement, or reactivation, a  
31 statement, to be made under penalty of perjury, as to  
32 whether there are any entered and unsatisfied judgments  
33 against the applicant on behalf of contractors,  
34 subcontractors, consumers, materials suppliers, or the  
35 applicant's employees. Notwithstanding any other  
36 provision of law, if it is found that the applicant falsified  
37 the statement then the license will be retroactively  
38 suspended to the date of issuance and the license will stay  
39 suspended until the judgment bond, satisfaction of  
40 judgment, or notarized copy of an accord reached with



1 any individual holding an unsatisfied final judgment is  
2 filed.

3 (b) Notwithstanding any other provision of law, the  
4 licensee shall notify the registrar in writing of any entered  
5 and unsatisfied judgments within 90 days from the date  
6 of judgment. If the licensee fails to notify the registrar in  
7 writing within 90 days, the license shall be automatically  
8 suspended on the date that the registrar is informed, or  
9 is made aware of the unsatisfied judgment. The  
10 suspension shall not be removed until proof of satisfaction  
11 of judgment, or in lieu thereof, a notarized copy of an  
12 accord is submitted to the registrar. If the licensee notifies  
13 the registrar in writing within 90 days of the date of  
14 judgment of any entered and unsatisfied judgments, the  
15 board shall require as a condition to the continual  
16 maintenance of the license that the licensee file or have  
17 on file with the board a judgment bond sufficient to  
18 guarantee payment of an amount equal to the unsatisfied  
19 judgment or judgments. The licensee has 90 days from  
20 date of notification by the board to file the bond or at the  
21 end of the 90 days the license shall be automatically  
22 suspended. The licensee may provide the board with a  
23 notarized copy of any accord, reached with any individual  
24 holding an unsatisfied final judgment, to satisfy a debt in  
25 lieu of filing the bond.

26 (c) By operation of law, failure to maintain the bond  
27 or failure to abide by the accord shall result in the  
28 automatic suspension of any license to which this section  
29 applies.

30 (d) A license that is suspended for failure to file the  
31 bond, maintain the bond, or abide by the accord, can only  
32 be reinstated when proof of satisfaction of all debts is  
33 made, or when a notarized copy of an accord, reached  
34 with any individual holding an unsatisfied final judgment,  
35 has been filed.

36 (e) This section applies only with respect to an  
37 unsatisfied judgment that is substantially related to the  
38 construction activities of a licensee licensed under this  
39 chapter, or to the qualifications, functions, or duties of the  
40 license being applied for.



1 (f) This section shall not apply to an applicant or  
2 licensee when a bankruptcy proceeding has been filed.

3 (g) Except as otherwise provided, the judgment bond  
4 shall remain in full force in the amount posted until the  
5 entire debt is satisfied. If, at the time of renewal, the  
6 licensee submits proof of partial satisfaction of the  
7 outstanding final judgment, the board may authorize the  
8 judgment bond be reduced to the amount of the  
9 unsatisfied portion of the outstanding judgment. When  
10 the licensee submits proof of satisfaction of all debts, the  
11 judgment bond requirement may be removed.

12 (h) The board shall take the actions required by this  
13 section upon notification by any party having knowledge  
14 of the outstanding judgment upon a showing of proof of  
15 the judgment.

16 (i) For the purposes of this section, the term  
17 “judgment” includes any final arbitration award.

18 (j) The qualifying person and any member of the  
19 licensee or personnel of the licensee named as a judgment  
20 debtor in an unsatisfied final judgment from a court of law  
21 shall be automatically prohibited from serving as an  
22 officer, director, associate, partner, owner, qualifying  
23 individual, or other personnel of record of another  
24 licensee. The suspension of a license under this section  
25 shall constitute a disassociation of the qualifying  
26 individual pursuant to Section 7068.2, or license  
27 cancellation pursuant to Section 7076, as applicable. The  
28 date of suspension shall constitute the date of  
29 disassociation of the qualifying individual for the purpose  
30 of Section 7068.2 or license cancellation for the purpose  
31 of Section 7076. Except in the case of a qualifying partner,  
32 any qualifier disassociated pursuant to this section shall be  
33 replaced within 90 days of the date of disassociation.  
34 Failure to replace the qualifier within 90 days of the  
35 disassociation shall result in the automatic suspension of  
36 the license or removal of the qualifier’s classification.

