

# CONTRACTORS STATE LICENSE BOARD

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*Protection of the public shall be the highest priority for Contractors State License Board in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.*

— Business and Professions Code § 7000.6

Created in 1929, the Contractors' State License Board (CSLB) licenses and regulates construction contractors, handles consumer complaints, and enforces existing laws pertaining to contractors. A consumer protection agency within the Department of Consumer Affairs (DCA), CSLB is authorized pursuant to the Contractors' State License Law (CSLL) and Business and Professions Code section 7000 et seq.; the Board's regulations are codified in Division 8, Title 16 of the California Code of Regulations (CCR). CSLB licenses almost 290,000 contractors in California.

CSLB licenses general engineering contractors (classified as "A"), general building contractors ("B"), and approximately 40 specialty contractor categories ("C"); in addition, the Board registers home improvement salespersons who market contractor services to consumers. The 15-member Board consists of one general engineering contractor, two general building contractors, two specialty contractors, one member from a labor organization representing building trades, one local building official, and eight public members (including one who represents a statewide senior citizen organization). Under Business and Professions Code section 7002(b), a representative of a labor organization is eligible to serve as a public member of CSLB. The Board currently maintains five committees: executive, enforcement, licensing, legislation, and public affairs.

On June 23, 2022, Governor Gavin Newsom [reappointed](#) Diana Pryor Love and Mary T. Teichert to CSLB, where they have both served since 2019.

At this writing, there are currently three board member vacancies: two public members and one specialty contractor.

## **HIGHLIGHTS**

### **New Law Expediting Licensure for Some Professions Includes Contractors**

On July 1, 2022, [SB 607 \(Min\) \(Chapter 367, Statutes of 2021\)](#) took effect. The bill applies to the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs, including CSLB. [[27:1 CRLR 125](#)]

The bill expedites the licensing process and waives the application and license fees for applicants who (1) are married to, or in a domestic partnership or other legal union with, a current active-duty member of the Armed Forces of the United States who is assigned to a duty station in California under official active-duty military orders; and (2) hold a current license in another state, district, or territory of the United States in the profession or vocation for which the applicant seeks a license from the board.

Contractor applicants who want to take advantage of this expedited process and fee waiver must provide a copy of their current license from the other state, district, or territory of the U.S. documenting the license, registration, permit, or certificate held. Additionally, applicants must submit documentation of their marriage or legal union and their partner's active military duty in California.

Additionally, starting January 1, 2023, SB 607 will increase all bond limits. The bill will increase contractor license bonds from \$15,000 to \$25,000 and bonds of qualifying individuals

from \$12,500 to \$25,000. This provision in the bill aims to protect consumers by ensuring that contractors have sufficient financial resources to complete a project. CSLB conducted a license bond study pursuant to Business and Professions Code section 701.6 and found that the \$15,000 bond requirement was no longer a sufficient bond amount.

## **CSLB Aims to Crack Down on Unlicensed Contractors**

At its August 31, 2022, [meeting](#), CSLB [discussed](#) how to address issues involving unlicensed contractors or the “underground economy.” According to CSLB, 18–20 percent of all consumer complaints received by the Board involve unlicensed contractors. In June 2022, CSLB surveyed 180 random online advertisements in Northern, Central, and Southern California. The survey revealed that 78 percent of ads did not provide a contractor’s license number. It is presumed these advertisers are likely unlicensed.

CSLB is taking action to protect consumers from the harms of unlicensed contractors. One of its goals is to return its undercover sting operations for unlicensed activity to pre-Covid levels. Before the pandemic, CSLB Statewide Investigative Fraud Team (SWIFT) averaged six or more undercover sting operations a month.

There has been particular focus on the Paradise area of Butte County as Camp Fire survivors work to rebuild. SWIFT and the Butte County District Attorney’s Office have paired up to be extra vigilant in detecting unlicensed contractors who are trying to take advantage of the situation. In [September 2022](#), the two agencies collaborated in performing an undercover sting operation. Seven individuals were caught, three of whom face felony charges for contracting without a license in a declared disaster area. In addition to increased sting operations, on September 30, 2022, Governor Newsom [signed SB 216 \(Dodd\) \(Chapter 978, Statutes of 2022\)](#). SB 216 takes

effect on January 1, 2023, and will require workers compensation insurance for the CSLB contractor license classifications most likely to have employees (C-8/Concrete, C-20/HVAC and D-49/Tree Service). They will no longer be allowed to file an exemption. This regulation applies to all licensed contractors in 2026. [[27:2 CRLR 97–98](#)]

Lastly, CSLB also plans to retain outside consultants to determine the size of California’s underground economy in the construction industry and improve outreach to consumers about civil remedies available through Business and Professions Code section 7031.

## MAJOR PUBLICATIONS

The following reports/studies have been conducted by or about CSLB during this reporting period:

- [Strategic Plan 2022–24](#), Contractors State License Board, August 3, 2022 (highlights goals for multiple areas: licensing and testing, enforcement, legislation, public affairs, and executive (administrative and information technology)).

