



also stressed the need to report such illegal competition so that the Bureau can promptly investigate the allegations.

Collection Agency Conservatorships. Although no new action has been taken regarding the out-of-trust collection agency/conservatorship issue, Leroy Bell, the staff services officer of the Bureau's Collection Agency program, insists that efforts will be made in the future to monitor conservatorships more closely. Although the Bureau still has no concrete ideas as to specific changes in the process, it continues to focus on creating an intermediate step between collection agencies (CAs) becoming out-of-trust and the appointment of a conservator. The Bureau wishes to explore the possibility of providing a consultant to bring expertise and guidance to financially troubled CAs with the hope that such CAs can recover before it is too late. (See CRLR Vol. 8, No. 4 (Fall 1988) p. 48; Vol. 8, No. 3 (Summer 1988) pp. 51-52; Vol. 7, No. 4 (Fall 1987) p. 44; Vol. 7, No. 3 (Summer 1987) pp. 64-65; and Vol. 7, No. 1 (Winter 1987) p. 38 for background information.)

According to one spokesperson from the California Association of Collections (CAC), the Bureau sometimes oversteps its duties in providing a conservator to "interfere" with an endangered CA's operations. Some in the CAC view the conservatorships as "a waste of money." If the CA is financially troubled, they suggest, it can always declare bankruptcy like any other business. In general, CAC believes that the Bureau should act as a licensing authority only, and should refrain from exercising a "parental role" over licensed CAs.

LEGISLATION:

The following is a status update of bills described in detail in CRLR Vol. 9, No. 4 (Fall 1989) at page 50:

AB 1644 (Peace). Existing law provides for the issuance of a temporary registration card for employees of private patrol operators, subject to specified conditions. An employee who has been convicted of a crime prior to applying for a position as a security guard may not be issued a temporary registration card. This bill would authorize BCIS to ascertain from governmental or other official documents whether an applicant has been convicted of a criminal offense outside California. At this writing, AB 1644 is pending on the Assembly floor.

AB 255 (Floyd), as amended January 3, would permit DCA to adopt rules requiring private investigators to comply with those requirements of current law applicable to private patrol operator licensees with respect to the completion of courses of training in the exercise of powers to arrest and the carrying and use of firearms. At this writing, AB 255 is pending in the Assembly Ways and Means Committee.

SB 141 (Deddeh) proposes to set new expiration dates for qualification certificates issued under the Collection Agency Act, and extend several reporting and/or registration deadlines for collection agency licensees. SB 141 is pending in the Senate Business and Professions Committee.

SB 104 (Robbins) would change the bond requirement for collection agency licensees. In lieu of the \$10,000 surety bond requirement, a licensee would be permitted to file with the Bureau Chief an insurance policy that meets specified requirements. The bill would require insurers to notify BCIS when insurance coverage is terminated and would require the Bureau to notify the licensee of this termination. The licensee would then be obligated to file a new bond or insurance policy within 30 days, or else his/her license shall be void. This bill is pending in the Assembly Committee on Finance and Insurance.

Proposed Legislation. The following legislative proposals have been approved by the Bureau. The proposed language may change as the proposals are drafted in bill form and work their way through the legislative process:

-BCIS proposes to set a minimum age requirement for applicants for guard registration, firearm permits, or alarm agent registration. Since criminal history information is generally not available for persons under 18 years of age, all future applicants would have to be at least 18 years old.

-BCIS proposes to prohibit unlicensed persons or businesses from bringing court actions against clients for compensation for services rendered, in an attempt to curtail instances of unlicensed activity. Such legislation would apply to private patrol operators, private investigators, protection dog operators, repossessors, collection agencies, and locksmiths.

-Currently, only telephone answering services retained by an alarm company operator to monitor alarms are excluded from licensure as alarm company opera-

tors. BCIS proposes to extend this exclusion to cover any entity retained by an alarm company operator to monitor alarm systems, under specified conditions.

RECENT MEETINGS:

The Bureau's Powers-to-Arrest manual has been revised and approved. Additionally, the baton and firearms manuals have also been completed. These manuals are currently in the printing stage and will be available shortly. (See CRLR Vol. 9, No. 4 (Fall 1989) p. 50 and Vol. 9, No. 3 (Summer 1989) p. 44 for background information.)

