CONTRACTORS STATE LICENSE BOARD

BOARD MEETING MINUTES

Board Meeting Minutes – March 19, 2026

A. Call to Order, Roll Call, Establishment of Quorum, and Chair's Introduction

Board Chair Miguel Galarza called the meeting of the Contractors State License Board (CSLB) to order on March 19, 2026, at 9:00 a.m. at the Western States Carpenters Union, Buena Park Training Center Room, 7111 Firestone Boulevard, Suite 137, Buena Park, CA 90621.

Board Vice Chair Alan Guy led the Pledge of Allegiance, and a quorum was established.

<u>Board Members Present</u>
Miguel Galarza, Chair
Alan Guy, Vice Chair
Joël Barton
Rodney Cobos
Amanda Gallo
Diana Love
Michael Mark
Henry Nutt III
Josef Preciado
Thomas Ruiz

Jacob Lopez, Steve Panelli, Omar Passons, James Ruane and Mary Teichert had approved absences.

<u>CSLB Staff Present</u>
David Fogt, Registrar
Rebecca May, Chief of Legislation
Steve Grove, Chief of Enforcement
Carol Gagnon, Chief of Licensing
Katherine White, Chief of Public Affairs
David Gower, Public Affairs Supervisor
Michael Jamnetski, Special Projects Manager
Amy Lawrence, Television Specialist
Katie Carrasco, Executive Analyst

<u>DCA Staff Present</u>
John Kinn, DCA Legal Counsel

Board Member Comment
Chair Miguel Galarza expressed regret that Board Member Jacob Lopez, who helped arrange the facility, could not be personally thanked. He also acknowledged Carpenters Union staff members Matthew Miller and John Tafoya for their contributions.

Chair Galarza acknowledged new Board Member Omar Passons, who was absent due to a prior commitment, and highlighted his extensive background in city and county leadership roles related to homelessness, as well as his experience in construction and land use law. He expressed anticipation for Member Passons' participation at the next CSLB meeting.

Chair Galarza also noted recent productive meetings with legislators regarding CSLB's consumer protection mission and 2026 priorities.

B. Public Comment for Items Not on the Agenda and Future Agenda Item Requests

Chair Galarza proceeded with Item B for Items Not on the Agenda and Requests for Future Agenda Items, followed by Public Comments for Future Agenda Items.

Public Comment
There was no comment.

Board Member Comment
There was no comment.

C. Presentation of Plaques or Certificates of Recognition

Chair Galarza noted that a certificate of recognition would be deferred at the future Board Meeting in Monterey.

D. Executive

Chair Galarza introduced Item D, beginning with a review of the December 11 Board Meeting Minutes.

1. **Review and Possible Approval of December 11, 2025, Board Meeting Minutes**

   Motion: To approve December 11, 2025, Board Meeting Minutes. Moved by Michael Mark; seconded by Rodney Cobos. Motion carried, 8-0-2.

   YEA: Miguel Galarza, Joël Barton, Rodney Cobos, Amanda Gallo, Diana Love, Michael Mark, Henry Nutt III, and Josef Preciado

NAY: None

ABSTAIN: Alan Guy and Thomas Ruiz

ABSENT: Jacob Lopez, Steve Panelli, Omar Passons, James Ruane and Mary Teichert.

Board Comment
There was no comment.

Public Comment
There was no comment.

2. Registrar's Report

Chair Galarza transitioned to the Registrar's Report and the 2025 Accomplishments and Activities Report.

a. 2025 Accomplishments and Activities Report

Registrar David Fogt highlighted several achievements from CSLB's 2025 Accomplishments and Activities Report, noting strong progress toward the Board's strategic objectives. He emphasized that CSLB recovered $30 million for consumers financially harmed, mostly through enforcement actions such as investigations, mediations, and orders of correction. He also reported over 10 million license searches on CSLB's website, demonstrating high public engagement. Additional accomplishments included holding 24 "Get Licensed to Build" workshops in both English and Spanish and processing more than 59,000 applications. Registrar Fogt expressed appreciation for the Board's direction and staff's hard work in achieving these results.

Board Comment

Vice Chair Guy appreciated the "By the Numbers" section, noting that it was eye-opening and provided a great summary of all the accomplishments CSLB made this year.

Chair Galarza asked whether the "By the Numbers" was available on the CSLB website.

Chief of Public Affairs Katherine White confirmed that it was on the website.

Public Comment
There was no comment.

3. Information Technology Update

Chair Galarza moved to the next agenda item, the Information Technology Update, and introduced Information Technology Committee Chair Henry Nutt III to present the update.

a. Review and Discussion on 2025 Accomplishments and Activities Report

Chair Nutt presented the Board's IT update, highlighting key accomplishments from 2025, including the launch of a new cloud-based Enterprise Document Management System that has already processed over one million documents, the successful upgrade of all CSLB computers to Windows 11, and positive results from a statewide cybersecurity assessment. He also reported significant progress on the Sole Owner Online Application, noting a successful March 2026 system demonstration and upcoming user testing ahead of a planned summer launch. Current efforts focus on building and integrating core features, while next steps include final design verification, workflow testing, and ensuring secure system connections.

Board Member Comment
There was no comment.

Public Comment
There was no comment.

4. Budget Update

Chair Galarza moved to the next agenda item, the Budget Update, and introduced Chief of Legislation Rebecca May to present the update.

Chief May presented CSLB's fiscal year 2025-26 budget update, noting an authorized budget of $83 million, projected revenue of $98 million, Board expenditures of $83 million, and $5.8 million in mandatory external costs. As of January, CSLB has spent 59 percent of its budget and collected over $64 million in revenue, a 1.6 percent increase from the prior year. Adjustments reduced the overall budget by $60,000 due to one-time changes in personnel costs and the elimination of 7.5 vacant positions. Fund reserves are projected to rise to $66 million, equal to eight months of operating reserves, and the Construction Management Education Account continues to receive steady donations. The Department of Finance approved a $2 million increase for IT operations, which is now moving through legislative review. Chief May also reported increases in licensing activity, with new licenses up 5.7 percent and renewals up 1.5 percent.

Board Member Comment
Board Member Michael Mark commended Budget Manager Stacey Paul for maintaining strong reserves, noting that the current 8.2-month reserve is excellent. He mentioned while it is important to continue strengthening our reserves, it is equally critical that CSLB secures additional positions to support operations and the IT Budget Change Proposal for fiscal year 2026–27 is key. Member Mark added he hoped that legislators observing the meeting will recognize the importance of approving the proposal, particularly given the ongoing studies indicating the need for additional staffing to ensure effective consumer protection in California.

Public Comment
There was no comment.

5. Administration Update

Chair Galarza proceeded with the next agenda item, the Administration Update, and noted that Special Projects Manager Michael Jamnetski would present the update.

a. Review and Discussion on 2025 Accomplishments and Activities Report

Manager Jamnetski highlighted several 2025 accomplishments, including a new onboarding schedule, leadership training on hiring and performance management, and maintaining a 7 percent vacancy rate to support stable operations. He noted that Business Services transitioned to the Enterprise Document Management System (EDMS) and now provides monthly reports to improve efficiency and reduce costs. Manager Jamnetski explained that IWAS, the Imaging Workflow Automation System, was the prior platform that was aging and EDMS represents a major modernization effort. He noted EDMS is one of CSLB’s most important software systems where it takes all incoming paper and digital licensing documents and displays them for staff to process efficiently. Manager Jamnetski also highlighted the administrative staff working behind the scenes who manage the physical documents, develop new processes and procedures, and learn the new software.