37 (k) For purposes of this section, a cash deposit may be  
38 submitted in lieu of the judgment bond.

39 SEC. 7. Section 7076 of the Business and Professions  
40 Code is repealed.



1 SEC. 8. Section 7076 is added to the Business and  
2 Professions Code, to read:

3 7076. (a) An individual license shall be canceled  
4 upon the death of a person licensed as an individual. An  
5 immediate member of the family of the deceased licensee  
6 may request a continuance of the license to complete  
7 projects in progress and undertake new work for a  
8 reasonable amount of time to be determined by rules of  
9 the board. The request for a continuance must be made  
10 in writing and received at the board's headquarters office  
11 within 90 days after the death. Approval of the  
12 continuance of an individual license may be contingent  
13 upon meeting the bond requirements of Sections 7071.5  
14 and 7071.6 within 90 days of notification by the board of  
15 that requirement. The immediate member of the family  
16 must apply for and obtain his or her own license to  
17 continue contracting after the continuance expires.

18 (b) A partnership license shall be canceled upon the  
19 death of a general partner. The remaining partner or  
20 partners shall notify the registrar in writing within 90 days  
21 of the death of a general partner. Failure to notify the  
22 registrar within 90 days of the death is grounds for  
23 disciplinary action.

24 The remaining general partner or partners may  
25 request a continuance of the license to complete projects  
26 in progress and undertake new work for a reasonable  
27 amount of time to be determined by rules of the board.  
28 The request for a continuance must be made in writing  
29 and received at the board's headquarters office within 90  
30 days after the death. The remaining general partner or  
31 partners must apply for and obtain a new license to  
32 continue contracting after the continuance expires.

33 (c) A partnership license shall be canceled upon the  
34 disassociation of a general partner or upon the dissolution  
35 of the partnership. The disassociating partner or the  
36 remaining partner or partners shall notify the registrar in  
37 writing within 90 days of the disassociation of a general  
38 partner or dissolution of the partnership. Failure to notify  
39 the registrar of the disassociation or dissolution within 90  
40 days shall cause the license to be canceled effective the



1 date the written notification is received at the board's  
2 headquarters office. Failure to notify the registrar within  
3 90 days of the disassociation or dissolution is grounds for  
4 disciplinary action. The remaining general partner or  
5 partners may request a continuance of the license to  
6 complete projects contracted for or in progress prior to  
7 the date of disassociation or dissolution for a reasonable  
8 length of time to be determined by rules of the board. The  
9 request for a continuance must be made in writing and  
10 received at the board's headquarters office within 90 days  
11 after the disassociation or dissolution. The remaining  
12 general partner or partners must apply for and obtain a  
13 new license to undertake new work and to continue  
14 contracting after the continuance expires.

15 (d) The general partner or partners shall notify the  
16 registrar in writing within 90 days of the death of a limited  
17 partner. Failure to notify the registrar within 90 days of  
18 the death is grounds for disciplinary action.

19 The death of a limited partner will not affect the  
20 partnership license unless the partnership license has  
21 only one limited partner. In this case, the license will be  
22 canceled upon the death of the limited partner unless a  
23 new limited partner is added to the license within 90 days  
24 of the death.

25 If the license is canceled, the remaining general  
26 partner or partners may request a continuance of the  
27 license to complete projects in progress and to undertake  
28 new work for a reasonable amount of time to be  
29 determined by rules of the board. The request for a  
30 continuance must be made in writing and received at the  
31 board's headquarters office within 90 days after the death.  
32 The remaining general partner or partners must apply  
33 for and obtain a new license to continue contracting after  
34 the continuance expires.