FUTURE MEETINGS:

To be announced.

CONTRACTORS STATE LICENSE BOARD

*Registrar: David Phillips
(916) 366-5153*

The Contractors State License Board (CSLB) licenses contractors to work in California, handles consumer complaints, and enforces existing laws pertaining to contractors. The Board is authorized pursuant to Business and Professions Code section 7000 *et seq.*; CSLB's regulations are codified in Chapter 8, Title 16 of the California Code of Regulations (CCR).

The thirteen-member Board, consisting of seven public members, five contractors and one labor member, generally meets every other month. The Board maintains six committees: legislative, enforcement, licensing, public information, strategic planning, and budget/administration. In addition, the Board maintains a Fire Protections Systems Ad Hoc Committee. Committees meet every one to three months, and present recommendations for requested action at the full Board meetings.

MAJOR PROJECTS:

Unlicensed Activity Unit. CSLB's Unlicensed Activity Unit was fully staffed and operational on October 1. Created pursuant to AB 2279 (Eastin) (Chapter 1363, Statutes of 1989), the Unit is authorized to conduct surprise "sting operations" on construction job-sites to ensure that all contractors are properly licensed. The Unit has investigated many written and telephone leads filed by members of the public regard-



ing unlicensed contractor activity. To date, these "sting operations" have resulted in two administrative non-licensee citations and five warnings. The Unlicensed Activity Unit is currently being operated as a pilot project only in the southern region. (See CRLR Vol. 9, No. 4 (Fall 1989) p. 52 for more information on AB 2279.)

Alternate Testing Method. The Board's proposed amendment to section 829, Chapter 8, Title 16 of the CCR, which would establish an alternate method of establishing a minimum competency level other than passing the licensing examination, was submitted to the Office of Administrative Law (OAL) for review in early January. (See CRLR Vol. 9, No. 4 (Fall 1989) p. 51 for background information.)

Written Testing Waiver Regulation. At its November 16-17 meeting, CSLB decided not to pursue its proposed amendments to section 843, Chapter 8, Title 16 of the CCR, which would have specified licensed trade classifications for which the CSLB Registrar may waive a written examination. OAL rejected these amendments in August. (See CRLR Vol. 9, No. 4 (Fall 1989) p. 51 for background information.) CSLB resolved to withdraw these amendments to section 843, rather than attempt to revise and resubmit them to OAL.

LEGISLATION:

SB 1740 (Montoya). Under existing law, CSLB is one of a number of boards, bureaus, and similar entities under the Department of Consumer Affairs (DCA). This bill would, instead, vest CSLB with all the powers of a department as a part of the State and Consumer Services Agency, and would transfer to CSLB all unexpended appropriations of the DCA relating to CSLB. This bill is pending in the Senate Business and Professions Committee.

AB 2620 (Eastin, Presley). Section 7108.5 of the Business and Professions Code provides that it is grounds for disciplinary action for any prime building contractor to fail to pay any specialty contractor within ten days of each progress payment, unless otherwise agreed in writing by the parties, the respective amounts allowed the contractor on account of the work performed by the subcontractor to the extent of the subcontractor's interest therein. This bill would delete authority for the parties to agree in writing to different terms, and would require payment not later than ten

days after receipt of each progress payment by the prime contractor. The bill would authorize the prime contractor to withhold a specified amount of money if there is a good faith dispute over the amount due and would subject the prime contractor to a penalty of 2% of the amount due per month for every month that payment is not made, plus attorneys' fees.

This bill is very similar to AB 959 (Eastin), which was vetoed by the Governor last September. (See CRLR Vol. 9, No. 4 (Fall 1989) pp. 51-52 for background information.) At this writing, AB 2620 is pending in the Assembly Committee on Governmental Efficiency and Consumer Protection.

AB 2667 (Eastin). Section 621.5 of the Unemployment Insurance Code defines "employee," for purposes of disability insurance and unemployment insurance withholding, to include those individuals who are employees of a person who holds a valid state contractor's license. This bill would expand the definition of "employee" to include individuals who are employees of persons who are required to obtain a valid state contractor's license, thereby extending the duty to deduct unemployment insurance and disability insurance from wages to those who are required to obtain a contractor's license as well as those who already hold a valid contractor's license. This bill is pending in the Assembly Committee on Finance and Insurance.