Manager Jamnetski noted during the first quarter of FY 2025-26, CSLB averaged 30 vacancies, and in January 2026 the Personnel Office streamlined its performance management process to provide faster support to managers. Additional updates included high processing volumes across Cashiering, Mailroom, and EDMS, along with efforts to reduce postage costs by shifting to postcards or email notifications. He finished the update with operational details on facilities, contracts, fleet, and support services.

Board Member Comment

Vice Chair Guy observed that CSLB vacancies are at 37, which is the highest level he’s seen in nearly two years. He questioned if the Board should take a closer look at whether this is an anomaly or part of a developing trend.

Chief of Enforcement Steve Grove stated that Enforcement vacancies are currently higher than usual, partly due to the addition of three new positions in the Multiple Offender Unit. Several staff members have recently retired, and others have transferred to different units within Enforcement. He noted the team is actively working to fill all vacancies as quickly as possible.

Chair Galarza questioned where job openings are advertised and where candidates typically come from.

Chief Grove explained that advertising and sourcing candidates isn't their area of expertise. He becomes involved once applications are received, at which point they begin conducting interviews.

Registrar Fogt noted that Enforcement has experienced a spike in vacancies due to staff transfers and retirements, compounded by the absence of a Personnel Manager, a critical role currently being covered by Chief of Administration Ingrid Witowscki. After sitting in on interviews, the Registrar said there are strong candidates and emphasized ongoing efforts such as job fairs to expand the applicant pool.

Board Member Thomas Ruiz asked for clarification on where the vacancies are concentrated, specifically whether they are located in Northern California or Southern California.

Chief Grove clarified that the vacancies are located in Southern California.

Board Member Diana Love asked whether the department receives a special bulk postage rate.

Manager Jamnetski responded that he would need to look into the question and follow up later, acknowledging that it was a good question.

Member Nutt emphasized that government is often seen as behind in technology but praised the administrative and IT staff for collaborating effectively to implement tools that genuinely improve operations. He noted that administration staff understand the needs, IT listens, and together they develop technology that makes employees' jobs easier. While acknowledging there is still progress to be made, Member Nutt highlighted that these advancements are especially important given current vacancies and the heavy workload, and he wanted to formally recognize the staff's efforts.

Public Comment

Gal Bigaleizn from the RMO Agency suggested creating an online portal for applicants so they can log in, communicate directly with staff, and avoid the multiple mailed letters currently required for each application, such as bond and fingerprint notices. She emphasized that such a system would greatly speed up the process and closed by thanking staff for considering the idea.

6. Discussion and Possible Action to Initiate a Rulemaking to Amend California Code of Regulations, Title 16, Section 832.46 (Class C-46, Solar Contractor) regarding the scope of solar contractors' authority to perform work relating to battery energy storage systems.

Chair Galarza introduced agenda item E-6, which proposes initiating rulemaking to amend Title 16, Section 832 regarding the C-46 solar contractor classification and its authority to perform work involving battery energy storage systems. He explained that this issue has been examined extensively since 2015, with substantial staff research, stakeholder engagement, public hearings, reviews, and even litigation. Noting that every angle has been thoroughly evaluated and that staff's recommendation reflects this comprehensive effort, Chair Galarza strongly encouraged the Board to adopt the recommendation. He then turned the discussion over to Registrar Fogt and to DCA Legal Counsel, John Kinn.

Registrar Fogt directed the Board to page 74 of the packet, which contained the proposed regulatory text clarifying when a C-46 solar contractor might install a battery energy storage system. He explained that the language was developed with input from the California Solar and Storage Association, the National Electrical Contractors Association, and the International Brotherhood of Electrical Workers, all of whom now support the consensus language after seven years of discussion. Before turning the item over to Counsel Kinn for questions, Registrar Fogt asked Chief May to explain the regulatory rulemaking process.

Chief May explained that once the Board approves the text, CSLB staff will prepare the full regulatory package and submit it to the Department of Consumer Affairs for review by legal counsel, budget staff, and the director. After approval by both DCA and the Business, Consumer Services, and Housing Agency, the package is filed with the Office of Administrative Law, which begins the public 45-day comment period. Comments may be submitted in writing or verbally, and a hearing is held only if requested. After the comment period, CSLB and DCA review and respond to all input; if no substantial changes are required, the finalized package is submitted again to OAL, which then has 30 working days to approve or deny it. The overall process generally takes several months.

Counsel Kinn provided a high-level overview of how the Board reached this point, explaining that the previously approved amendments had been submitted to the Secretary of State but were later stayed due to litigation. That litigation has now been settled within the Board's authorized parameters, with the case to be dismissed once the Office of Administrative Law and the Board approve the updated language. He clarified that the only additions are items two and three on page 74, which allow C-46 contractors to install, maintain, and repair battery energy storage systems. This change addresses long-standing consumer and public protection concerns and resolves the long-debated question of which trade may perform the work. Counsel Kinn concluded by noting the broad agreement on the language and invited Board members to ask questions.

<u>Board Comment</u>
Member Nutt asked whether any pushback is anticipated from stakeholders regarding the proposed regulatory language.

Counsel Kinn replied he probably should not state it too definitively, but at this time he is not aware of any anticipated pushback.

Registrar Fogt clarified that, at this time, he is not aware of any opposition to the proposal. He added that this does not guarantee opposition won't arise later, only that none is known at the moment.

Board Member Rodney Cobos questioned if all stakeholders had an opportunity to provide input during the most recent round of discussions and development of the proposed language.

Registrar Fogt explained that while the three major stakeholder groups previously consulted, the CALSSA (California Solar and Storage Association), IBEW (International Brotherhood of Electrical Workers), and NECA (National Electrical Contractors Association), had all provided input and support, there might still be off-grid solar installers who were not surveyed and could potentially have concerns. He noted that this is precisely why the rulemaking process includes a public comment period, which will allow anyone with objections to voice them. Registrar Fogt emphasized that today's action simply begins that process.

Public Comment
There was no comment.

Motion: To direct staff to submit the text to the Director of the Department of Consumer Affairs and the Business, Consumer Services, and Housing Agency for review, and then the Board authorizes the Registrar to take all steps necessary to initiate the rulemaking process, make any technical or non-substantive changes to the package, and set the matter for hearing, if requested. Moved by Joël Barton; seconded by Diana Love. Motion carried, 10-0.

YEA: Miguel Galarza, Joël Barton, Rodney Cobos, Amanda Gallo, Alan Guy, Diana Love, Michael Mark, Henry Nutt III, Josef Preciado and Thomas Ruiz

NAY: None

ABSTAIN: None

ABSENT: Jacob Lopez, Steve Panelli, Omar Passons, James Ruane and Mary Teichert.

E. Legislation

Chair Galarza moved to Legislation, presented by Legislative Committee Chair Joël Barton.