## RULEMAKING

The following is a status update on recent rulemaking proceedings CSLB has initiated:

- **Application for Approval of Blanket Performance and Payment Bond:** On September 6, 2022, the Office of Administrative Law (OAL) [approved](#) CSLB’s Application for Approval of Blanket Performance and Payment Bond regulations as changes without regulatory effect pursuant to the requirements of the CCRs, Title 1, section 100 and filed the action with the Secretary of State. In a [written statement of explanation](#), CSLB explained that after OAL approved changes (on November 10, 2021) without regulatory effect to conform CSLB’s regulations (CCR sections 858.1 and 858.2), CSLB staff discovered that several additional non-substantive changes

to section 858.2 were needed but were inadvertently overlooked. This action makes those changes. This regulatory action became effective on September 6, 2022.

2022, OAL [approved](#) CSLB’s “definitions: bona fide employee; direct supervision and control” regulations as changes without regulatory effect pursuant to the requirements of CCRs, Title 1, section 100 and filed the action with the Secretary of State. The [written statement of explanation](#) explains that [AB 830 \(Flora\) \(Chapter 376, Statutes of 2021\)](#), effective January 1, 2022, adds definitions to Business and Professions Code section 7068 for “bona fide employee of the applicant” and to section 7068.1 for “direct supervision or control.” Therefore, these terms do not need to be defined in the regulation. This regulatory action became effective on June 2, 2022.

## LEGISLATION

- [AB 1747 \(Quirk\)](#), as introduced January 31, 2022, amends sections 7099.2 and 7110 of the Business and Professions Code. This CSLB-sponsored bill increases CSLB’s civil penalties from \$5,000 to \$30,000 for a licensed contractor who fails to comply with the building permit requirements and other health and safety violations. Governor Newsom signed AB 1747 on September 29, 2022 (Chapter 757, Statutes of 2022).
- [AB 2105 \(Smith\)](#), as amended May 31, 2022, amends section 7137 of the Business and Professions Code to require the Board to grant a 50% licensing fee reduction for license applicants who are armed forces veterans that meet certain criteria. The Board expressed its support for the bill in March 2022. Governor Newsom signed AB 2105 on August 22, 2022 (Chapter 156, Statutes of 2022).

- [AB 2374 \(Bauer-Kahan\)](#), as amended April 7, 2022, amends section 374.3 of the Penal Code to require a criminal court to notify CSLB when a licensed contractor is convicted of illegally dumping construction debris. CSLB will then be required to post the conviction on its website. The Board expressed its support for the bill in March 2022. Governor Newsom approved AB 2374 on September 29, 2022 (Chapter 784, Statutes of 2022).
- [AB 2916 \(McCarty\)](#), as amended April 20, 2022, amends section 7124.6 of the Business and Professions Code to provide CSLB the discretion to determine whether the disclosure period for complaints resolved by a Letter of Admonishment (LOA) should be published for one year or two years. The Board expressed its support for the bill in March 2022. Governor Newsom approved AB 2916 on September 13, 2022 (Chapter 293, Statutes of 2022).
- [SB 216 \(Dodd\)](#), as amended June 1, 2022, amends, repeals, and adds section 7125 of the Business and Professions Code to require workers compensation insurance for C-8/Concrete, C-20/HVAC, and D-49/Tree Service license classifications starting January 1, 2023. This regulation will apply to all licensed contractors in 2026. Governor Newsom signed SB 216 on September 30, 2022 (Chapter 978, Statutes of 2022) (see HIGHLIGHTS).
- [SB 1076 \(Archuleta\)](#), as amended August 25, 2022, amends section 105254 of, and adds section 105250.5 to, the Health and Safety Code, to require the Department of Public Health (CDPH) to make California compliant with federal lead-safe laws, such as requiring lead trainers and renovators to be certified by the state. The bill will require CDPH to provide educational and outreach materials to the CSLB for the Board to post on its website. The Board took no position on this bill. Governor Newsom signed SB 1076 on September 23, 2022 (Chapter 507, Statutes of 2022).

- [SB 1237 \(Newman\)](#), as amended March 30, 2022, amends section 114.3 of the Business and Professions Code to expand the definition of “called to active duty” to align with definitions elsewhere in federal and state law for when boards like CSLB waive renewal fees for licensees who are called to active duty as a member of the U.S. Armed Forces or California National Guard. It also extends existing law to licensees on active duty during a “state of insurrection” or during a “state of extreme emergency.” The Board expressed its support for the bill in March 2022. Governor Newsom signed SB 1237 on September 17, 2022 (Chapter 386, Statutes of 2022).

- [SB 1443 \(Roth\)](#), as amended August 25, 2022, extends CSLB’s “sunset” date before the California State Legislature from January 1, 2024, to January 1, 2025. The Board took no position on this bill. Governor Newsom approved SB 1443 on September 27, 2022 (Chapter 625, Statutes of 2022).

- [SB 1495 \(Committee on Business, Professions and Economic Development\)](#), as amended August 29, 2022, as it relates to CSLB, amends section 7086.10 of the Business and Professions Code. The bill clarifies that public disclosure requirements extend to contractors whose licenses are revoked or pending revocation under the existing law that provides that when a restitution claim payment is made under CSLB solar energy system restitution program, CSLB will disclose that fact on the public license detail of the contractor involved, for seven years. The Board took no position on this bill. Governor Newsom signed SB 1495 on September 23, 2022 (Chapter 511, Statutes of 2022).

- The following bill, reported in Volume 27, No. 2 (Spring 2022), died in committee or otherwise failed to be enacted in 2022: [AB 2894 \(Cooper\)](#), relating to contractor reporting requirements regarding workers’ compensation insurance.