ABX 24 (Eastin) and SBX 16 (Roberti). Under existing law, acting as a contractor without appropriate licensure is a misdemeanor. These bills would make these and related offenses punishable as either a misdemeanor or a felony, as specified, if committed in connection with the offer or performance of services for repair of damage caused to a structure by natural disasters for which a specified state of emergency is proclaimed by the Governor or for which a specified emergency or major disaster is declared by the President. SBX 16 contains language which states that an intent to defraud must be shown in order to make these provisions applicable. ABX 24 is pending in the Assembly inactive file; SBX 16 is pending in the Senate Appropriations Committee.

SB 1872 (Montoya). Existing law does not require a licensed contractor to complete any continuing education requirements as a condition for the renewal of his/her license. This bill

would require completion of continuing education courses, as determined by the CSLB Registrar, as a condition for the renewal of a contractor's license on and after January 1, 1992. This bill is pending in the Senate Business and Professions Committee.

The following is a status update of bills described in detail in CRLR Vol. 9, No. 4 (Fall 1989) at pages 51-52:

SB 1079 (Mello) would require CSLB to conduct a study relating to the installation, inspection, testing, licensing, design, and manufacture of fire extinguishing systems. This bill is pending in the Assembly Committee on Governmental Efficiency and Consumer Protection.

AB 2282 (Eastin) would require CSLB to cooperate with the Department of Industrial Relations and the Employment Development Department to develop a system whereby a contractor's license number may be used for identification for purposes of joint enforcement; and to establish an automatic, computer-generated system for the issuance of citations, and to report to the legislature quarterly relating to that system. (See CRLR Vol. 9, No. 3 (Summer 1989) p. 46 for background information.) This bill is pending in the Senate Business and Professions Committee.

SB 554 (Montoya), which would have defined the term "duly licensed" in section 7031 of the Labor Code to mean that a contractor is actually licensed and in good standing with CSLB, died in committee.

SB 732 (Campbell, B., Greene) would authorize CSLB to license asbestos abatement consultants who meet specified qualifications and would subject a person who engages in the practice of an asbestos abatement consultant without a license to civil and criminal penalties. This bill is pending in the Assembly Committee on Governmental Efficiency and Consumer Protection.

AB 1677 (Friedman), which would have changed the amount of the contractor's license bond requirement to \$7,500 for all contractors, was dropped by its author.

AB 115 (Floyd), which would require a public entity to award public works contracts for an amount greater than \$500,000 only to "qualified" public works contractors, is still pending in the Senate inactive file.

AB 117 (Floyd) would define "lowest bidder" and "lowest responsible bidder"



REGULATORY AGENCY ACTION

for purposes of the Public Contract Code. This bill is pending in the Senate Rules Committee.

SB 153 (Craven) was substantially amended in January and no longer relates to CSLB.

RECENT MEETINGS:

CSLB's October 19-20 Board meeting was cancelled due to the October 17 San Francisco Bay Area earthquake.

At its November 16-17 meeting in Sacramento, CSLB heard strong industry and trade opposition to proposed revisions to Board Rule 825, which would redefine the scope of the C-61 "limited specialty" license categories and reduce the required experience from four to two years for the C-61 classification. (See CRLR Vol. 9, No. 4 (Fall 1989) p. 52 for background information.) The Board unanimously passed a motion to retain the existing experience requirements for all C-61 license classifications.

Also at its November Board meeting, CSLB received extensive industry comment and support for the concept of CSLB's elevation to independent board status. (See *supra* LEGISLATION.) Various contractor trade associations indicated their interest in supporting legislation which would remove CSLB from the DCA and elevate it to the position of an independent agency.