Chair Barton opened Agenda Item E-1 by following up on Chair Galarza's earlier comments regarding recent legislative visits. He reported on January 27 and 28, that he, Chair Galarza, Registrar Fogt, and Chief May met with 12 legislators, including Senators Durazo, Grayson, and Umberg, and Assemblymembers Addis, Bauer-Kahan, Elhawary, Haney, Krell, Jackson, Johnson, Pellerin, and Ward. The following week, they also met virtually with Senator Aisha Wahab, the newly appointed Chair of the Senate Business, Professions and Economic Development Committee. Chair Barton emphasized that building and maintaining these relationships is essential to advancing CSLB's legislative objectives, strengthening awareness of CSLB's consumer protection mission, and supporting the Strategic Plan's goal of enhancing communication with the Legislature. He thanked staff for coordinating the visits and expressed his eagerness to continue the effort next year. Chair Barton then invited Chief May to provide an update for the next item.

1. Review and Discussion on 2025 Accomplishments and Activities Report

Chief May explained that the 2025 Accomplishments and Activities Report highlights CSLB's efforts to support legislation and regulations that strengthen consumer protection, as well as its work to provide guidance on proposals that could inadvertently weaken protections or be difficult to implement or enforce. In 2025, CSLB sponsored four legislative bills, three of which were signed into law, and offered input on several additional bills to help ensure they were practical and aligned with CSLB's mission.

<u>Board Member Comment</u>
Board Chair Galarza noted how important it is to build strong, collaborative relationships with legislators. He added that legislators have their own priorities and constituent concerns, while the Board has its consumer protection mandate, making it essential to maintain alignment and open communication. Chair Galarza stressed that Board members should cultivate these relationships, so they are prepared to support legislative efforts that protect consumers, including more challenging or less politically attractive proposals. He added that, because Board members are appointed by state leadership and serve for varying lengths of time, it is important to use that time wisely by leveraging personal connections to strengthen the Board's ability to serve the state effectively.

Public Comment
There was no comment.

2. Update Regarding February 20, 2026, Industry Stakeholder Meeting

Chair Barton introduced Agenda Item E-2, providing an update on the February 20, 2026, Industry Stakeholder Meeting held at the Capitol Annex Swing Space. He noted that the meeting was well attended by industry representatives, agencies such as the Employment Development Department and State Compensation Insurance Fund, and staff from the Senate Business, Professions and Economic Development Committee, and expressed appreciation to committee staff for securing the room. The meeting offered valuable feedback on key topics, including establishing a workers' compensation enforcement unit, requiring additional license bonds for contractors seeking to qualify for additional licenses, and CSLB-sponsored legislation. The input will help guide future policy development, particularly regarding the new enforcement unit.

Board Comment
Chair Galarza asked when the next meeting would be scheduled.

Registrar Fogt explained that these certain activities are handled on an as-needed basis, but they make an effort to conduct them at least once a year, and ideally more often when possible.

Committee Chair Barton described the event as a worthwhile experience, noting that it was interesting to hear from various people and engage with both the economic development committee and the workers' compensation fund group. He highlighted the thoughtful discussions that took place and encouraged others to participate as well.

Public Comment
There was no comment.

a. Review, Discussion, and Possible Approval of Report to Meet Reporting Requirement Pursuant to SB 291 (Chapter 455, Statutes of 2025)

Chair Barton moved to Agenda Item E2a, focusing on the review, discussion, and possible approval of the report required under Senate Bill 291. The legislation mandates that CSLB develop an evidence-based process to verify eligibility for workers' compensation insurance exemptions and submit its findings to the Legislature by

January 1, 2027. Based on feedback from the recent industry meeting, staff prepared a draft report proposing the creation of a dedicated workers' compensation enforcement unit to verify exemption eligibility prior to issuance and to ensure ongoing compliance. The draft report appears on page 81 of the meeting materials, and staff recommended that the Board approve it for submission to the Legislature. Registrar Fogt was then asked to present the draft report to the Board.

Registrar Fogt explained that CSLB continues to receive a high volume of consumer complaints, between 1,300 and 1,600 per month, and while Enforcement staff focus on resolving non-egregious issues and improving contractor practices, they are also responsible for investigating workers' compensation violations. With roughly 100,000 contractors currently claiming a workers' compensation exemption at no cost to file, many without payroll tax reporting or proper coverage, the issue remains significant. SB 291 requires CSLB to explore whether a narrow, evidence-based exemption program could exist when workers' compensation becomes mandatory for all contractors on January 1, 2028. Staff are proposing a limited exemption for sole owners who meet strict criteria, pay a fee, verify their understanding of workers' compensation requirements, undergo audits, and demonstrate their business model that does not require employees. Staff recommended establishing a dedicated workers' compensation enforcement unit, estimated at 17 staff and $2.5 million annually, to review and prequalify exemption requests, conduct post-approval monitoring, and coordinate with other state agencies on underground economy issues. The report recommends moving this proposal forward to the Legislature and seeking an author for a bill.

Board Member Comment

Chair Barton agreed with the proposal and noted that during previous discussions they had calculated a $500 exemption request fee as an appropriate amount for a legitimate workers' compensation insurance exemption request.

Registrar Fogt explained that assuming 10 percent of licensees currently filing a workers' compensation exemption form with a $500 filing fee would generate approximately $2.7 million in revenue. This funding could support hiring 17 additional staff members and would also cover the legal costs needed to prosecute workers' compensation violations.

Chair Barton noted the importance of maintaining licensing without discouraging legitimate businesses. He noted that providing an option for those without workers to remain licensed and compliant is valuable. While acknowledging some potential pushback, Chair Barton said he believes the cost of establishing a dedicated unit is justified, as CSLB will incur related expenses regardless.

Board Chair Galarza asked whether the proposed unit would fall under the authority of CSLB.

Registrar Fogt confirmed that the unit would indeed operate within CSLB.

Vice Chair Guy said he believed the proposal was well designed and addresses many of the issues previously discussed. He then asked whether CSLB has explored the possibility of conducting joint enforcement efforts with agencies such as State Fund or the Workers' Compensation Insurance Rating Bureau, suggesting that partnering with them could provide additional resources to support the audit process.

Registrar Fogt emphasized the importance of partnering with State Fund, noting that the organization already has established audit procedures and has a vested interest in preventing situations where contractors obtain policies despite having no workers, which can raise class code costs for others. He explained that CSLB would work closely with State Fund and the Department of Insurance, as they have done in the past, both during initial planning and in subsequent enforcement. Registrar Fogt added that, regardless of the new unit, complaints will continue to arise about contractors who buy minimum policies while secretly employing workers, which constitutes insurance fraud. In those cases, CSLB would be able to provide supporting evidence to the Department of Insurance for prosecution.

Member Mark noted that the Board has held numerous meetings on workers' compensation and the newly passed law and expressed appreciation for the staff, Committee Chair Barton, and the Legislative Committee for developing a proposal that strikes a workable compromise. He recognized that industry concerns, particularly regarding the roofing and C-20 classifications, were heard and addressed while maintaining the existing requirements. Member Mark acknowledged the lengthy process to reach this point and expressed satisfaction that the final outcome appears solid and well-crafted.

Member Ruiz asked what the current initial cost is to become a licensed contractor and asked whether the proposed change would add an additional $200 to that amount.

Registrar Fogt explained that the initial application fee is $450 for a sole owner and either $450 or $750 for a corporation. He then invited Chief of Licensing Carol Gagnon to provide additional clarification.