35 (e) The general partner or partners shall notify the  
36 registrar in writing within 90 days of the disassociation of  
37 a limited partner. Failure to notify the registrar of the  
38 disassociation, within 90 days, shall cause the  
39 disassociation to be effective the date the written  
40 notification is received at the board's headquarters office.



1 Failure to notify the registrar within 90 days of the  
2 disassociation is grounds for disciplinary action.

3 The disassociation of a limited partner will not affect  
4 the partnership license unless the partnership license has  
5 only one limited partner. In this case, the license will be  
6 canceled upon the disassociation of the limited partner  
7 unless a new limited partner is added to the license within  
8 90 days of the disassociation. If the license is canceled, the  
9 remaining general partner or partners may request a  
10 continuance of the license to complete projects  
11 contracted for or in progress prior to the date of  
12 disassociation for a reasonable amount of time to be  
13 determined by rules of the board. The request for a  
14 continuance must be made in writing and received at the  
15 board's headquarters office within 90 days after the death.  
16 The remaining general partner or partners must apply  
17 for and obtain a new license to undertake new work and  
18 to continue contracting after the continuance expires.

19 (f) A joint venture license shall be canceled upon the  
20 cancellation, revocation, or disassociation of any of its  
21 entity licenses or upon the dissolution of the joint venture.  
22 The registrar shall be notified in writing within 90 days of  
23 the disassociation of a joint venture entity or dissolution  
24 of the joint venture. Failure to notify the registrar of the  
25 disassociation or dissolution within 90 days shall cause the  
26 license to be canceled effective the date the written  
27 notification is received at the board's headquarters office.  
28 Failure to notify the registrar within 90 days of the  
29 disassociation or dissolution is grounds for disciplinary  
30 action.

31 Any remaining entity or entities may request a  
32 continuance of the license to complete projects  
33 contracted for or in progress prior to the date of  
34 disassociation or dissolution for a reasonable amount of  
35 time to be determined by rules of the board. The request  
36 for a continuance must be made in writing and received  
37 at the board's headquarters office within 90 days of the  
38 disassociation or dissolution. The remaining entity or  
39 entities must apply for and obtain a new license to



1 undertake new work and to continue contracting after  
2 the continuance expires.

3 (g) Any individual, partnership, or joint venture  
4 license continued in accordance with this section is  
5 subject to all other provisions of this chapter.

6 (h) A corporation license shall be canceled upon the  
7 corporation's dissolution, merger, or surrender of its right  
8 to do business in this state. The corporation shall notify  
9 the registrar in writing within 90 days of the dissolution,  
10 merger, or surrender. Failure to notify the registrar of the  
11 dissolution, merger, or surrender within 90 days shall  
12 cause the license to be canceled effective the date written  
13 notification is received at the board's headquarters office.  
14 If the corporation fails to notify the board of the  
15 dissolution, merger, or surrender, the corporation license  
16 shall be canceled 60 days after the board's discovery when  
17 researching the corporate records of the Secretary of  
18 State. Failure to notify the registrar within 90 days of the  
19 dissolution, merger, or surrender is grounds for  
20 disciplinary action.

21 (i) The registrar shall review and accept the petition  
22 of a licensee who disputes the date of cancellation upon  
23 a showing of good cause. This petition shall be received  
24 within 90 days of the board's official notice of cancellation.

25 SEC. 9. Section 7076.2 is added to the Business and  
26 Professions Code, to read:

27 7076.2. Notwithstanding any other provision of law,  
28 the failure of a contractor licensed to do business as a  
29 corporation in this state to be registered and in good  
30 standing with the Secretary of State after notice from the  
31 registrar shall result in the automatic suspension of the  
32 corporate license by operation of law. The registrar shall  
33 notify the corporate licensee in writing of its failure to be  
34 registered and in good standing with the Secretary of  
35 State and that the licensee shall be suspended 30 days  
36 from the date of the notice if the corporate licensee does  
37 not provide proof satisfactory to the registrar that it is  
38 properly registered and in good standing with the  
39 Secretary of State. Reinstatement may be made at any  
40 time following the suspension by providing proof



1 satisfactory to the registrar that the corporate license is  
2 properly registered and in good standing.