CSLB Registrar David Phillips appeared before the Senate Business and Professions Committee during an oversight hearing on various DCA agencies on October 25. At the hearing, Mr. Phillips testified regarding CSLB's attempts to reduce its large backlog of consumer complaints against contractors which are pending at the Board. (See CRLR Vol. 9, No. 4 (Fall 1989) p. 53; Vol. 9, No. 3 (Summer 1989) pp. 47-48; and Vol. 9, No. 1 (Winter 1989) p. 44 for background information.) Mr. Phillips indicated that most of the complaints involved either poor workmanship or the excessive cost of the work.

FUTURE MEETINGS:

April 19-20 in Santa Barbara.
June 7 in Sacramento.

BOARD OF COSMETOLOGY

Executive Officer: Denise Ostton
(916) 445-7061

In 1927, the California legislature

enacted the Cosmetology Act, establishing the Board of Cosmetology (BOC). The Board was empowered to require reasonably necessary precautions designed to protect public health and safety in establishments related to any branch of cosmetology. BOC's enabling legislation is found in Business and Professions Code section 7300 *et seq.*; the Board's regulations are codified in Chapter 9, Title 16 of the California Code of Regulations (CCR).

Pursuant to this legislative mandate, the Board regulates and issues separate licenses to salons, schools, electrologists, manicurists, cosmetologists, and cosmeticians. It sets training requirements, examines applicants, issues certificates of registration and licenses, hires investigators from the Department of Consumer Affairs to investigate complaints, and disciplines violators with licensing sanctions.

The Board is comprised of seven members—four public members and three from the industry. It is required to hold meetings at least four times per year.

MAJOR PROJECTS:

Merger with Board of Barber Examiners. Two legislative committees recently held interim hearings on the long-proposed merger of BOC with the Board of Barber Examiners (BBE). While BOC has traditionally favored at least an administrative merger with BBE, BBE has consistently opposed any form of merger. (See *supra* agency report on BBE for background information; see also CRLR Vol. 7, No. 1 (Winter 1987) for extensive information on the merger issue.)

On October 25-26, the Senate Business and Professions Committee held an interim hearing and stressed its desire that the boards cooperate in planning a merger. On December 7-8, the Assembly Committee on Governmental Efficiency and Consumer Protection reiterated the legislature's intent to merge the two boards; at this writing, Assemblymember Delaine Eastin is drafting a timetable which would result in the introduction of legislative merger language by January 1991 and the creation of a new board by January 1992.

Regulatory Changes Adopted. At its November meeting in Newport Beach, BOC adopted an amendment to section 916.14, Chapter 9, Title 16 of the CCR. This section sets forth the required course curricula for the 600-hour

instructor training course offered by schools of cosmetology, and limits the use of textbooks to one specific text for teaching preparatory instruction. The amendment will allow the use of more than one textbook in such training. The Board feels that a variety of textbooks will best serve the interests of students and schools of cosmetology. At this writing, the rulemaking file on this regulatory change is being prepared for submission to the Office of Administrative Law (OAL).

Several other amendments to BOC's regulations, which were adopted at the Board's July 1989 meeting, are at various stages in the rulemaking process. The Board's amendment to section 990, which will increase the renewal fee for cosmetology establishment and individual licenses and the delinquency renewal fee, was approved by OAL on October 26 and became effective on January 31. (See CRLR Vol. 9, No. 4 (Fall 1989) p. 53 for background information.)

The rulemaking files on amended section 919.4 and new section 986.1 are being prepared for submission to OAL. Section 919.4 was amended to specify requirements for daily attendance recording by schools of cosmetology and electrology. Section 986.1 will add information to the sign which is required to be posted in the reception areas of both cosmetology schools and establishments. (See CRLR Vol. 9, No. 4 (Fall 1989) p. 53 for background information on these changes.)

Task Force on Hazardous Substances in the Beauty and Hair Care Workplace. At its November meeting, BOC was updated on the status of the Hazardous Substances Symposium to be conducted in early June. The goal of the Symposium will be to bring together representatives of state and federal agencies, the hair care and beauty professions, occupational health organizations, and the California legislature. The Symposium will focus on the problems related to hazardous substances in the beauty and hair care workplace. Discussions will emphasize possible solutions to the problems, barriers to the solutions, and how to overcome those barriers.

The task force is also developing a proposed plan of education and training for cosmetology students. The first step to requiring training on hazards in the workplace is the development of a health and safety curriculum for use by