Chief Gagnon explained that the initial costs for becoming a contractor vary by business type. The application fee is $450, followed by an additional $200 licensing fee for sole owners or $350 for corporations, limited liability companies, or similar business structures. Beyond those fees, applicants must also pay for their bond, workers' compensation or the exemption if the proposal passes, fingerprinting, and any required exams, as well as their own office setup expenses. Renewal fees, which occur every two years, are listed on the website and are $450 for sole owner and $700 for other license types. Altogether, the total cost to obtain a license is roughly $1,000.

Member Mark clarified that, for the purposes of the current discussion, the relevant cost is only the $450 fee for sole owners. He noted that many other numbers were mentioned earlier, but the key point here is simply the $450 figure.

Member Ruiz explained that their earlier question was simply for general understanding and then asked why partnerships or corporations would also not be eligible for the exemption being discussed.

Registrar Fogt stated that during preparation of the report, they consulted with Department of Industrial Relations (DIR), which noted that corporate officers can legally be considered employees of their corporations. Because of that, corporations are generally expected to carry workers' compensation coverage. Partnerships raise similar concerns. Registrar Fogt added that CSLB has seen cases where partnership licenses included dozens of "partners," which can indicate attempts to avoid workers' compensation requirements or create sham employment arrangements. For those reasons, exemptions were limited to sole owners who work entirely on their own, such as semi-retired individuals or those doing small jobs alone. Once a business grows into a partnership or corporation, workers' compensation should be required.

Member Cobos clarified that the proposed workers' compensation exemption fee of $500 would essentially cover the operational costs associated with the initiative.

Registrar Fogt explained that while filing a possible workers' compensation exemption is currently free, the proposal would require a $500 fee at the time of initial filing and another $500 at each license renewal. This funding would cover investigation costs, including conducting at least a 5 percent random review of contractors claiming the exemption, checking the CSLB website and complaints for signs of larger jobs, and following up when a complaint identifies additional workers on a job site. Because the first offense for falsely claiming a sole-owner exemption carries a $10,000 penalty, the Registrar emphasized the need for dedicated investigators to ensure exemptions are legitimate.

Board Member Josef Preciado noted that the recommended $500 fee applies only to contractors who choose to file a workers' compensation exemption. It is not a fee that would be charged to all contractors, only to those submitting an exemption request.

Registrar Fogt clarified that the $500 fee applies specifically to filing a workers' compensation exemption form. Contractors would pay $500 when initially submitting the exemption for an original license and another $500 for renewal if they continue to claim the exemption. He noted that implementing this will require system programming changes, since the current online renewal process allows sole owners to simply check a box. Under the new approach, contractors would need to formally certify their understanding of workers' compensation requirements and pay the required fee.

Manager Jamnetski noted the renewal period being discussed is every two years, the same as the current renewal period.

Registrar Fogt confirmed that contractors claiming the exemption must pay $500 when they initially file it and another $500 every two years at renewal.

Chair Barton noted that, compared to the minimum workers' compensation insurance policy, which costs around $2,000 to $4,000, the proposed $500 exemption fee is relatively inexpensive. He suggested that paying the fee is a good deal for legitimate sole owner contractors who qualify for the exemption.

Registrar Fogt agreed, noting that stakeholders had argued the exemption fee should be higher than the cost of a minimum workers' compensation policy. However, during a stakeholder meeting, they found that setting the fee that high would generate far more revenue than necessary to prequalify, audit, and enforce.

Chair Barton acknowledged that some contractors may choose to leave the licensing system and operate underground but suggested that this could actually be beneficial by helping identify those unwilling to follow the rules. He expressed appreciation for the diverse perspectives on the Board, especially the input from Board Chair Galarza, industry members, and contractor representatives. He noted that the Board's diversity leads to well-rounded discussions and thoughtful conclusions, making the conversation both valuable and interesting.

Registrar Fogt added that without an exemption option, CSLB estimates that requiring workers' compensation for all classifications would cause about 10 percent of licensed contractors to drop their licenses, resulting in an $8 million revenue loss. Allowing that same 10 percent to file an exemption, however, would generate approximately $2.7 million, enabling CSLB to hire staff to support compliant contractors and combat the underground economy. He noted that the proposed unit must function as a dedicated, standalone team focused exclusively on workers' compensation enforcement and collaboration with key agencies such as State Fund, the Department of Insurance, and the Division of Labor Standards Enforcement.

Chair Barton noted that this collaboration was important because the partner agencies showed genuine interest and appeared willing to work closely with CSLB, reinforcing the value of forming those relationships.

Public Comment
There was no comment.

Motion: To authorize staff to submit the report to the Legislature as required under Business and Professions Code section 7125.7, including any minor edits needed for accuracy or clarity, and to authorize staff to seek a legislative author to introduce the proposed bill. Moved by Thomas Ruiz; seconded by Rodney Cobos. Motion carried, 10-0.

YEA: Miguel Galarza, Joël Barton, Rodney Cobos, Amanda Gallo, Alan Guy, Diana Love, Michael Mark, Henry Nutt III, Josef Preciado and Thomas Ruiz

NAY: None

ABSTAIN: None

ABSENT: Jacob Lopez, Steve Panelli, Omar Passons, James Ruane and Mary Teichert.

3. **Review, Discussion, and Possible Action on 2025-26 Board-Sponsored Legislation**

Chair Barton proceeded to Agenda Item E3 to review and discuss 2025–26 Board-sponsored legislation, beginning with Item E3a regarding Assembly Bill 559 (Berman) on accessory dwelling units.

a. **AB 559 (Berman): Contractors: home improvement contracts: prohibited business practices.**

Chair Barton explained that there have been no substantive updates since December, and the bill remains on the Senate Floor. The offsite manufactured housing industry continues to oppose the measure, arguing that progress payment restrictions are too burdensome. CSLB staff maintain that on-site construction or installation of residential ADUs qualifies as home improvement work and is therefore subject to these restrictions. Staff will continue working with the author and stakeholders to seek compromise but recommend the Board take no action at this time and will provide future updates.

<u>Board Member Comment</u>
There was no comment.

<u>Public Comment</u>
There was no comment.

b. **SB 1263 (McGuire): Contractors: debris removal.**

Chair Barton moved on to Agenda Item E3b regarding SB 1263 and expressed appreciation to Senator McGuire and his staff for authoring this measure on CSLB's behalf. SB 1263 would allow contractors to perform debris removal activities, including muck-out and ash-out, in declared disaster areas if they hold either an A-General Engineering or B-General Building license, or both C-12 Earthwork and Paving and C-21 Building/Moving and Demolition classifications. The bill also requires contractors to pass CSLB's Hazardous Substance Removal Certification exam and comply with

HAZWOPER requirements set by DIR. The proposal does not change existing laws governing debris removal outside disaster declarations. Staff recommended that the Board take no action on this item at this time.

Board Member Comment
There was no comment.

Public Comment
There was no comment.

4. Review, Discussion, and Possible Action on Co-Sponsoring SB 784 (Durazo, 2025): Home improvement loans: right to cancel contracts.

Chair Barton proceeded to Agenda Item E4 to review and discuss potential co-sponsorship of SB 784 (Durazo). SB 784 would extend the right to cancel a home improvement contract from three to five days, or from five to seven days for seniors, and would delay repayment obligations on home improvement loans until lenders verify that permitted work has been fully approved and is operational. The bill also adds new disclosure requirements for lenders.