3 SEC. 10. Section 7096 of the Business and Professions  
4 Code is amended to read:

5 7096. For the purposes of this chapter, the term  
6 “licensee” shall include an individual, copartnership,  
7 corporation, joint venture, or any combination or  
8 organization licensed under this chapter, and shall also  
9 include any named responsible managing officer or  
10 member of the personnel of such licentiate whose  
11 appearance has qualified the licentiate under the  
12 provisions of Section 7068.

13 SEC. 11. Section 7097 of the Business and Professions  
14 Code is amended to read:

15 7097. Notwithstanding the provisions of Sections 7121  
16 and 7122, when any license has been suspended by a  
17 decision of the registrar pursuant to an accusation or  
18 pursuant to subdivision (b) of Section 7071.17, Section  
19 7085.6 or 7090.1, any additional license issued under this  
20 chapter in the name of the licensee or for which the  
21 licensee furnished qualifying experience and appearance  
22 under the provisions of Section 7068, may be suspended  
23 by the registrar without further notice.

24 SEC. 12. Section 7098 of the Business and Professions  
25 Code is amended to read:

26 7098. Notwithstanding the provisions of Sections 7121  
27 and 7122, when any license has been revoked under the  
28 provisions of this chapter, any additional license issued  
29 under this chapter in the name of the licensee or for  
30 which the licensee furnished qualifying experience and  
31 appearance under the provisions of Section 7068, may be  
32 revoked by the registrar without further notice.

33 SEC. 13. Section 7102 of the Business and Professions  
34 Code is amended to read:

35 7102. After suspension of the license upon any of the  
36 grounds set forth in this chapter, the registrar may  
37 reinstate the license upon proof of compliance by the  
38 contractor with all provisions of the decision as to  
39 reinstatement or, in the absence of such decision or any



1 provisions therein as to reinstatement, in the sound  
2 discretion of the registrar.

3 After revocation of a license upon any of the grounds  
4 set forth in this chapter, the license shall not be reinstated  
5 or reissued and a license shall not be issued to any  
6 member of the personnel of the revoked licensee found  
7 to have had knowledge of or participated in the acts or  
8 omissions constituting grounds for revocation, within a  
9 minimum period of one year and a maximum period of  
10 five years after the final decision of revocation and then  
11 only on proper showing that all loss caused by the act or  
12 omission for which the license was revoked has been fully  
13 satisfied and that all conditions imposed by the decision  
14 of revocation have been complied with.

15 The board shall promulgate regulations covering the  
16 criteria to be considered when extending the minimum  
17 one-year period. The criteria shall give due consideration  
18 to the appropriateness of the extension of time with  
19 respect to the following factors:

- 20 (a) The gravity of the violation.
- 21 (b) The history of previous violations.
- 22 (c) Criminal convictions.

23 When any loss has been reduced to a monetary  
24 obligation or debt, however, the satisfaction of such  
25 monetary obligation or debt as a prerequisite for the  
26 issuance, reissuance, or reinstatement of a license shall  
27 not be required where such monetary obligation or debt  
28 has been adjudicated in a bankruptcy proceeding.  
29 However, any nonmonetary condition not adjudicated in  
30 a bankruptcy proceeding shall be complied with prior to  
31 the issuance, the reissuance, or reinstatement of the  
32 license.

33 SEC. 14. Section 7109.2 of the Business and  
34 Professions Code is repealed.

35 SEC. 15. Section 7117.5 of the Business and  
36 Professions Code is amended to read:

37 7117.5. (a) Acting in the capacity of a contractor  
38 under any license which has been made inactive, as  
39 provided in Section 7076.5, constitutes a cause for  
40 disciplinary action.



1 (b) Acting in the capacity of a contractor under any  
2 license that has been suspended for any reason constitutes  
3 a cause for disciplinary action.