Although the Board previously voted to support SB 784, Chair Barton reported the bill stalled in the Assembly Appropriations Committee due to opposition from the financing industry. During recent legislative meetings, Senator Durazo asked whether CSLB would consider co-sponsoring the bill, noting that CSLB's support would highlight the strong consumer protection benefits. While CSLB does not regulate lenders, staff emphasized that harmful lending practices significantly affect consumers and contribute to increased complaints, particularly in solar and ADU projects. Chair Barton referenced past cases where consumers were left financially responsible when projects were left incomplete. He emphasized that it is unfair for consumers to pay for work they never receive yet still be obligated to repay the loan, underscoring the need for the legislation. For these reasons, Chair Barton agreed with staff's recommendation that CSLB co-sponsor SB 784 to strengthen consumer protection and potentially reduce complaint volume.

Board Comment
Member Love referred back to earlier discussions about the bill and the mechanics lien warning requirements. She requested that CSLB return to Senator Durazo with a suggested clarification: when the bill references extending the cancellation period for seniors from five to seven days, it should clearly state the age threshold, specifically "65+" in parentheses. Member Love explained that this avoids confusion because some laws use age 62 while others use 65, so explicitly identifying the applicable age would ensure clarity moving forward.

Public Comment
There was no comment.

Motion: To reaffirm the Board's sponsorship of SB 784 with Senator Durazo and to direct staff to ensure the bill clearly states that the extended cancellation period for seniors applies to individuals age 65 and older, specifically within Section 11. Moved by Diana Love; seconded by Rodney Cobos. Motion carried, 10-0.

YEA: Miguel Galarza, Alan Guy, Joël Barton, Rodney Cobos, Amanda Gallo, Diana Love, Michael Mark, Henry Nutt III, Josef Preciado, and Thomas Ruiz

NAY: None

ABSTAIN: None

ABSENT: Jacob Lopez, Steve Panelli, Omar Passons, James Ruane and Mary Teichert.

5. Review, Discussion and Possible Action on Other Relevant 2025-26 Legislation

Chair Barton moved to Agenda Item E5a to review AB 2287 (Michelle Rodriguez).

a. AB 2287 (Rodriguez, Michelle): Contractors: disciplinary action.

Chair Barton stated that AB 2287 would prohibit CSLB from taking administrative disciplinary action against a licensee for using particular technologies, tools, or equipment while performing construction work. The bill, sponsored by the California State Council of Laborers, was introduced in response to last year's AB 1341, which sought to make unlicensed practice in certain professional fields grounds for CSLB discipline. Staff expressed concerns that AB 2287's current language is overly broad and may hinder CSLB's ability to enforce compliance with code requirements and trade standards. As a result, staff recommended the Board adopt a "Watch" position at this time.

Registrar Fogt explained that Business and Professions Code section 7110 is a crucial enforcement tool that allows CSLB to work directly with building officials and other state agencies, particularly when contractors fail to obtain required building permits. He expressed concerns that adding language to section 7110 could create confusion about what constitutes a violation. Registrar Fogt noted that he has been meeting with the Board for Professional Engineers, Land Surveyors, and Geologists to better understand their license requirements for the use of tools like ground-penetrating radar, since those contractors could be cited by the Board for Professional Engineers, Land Surveyors, and Geologists and then referred to CSLB for discipline. He emphasized that CSLB's role is to enforce compliance with building codes and permit requirements, not to regulate specific tools. He referenced past problems, such as improperly drilled wells causing aquifer contamination, to illustrate why CSLB focuses on code compliance rather than equipment choice. Registrar Fogt added that discussions with the State Council of Laborers have been positive and that CSLB has provided replacement language to help resolve the issue.

Chief May clarified that CSLB had previously sent over a suggested amendment about a week earlier, and the other party responded that they were open to it and planned to discuss it further. The amendment would move the provision out of Section 7110 and into a different code section. It would also soften the language clarifying that CSLB disciplinary action would not be based solely on that injunction.

Registrar Fogt emphasized that the CSLB would not take disciplinary action solely based on the type of tool a licensee used. Any enforcement action must be tied to an actual code or trade standards violation while the use of the tool may be referenced to support the underlying violation. He reiterated that tool use alone would not be the basis for discipline. Registrar Fogt noted that the other party seemed receptive to this clarification, which he viewed as a positive development.

Chair Barton clarified that while CSLB does not take disciplinary action based solely on the tools a licensee uses, tools can still be part of the evidence within a complaint.

Registrar Fogt stated that while tools can be referenced as part of the evidence in a complaint, for example, noting that an underground pipe was improperly cut because the wrong tool or process was used, CSLB would not act based solely on the tool itself. If someone used equipment outside CSLB's jurisdiction, such as radar-type tools associated with land surveying, that matter would fall to the Board for Professional Engineers, Land Surveyors, and Geologists, who could refer the case to CSLB, but they have not expressed interest to make that referral.

Public Comment
There was no comment.

Board Comment
Member Mark asked for clarification about the “replacement language” included in the motion. He understood that the amendment would move the provision out of Business and Professions Code section 7110 and into another section, but he wanted to know the substance of the proposed language so the Board would understand exactly what it is being asked to approve.

Counsel Kinn reiterated that the motion before the Board is not to approve any amendment or replacement language. The only action being proposed is to adopt a “watch” position on the bill.

Member Mark pointed out that the motion language states staff will develop and submit replacement language to the bill’s author, and because of that, he wanted clarity on the replacement language.

Registrar Fogt clarified that staff do have proposed replacement language. The language states that CSLB would not take administrative action solely based on the tools, technology, or equipment used. He noted that this was Manager Jamnetski’s idea and that he had also identified a better location within the statute for placing this amendment.

Manager Jamnetski explained that the proposed amendment would be placed in Business and Professions Code section 7090, which is the Board’s broad disciplinary authority section addressing complaints, investigations, and prioritization of enforcement actions. The amendment would add a single sentence stating that the use of technologies, tools, or equipment in performing construction work shall not, by itself, be grounds for discipline. He emphasized that this language is a general enforcement principle, not a cause of action, and would not appear in CSLB administrative legal action. Instead, it clarifies that CSLB cannot discipline a licensee solely for using a particular tool or technology. Any action must be tied to an underlying code or workmanship violation, such as those covered under section 7110. Manager Jamnetski noted that this language had not yet been accepted by the bill’s author but was offered as a clearer and more appropriate alternative to the current placement.

Chair Barton thanked Member Mark for raising the issue, then asked Chief May to confirm that, since the Board is only recommending a “watch” position on the bill at this time, there will still be an opportunity at the June meeting to review any updated bill language and decide whether to oppose or support it at that point.

Chief May noted that the Board can re-agendize the bill for the June meeting and that doing so would still provide plenty of time within the legislative calendar for the Board to take a formal position if needed.

Chair Barton confirmed that the Board still has time to revisit the bill at a future meeting. For now, the recommendation is simply to take a “watch” position, unless any Board member wishes to offer an alternative motion.

Vice Chair Guy expressed concern that the situation had become overly complicated, noting that the entire issue originally stemmed from a licensee using ground-penetrating radar (GPR) to locate underground utilities.

Registrar Fogt explained that the issue stems from a conflict between different groups, including operating engineers and laborers. The intent behind the amendment was to ensure that CSLB licensees are not disciplined for actions that would actually fall under the jurisdiction of other Boards, such as the Board for Professional Engineers, Land Surveyors, and Geologists or the California Architects Board. In other words, CSLB should not impose discipline on its licensees for potential violations that properly belong under another Board’s practice act.

Vice Chair Guy expressed concern that the issue has become troubling, noting that GPR is commonly used to locate underground utilities to prevent consumer harm, such as contractors accidentally striking utility lines. He found it alarming that simply using such technology could appear as grounds for disciplinary action against a contractor. Because of that concern, he stated his support for taking a “watch” position on the bill.

Member Mark thanked everyone for the clarification and explained that he had been trying to understand the complete motion, specifically what the Board was actually being asked to act on.

Motion: To adopt a “watch” position on AB 2287. Moved by Diana Love; seconded by Rodney Cobos. Motion carried, 10-0.

YEA: Miguel Galarza, Alan Guy, Joël Barton, Rodney Cobos, Amanda Gallo, Diana Love, Michael Mark, Henry Nutt III, Josef Preciado, and Thomas Ruiz

NAY: None

ABSTAIN: None

ABSENT: Jacob Lopez, Steve Panelli, Omar Passons, James Ruane and Mary Teichert.

b. SB 342 (Umberg): Contractors: unlicensed work.

Chair Barton moved to Agenda Item E5b regarding SB 342 (Umberg). SB 342 would eliminate the current prohibition that prevents a contractor from seeking compensation for any work performed if they were not duly licensed at all times during the contracting activity. Instead, the bill would permit a contractor to pursue compensation for work completed during periods in which they were properly licensed, even if they were unlicensed at other times. Staff recommended that the Board take a "WATCH" position on this bill, and Chief May was asked to provide further details.

Chief May acknowledged industry concerns that current law may allow consumers to avoid paying for work if a contractor's license briefly lapses, which can create major financial impacts, especially on large commercial or public works projects. Staff noted that existing law already offers flexibility, including a 90-day retroactive renewal period when the contractor is otherwise eligible and acts promptly, and courts may apply the doctrine of substantial compliance when the contractor made good faith efforts to maintain licensure. Staff cautioned that SB 342 could significantly increase both the volume and complexity of complaints if CSLB has to determine work performed when the licensee was appropriately licensed, resulting in added enforcement workload and an estimated cost increase of over $2 million in fiscal year 2027-28 and beyond, costs that would require new funding. Because most CSLB complaints involve home improvement, staff recommended excluding home improvement work from the bill to reduce workload while preserving consumer protection. The author and sponsors indicated support for this change, and amendments were anticipated to address these concerns.

Board Comment
There was no comment.

Public Comment
There was no comment.

Motion: To adopt a "watch" position on SB 342. Moved by Michael Mark; seconded by Rodney Cobos. Motion carried, 10-0.

YEA: Miguel Galarza, Alan Guy, Joël Barton, Rodney Cobos, Amanda Gallo, Diana Love, Michael Mark, Henry Nutt III, Josef Preciado, and Thomas Ruiz

NAY: None

ABSTAIN: None

ABSENT: Jacob Lopez, Steve Panelli, Omar Passons, James Ruane and Mary Teichert.

The Board took a 15-minute break at 10:28 a.m. and reconvened at 10:46 a.m.

F. Enforcement

Chair Galarza proceeded to the Enforcement agenda items. Enforcement Committee Chair Michael Mark was given the floor to lead this next section.

1. Review and Discussion on 2025 Accomplishments and Activities Report

Chair Mark introduced Item F1, the review of the 2025 Accomplishments and Activities Report. He highlighted the extensive work of SWIFT, including wildfire-related consumer protection efforts, 52 sweeps, 28 sting operations, and 2,770 investigations statewide, resulting in 869 administrative or criminal actions. SWIFT's collaboration with the Joint Enforcement Strike Force and the Labor Enforcement Task Force led to license suspensions tied to more than $22 million in tax liabilities and nearly $900,000 in civil penalties for labor and safety violations. Chair Mark then reviewed accomplishments from the Intake and Mediation Centers, which settled 1,814 cases and saved consumers over $17 million, offering examples involving solar installation damage and a kitchen remodel dispute. Investigation Centers issued 3,225 administrative actions, with 1,053 cases referred for criminal prosecution, while the Multiple Offender Unit completed 585 investigations and referred over 150 cases for accusation or criminal charges. Case Management helped secure over $3 million through arbitration, issued more than 1,600 citations, collected over $6 million in penalties, and revoked 261 licenses. New laws, SB 291 and SB 779, will significantly increase minimum civil penalties beginning in 2026. Finally, 248 accusations were filed in 2025, resulting in 215 license revocations and additional restitution and cost recovery.

Board Comment

Board Chair Galarza revisited the earlier discussion about SB 291 and the new $10,000 minimum civil penalty for employing workers without workers' compensation insurance. He noted concerns that such a high fine could severely impact contractors and referenced previous conversations about possibly using a tiered penalty structure. Chair Galarza asked whether SB 291 explicitly includes a tiered approach for repeated or egregious violations, expressing concern that it would be illogical for a first offense to carry a $10,000 penalty but subsequent offenses to fall back to lower amounts, such as $500.

Committee Chair Mark clarified that the discussion involved two completely separate laws, not a tiered penalty structure within one law. SB 291 establishes the $10,000 minimum civil penalty for a sole owner who employs workers without workers' compensation insurance. That amount is fixed by statute and applies when the violation is proven. While SB 779, raises the minimum penalties for various non-workers' compensation violations from the long-standing $100–$200 range up to $500. So, the $10,000 penalty and the $500 minimums apply to different types of violations and are not part of a tiered or escalating system within a single bill.

Board Chair Galarza specified that his concern relates to the $10,000 workers' compensation penalty. He understood that the first proven violation resulted in a mandatory minimum $10,000 fine, but he wants to ensure that a second offense would carry an even higher penalty, rather than dropping back to a lower minimum such as $500. In other words, he was asking whether the law includes an escalating penalty structure for repeat violations.

Chief May explained that the penalty increased over time, starting at $10,000, then rising to $20,000, and ultimately reaching $30,000 for subsequent violations.

Registrar Fogt clarified that although a second violation could result in a $30,000 fine, CSLB may not continue issuing repeated citations, especially if the company is appealing. Instead, after an initial $10,000 fine for lacking workers' compensation coverage, CSLB may pursue an accusation or refer the case to a district attorney for misdemeanor prosecution if the employer remains noncompliant. This approach avoids the additional costs associated with defending multiple appeals.

Chair Galarza asked whether, at that point, they are required to obtain workers' compensation insurance in addition to paying the $10,000 penalty.

Registrar Fogt confirmed that the contractor cannot file an additional exemption after the initial violation. Failure to obtain a workers' compensation policy will result in license suspension.

Chair Galarza wanted to make sure there was some follow-up.

Member Nutt asked how restitution funds are handled once collected, specifically, whether victims receive the full amount they were out of pocket or only a portion, how that process works, and how long it typically takes for people to receive their money back.

Registrar Fogt clarified that much of the restitution process occurs through the Intake and Mediation Center, which handles more than 14,000 complaints annually with about 100 staff, including 30 analysts who work to mediate resolutions. Restitution is paid by the contractor directly to the consumer and can happen in several ways. In many cases, consumers have already hired someone else to complete or correct the work, creating a hard cost that is documented through a demand letter. Another method involves the Industry Expert Program, where an expert evaluates the work and provides a report used to calculate the financial injury using a specific formula. Restitution can also be ordered through administrative action, although consumers often feel the amount is lower than their actual cost. He noted that CSLB must base restitution on specific legal violations, such as poor workmanship, abandonment, or misuse of funds, not on broader civil arguments. Ultimately, it is the contractor's responsibility to resolve the complaint by paying the consumer.