4 (c) Acting in the capacity of a contractor under any  
5 license that has expired constitutes a cause for  
6 disciplinary action if the license is subject to renewal  
7 pursuant to Section 7141. The actions authorized under  
8 this section shall be separate from, and in addition to, all  
9 other remedies either civil or criminal.

10 SEC. 16. Section 7125 of the Business and Professions  
11 Code is amended to read:

12 7125. (a) The board shall require as a condition  
13 precedent to the issuance, reinstatement, reactivation,  
14 renewal, or continued maintenance of a license, that the  
15 applicant or licensee have on file a Certificate of Workers'  
16 Compensation Insurance or Certification of  
17 Self-Insurance. A Certificate of Workers' Compensation  
18 Insurance shall be issued and filed by one or more insurers  
19 duly licensed to write workers' compensation insurance  
20 in this state. A Certification of Self-Insurance shall be  
21 issued and filed by the Director of Industrial Relations. If  
22 reciprocity conditions exist, as defined in Section 3600.5  
23 of the Labor Code, the Registrar shall require the  
24 information deemed necessary to assure compliance with  
25 this section.

26 (b) This section does not apply to an applicant or  
27 licensee who has no employees provided that he or she  
28 files a statement with the board on a form prescribed by  
29 the registrar that he or she does not employ any person  
30 in any manner so as to become subject to the workers'  
31 compensation laws of California.

32 (c) No certificate of workers' compensation insurance,  
33 certification of self-insurance, or exemption-certificate is  
34 required of a holder of a license that has been inactivated  
35 on the official records of the board during the period the  
36 license is inactive.

37 (d) The insurer, including the State Compensation  
38 Insurance Fund, shall report to the registrar any  
39 cancellation of the policy within 10 days after the  
40 cancellation.



1 SEC. 17. Section 7125.1 of the Business and  
2 Professions Code is repealed.

3 SEC. 18. Section 7125.1 is added to the Business and  
4 Professions Code, to read:

5 7125.1. (a) The registrar shall accept a certificate  
6 required by Section 7125 as of the effective date shown on  
7 the certificate, if the certificate is received by the  
8 registrar within 90 days after that date, and shall reinstate  
9 the license to which the certificate pertains, if otherwise  
10 eligible, retroactive to the effective date of the certificate.

11 (b) Notwithstanding subdivision (a), the registrar  
12 shall accept the certificate as of the effective date shown  
13 on the certificate, even if the certificate is not received by  
14 the registrar within 90 days after that date, upon a  
15 showing by the licensee, on a form acceptable to the  
16 registrar, that the failure to have a certificate on file was  
17 due to circumstances beyond the control of the licensee.  
18 The registrar shall reinstate the license to which the  
19 certificate pertains, if otherwise eligible, retroactive to  
20 the effective date of the certificate.

21 SEC. 19. Section 7125.2 of the Business and  
22 Professions Code is repealed.

23 SEC. 20. Section 7125.2 is added to the Business and  
24 Professions Code, to read:

25 7125.2. (a) The failure of a licensee required  
26 pursuant to this chapter to maintain workers'  
27 compensation insurance shall result in the automatic  
28 suspension of the license by operation of law. The  
29 registrar shall notify any licensee who fails to maintain  
30 workers' compensation that his or her license shall be  
31 automatically suspended 30 days from the date of the  
32 notice. Within 30 days of a suspension pursuant to this  
33 section, the registrar shall provide the licensee with an  
34 additional notice that informs the licensee of the  
35 suspension date, the cause for suspension, and  
36 reinstatement procedures. Reinstatement shall be made  
37 at any time following the suspension by showing proof of  
38 compliance as specified in Sections 7125 and 7125.1.

39 (b) With respect to an unlicensed individual acting in  
40 the capacity of a contractor who is not otherwise



1 exempted from the provisions of this chapter, a citation  
2 may be issued by the registrar under Section 7028.7 for  
3 failure to comply with this section. An opportunity for a  
4 hearing as specified in Section 7028.10 will be granted if  
5 requested within 90 days of citation.

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