<u>Public Comment</u>
There was no comment.

2. Enforcement Program Update

Chair Mark introduced the next item on the agenda: the Enforcement Program Statistical Update and requested that Enforcement Chief Steve Grove present key highlights from the update.

Chief Grove presented three key case highlights. The first case involved a San Ramon consumer who experienced significant discoloration in newly installed hardwood flooring. After unsuccessful repair attempts and a rejected $10,000 offer, CSLB's Intake and Mediation Center negotiated a settlement in which the contractor agreed to replace the entire floor. The second case involved an elderly couple in San Diego who contracted for an ADU and remodel totaling more than $950,000 after unauthorized change orders. The contractor, who lacked the required B-General Building license, collected approximately $450,000 while performing minimal work and failed to pay for materials, resulting in a mechanics lien. CSLB filed an accusation citing numerous violations, leading to the contractor's license revocation in December 2025, and the case was referred to the San Diego County District Attorney's Office, which filed criminal charges. The final case concerned unlicensed individual Marko Mendoza, who impersonated a licensed contractor and entered into contracts for ADU projects financed through PACE and HERO programs. Following a multi-year investigation, Mendoza was criminally charged and in January 2026, pleaded no contest to all 74 counts. His plea agreement requires restitution payments, 10 years of probation, and imposes two strike convictions. Chief Grove concluded the highlights and returned the floor to Chair Mark.

Chair Mark continued with the Enforcement Program Statistical Update with staffing information. Of the 228 authorized positions in the Enforcement Division, 28 are currently vacant, an increase resulting from the addition of three new Special Investigator positions in the Multiple Offender Unit and several recent retirements. Chair Mark noted data from July 1, 2025, to January 31, 2026, shows that 12,663 complaint investigations were initiated. With current staffing, the optimal caseload is 4,895 complaints; however, as of January 31, 2026, the pending caseload was 5,595. The Executive Office is working with Enforcement leadership on strategies to address the increase in consumer complaints, and an Enforcement Committee meeting is planned for May to review complaint-handling approaches in alignment with Board expectations. Chair Mark noted staff at the CSLB Intake Mediation Centers continue to perform strongly in resolving consumer complaints. One Board goal is to have fewer than 100 complaints older than 270 days. As of January 31, 2026, there were 176 such cases, which down significantly from 277 reported in September.

Chair Mark shared CSLB-sponsored arbitration and disciplinary statistics, including $2.1 million in restitution ordered for injured parties. He noted that from July through January, SWIFT conducted 24 sting operations, participated in 230 sweep days, responded to 373 leads, closed 1,645 cases, and produced 550 administrative or criminal actions along with 597 advisory notices. Chair Mark discussed the work of the Experience Verification Unit, which completed 221 application investigations during the reporting period. Of these, 105 were approved, 45 withdrawn, 66 denied, and 5 appealed.

Board Member Comment

Member Love asked whether, in cases like the one referenced involving the recovery fund, staff become involved in trying to resolve issues related to HERO Program assessments, specifically when consumers begin having payments added to their property taxes.

Chief Grove explained that CSLB has very limited authority over the financial institutions that issue those types of loans. While the lenders may try to work with consumers, CSLB itself has little ability to intervene in those situations.

Registrar Fogt added that they typically refer consumers to the the Department of Financial Protection and Innovation (DFPI), which is the appropriate state department with limited jurisdiction over lenders. He noted the importance of directing more of these cases to that agency since CSLB itself lacks the authority to intervene.

Manager Jamnetski explained that SB 784, discussed earlier, is a direct response to address problematic practices by non-bank lenders that provide these types of funds. He noted that the issue ties into broader consumer protection efforts and added that CSLB also maintains a partnership with the FBI related to these matters.

Manager Jamnetski noted that he wasn't sure whether the HERO program is still active.

Registrar Fogt explained that although HERO is not as widely used as it once was, it remains important for any consumer who believes they were subjected to a predatory loan to file a complaint with DFPI. He added that while CSLB collaborates with DFPI, its own jurisdiction is limited to enforcing the Contractors State License Law and does not extend to lending practices.

Chair Mark commented that the SWIFT team is doing excellent work despite limited resources. He expressed interest in the results of the ongoing study to determine how the unit might receive additional resources, noting that he has previously suggested the team should ideally be expanded. Chair Mark emphasized that SWIFT's role is crucial, as they address the underground economy and collaborate with numerous partner agencies. He also highlighted the importance of the Experience Verification Unit, explaining that after applications pass through Licensing, this unit takes a deeper look, ensuring applicants truly have journey-level experience. Chair Mark stated this is essential for consumer protection, since homeowners hiring licensed contractors expect quality workmanship.

Public Comment
There was no comment.

G. Licensing

Chair Miguel Galarza moved on to the Licensing items. Licensing Committee Chair Nutt was asked to provide the Licensing Update.

1. Review and Discussion on 2025 Accomplishments and Activities Report

Chair Nutt reported the 2025 Accomplishments and Activities Report for Licensing and Testing. In 2025, CSLB's Licensing and Public Affairs teams delivered 24 licensing workshop presentations, 12 in English and 12 in Spanish, with a recorded version available on YouTube while five California universities received a total of $225,000 in Construction Management Education Account (CMEA) grant funding. Chair Nutt noted the Judgments Unit processed 2,164 judgments, recovering more than $30 million in restitution. He added that two tribal governments received contractor licenses following the implementation of tribal licensure in 2025. CSLB also expanded reciprocity with North Carolina and those in other states who have passed the NASCLA exam and whose license has been in good standing for five years. The Veterans Application Assistance Program expedited 477 licenses in 2025. Testing access expanded to allow candidates to take certain exams at 20 additional DCA-approved sites nationwide. Chair Nutt concluded by noting CSLB also increased applicant outreach, adding automatic reminder letters at nine months of inactivity and follow-up reminders 45 days after bond and fee letters are issued, with the goal of reducing abandoned applications.

Board Comment
There was no comment.

Public Comment
There was no comment.

2. Licensing and Testing Program Update

Chair Nutt presented the Licensing Program Update noting CSLB received over 12,000 applications last quarter, while processing times remain at three weeks or less. CSLB received 1,400 more applications in FY 2024-25 than the prior year. More than 28,000 renewal applications were received last quarter, and staff began outreach to contractors affected by the Los Angeles County fires who deferred renewal fees under the Governor's executive order.

Chair Nutt then turned the update over to Chief Gagnon for the Testing Program Update

Chief Gagnon reported that Testing, through vendor PSI Exams, administered more than 59,000 exams, including 273 taken at out-of-state test centers, between February 2025 and January 2026. The Exam Development Unit released updated C-9 Drywall and C-15 Flooring trade exams and has several additional item banks in programming or development. Nearly all 48 exam item banks have been updated to the new Title 24 Building Codes, and updated study guides are being prepared for the website. Chief Gagnon noted that staff continued to convert laminated exam booklets into digital formats for nationwide release with several exams, including C-15, C-35, and C-55, fully digitized, and more trades are in development for digital conversion, which will reduce shipping costs and improve exam security. She added that CSLB continued expanding Spanish-language access with more than 11,000 exams were taken in Spanish during the reporting period, most commonly in Law and Business, B-General Building, C-33 Painting, and C-39 Roofing.

<u>Board Member Comment</u>
Member Love noted she appreciates Licensing was saving on postage with the digitized booklets.

<u>Public Comment</u>
There was no comment.

3. Review and Discussion of B-2 Residential Remodeling Survey

Chair Nutt returned the floor to Chief Gagnon to provide an update on the next item.

Chief Gagnon explained that the Licensing Division had surveyed all B-2 Residential Remodeling contractors to gauge their interest in adding a B General Building classification. Survey results showed that while 63 percent of B-2 licensees are satisfied with the current scope, which excludes structural or behind-the-wall work, 79 percent still plan to pursue a B classification in the future. Many plan to rely on their B-2 experience or existing structural experience, while others intend to gain experience under a B contractor or hire a responsible managing officer. Chief Gagnon noted the challenge that B-2 contractors are prohibited from performing the structural work needed to qualify for a B license. She reviewed the history and purpose of the B-2 classification and to address this gap, recommended a certification pathway allowing B-2 contractors to gain limited, supervised structural experience. This pathway would require a CSLB exam, allow construction of non-habitable framed structures with building permits, exclude any structures intended for human habitation, and require holding the certification for two years before applying for a B license. Applicants would then provide verified permits and demonstrate four years of qualifying experience, which could include work performed under the new certification. Chief Gagnon noted that B-2 contractors already meet core licensing requirements such as bonding, fingerprinting, and passage of the Law and Business exam.

Chair Nutt stated he appreciated the hard work staff have put into developing this pathway to obtain the certification.

Board Member Comment

Member Mark questioned the proposed certification pathway that would allow B-2 contractors to perform limited structural work on non-habitable structures, some of which may require permitted electrical, plumbing, or HVAC work. He noted that since B-2 licensees are not authorized to perform these specialty trades, it is important that the proposal clearly require the use of properly licensed subcontractors for any such work.

Chief Gagnon clarified that a regulation has not yet been drafted for the proposed certification pathway. The immediate request is for the Board's permission to begin developing the regulation language. If authorized, staff will prepare a draft regulation and present it at the June Board meeting for review and consideration. This process would allow the Board to evaluate the proposed framework in detail and address concerns, such as ensuring that any required electrical, plumbing, or HVAC work on these structures continues to be performed by appropriately licensed subcontractors.

Member Mark requested the language should state if a B-2 licensee is required to pull a permit for a structure such as a new garage, the work in specialty classifications must be subcontracted to appropriately licensed specialty contractors.

Vice Chair Guy asked whether the requirement to subcontract specialty work, such as electrical, plumbing, or HVAC, is currently mandated under the existing B-2 license classification.

Registrar Fogt clarified that this is not currently a requirement under the B-2 license.

Member Mark agreed that B-2 contractors are not precluded from performing specialty work themselves on existing residential structures, which is why he sought clarification on the issue.

Chief Gagnon noted that under the current B-2 classification, contractors are not permitted to perform any behind-the-wall work. B-2 licensees may replace light fixtures, plumbing fixtures, and similar surface-level items, but they are prohibited from installing or altering any components located behind walls, such as electrical wiring, plumbing lines, or other structural or concealed systems.

Member Mark noted that as B-2 contractors begin taking on larger projects under the proposed certification pathway, those projects may involve work that triggers the need for properly licensed specialty subcontractors.

Public Comment
There was no comment.

Motion: To direct staff to draft proposed regulations for B-2 certification to allow B-2 license holders the opportunity to safely gain structural and framing experience. Moved by Miguel Galarza; seconded by Michael Mark. Motion carried, 10-0.

YEA: Miguel Galarza, Alan Guy, Joël Barton, Rodney Cobos, Amanda Gallo, Diana Love, Michael Mark, Henry Nutt III, Josef Preciado, and Thomas Ruiz

NAY: None

ABSTAIN: None

ABSENT: Jacob Lopez, Steve Panelli, Omar Passons, James Ruane and Mary Teichert.

H. Public Affairs

Board Chair Galarza transitioned to Public Affairs and turned the discussion over to Public Affairs Committee Chair Diana Love.

1. Review and Discussion on 2025 Accomplishments and Activities Report

Chair Love reported key accomplishments from the 2025 Public Affairs Accomplishments and Activities Report, noting that CSLB hosted 52 Senior

Scam Stopper seminars statewide, including events with Assemblymember Alex Lee, and developed a new video version of the seminar for on-demand public access. Public Affairs also made significant updates to the CSLB website, including enhancements to the Disaster Help Center following the Los Angeles County wildfires, and broader efforts to improve accessibility, clarity, and user-friendliness in alignment with Strategic Plan Goal 4.4. Staff have been reviewing all online content to ensure accuracy, removing outdated materials, fixing broken links, and reorganizing pages to improve navigation as part of a larger website audit initiative. Additional improvements include the development of an online contact form for the executive office and Board members, allowing the public to submit messages that will be screened and routed by staff. This feature is under development, with further updates expected before the June Board meeting.

Board Member Comment
There was no comment.

Public Comment
There was no comment.

2. Public Affairs Program Update

Chair Love presented that the Public Affairs Office (PAO), responsible for media relations, consumer and licensee communications, and outreach, continued extensive disaster-related outreach following the Palisades and Eaton fires. PAO participated in task force meetings, posted frequent guidance on hiring licensed contractors, and joined partner agencies at a February 2026 “Hire a Contractor” workshop. PAO also staffed a Local Assistance Center in San Bernardino County after a December mudslide.

Chair Love noted that PAO produced multiple videos through January 2026, including the “What You Should Know Before Building an ADU” video and new social media content helping consumers find and verify licensed contractors. CSLB maintains active social media engagement across Facebook, Instagram, X, and LinkedIn. Recent high-performing posts included information on reporting unlicensed activity and updates on new laws affecting contractors. Chair Love noted recent publications such as the 2026 California Contractors License Law & Reference Book and that PAO also continues producing internal communications that recognize staff achievements and highlight morale-building events. She added that the Public Information Center report shows that call wait times have generally remained under the six-minute goal, though January increased to about seven minutes.

Many calls relate to licensing application status, and PAO regularly partners with Licensing to clarify instructions and update FAQs to reduce call volume.

Board Member Comment
Chair Love noted that an ADU is intended to be an extension or accessory dwelling unit to an existing residence already on the property and asked whether an ADU can be built on a vacant parcel and still be considered an ADU.

Registrar Fogt noted that in many cases, projects on vacant lots, particularly in wildfire-affected areas, use manufactured or factory-built housing rather than traditional stick-built structures. Although these units are not attached to an existing primary residence, they may still function similarly to accessory dwelling units in terms of size and design. He noted in current rebuilding efforts, many of these manufactured homes are being placed on vacant parcels where the original structures were lost, and because they are not conventional multi-bedroom homes, they are still considered ADUs.

Public Comment
There was no comment.

I. Closed Session

1. **Closed Session: Pursuant to Government Code section 11126(e)(1), the Board will move into closed session to confer with, and receive advice from, its legal counsel regarding the following pending litigation: Los Angeles County Superior Court, Case No. 20STCV45568.**

Closed Session began approximately 11:50 a.m. and closed 12:00 p.m.

J. Adjournment

Meeting adjourned at approximately 12:00 p.m.