



SACRAMENTO UPDATE

June 17, 2010
SU14 -10

Bill Activity

Several pieces of legislation were considered this week that are of particular interest to GSBE:

SB 1254 (Leno) – Sponsored by the **Marin Builder's Association** and CSLB, this measure authorizes the CSLB to issue a stop work order, effective immediately, prohibiting licensed and unlicensed contractors from using employee labor if they fail to provide adequate workers' compensation insurance coverage for employees. In addition to this new authority, SB 1254 will allow CSLB to request nine additional peace officer positions through the normal budget process to ensure enforcement and compliance with this new provision of law. Passed committee. GSBE supports.

SB 189 (Lowenthal) - This non-controversial mechanics lien bill reflects the work undertaken by the California Law Revision Commission at the request of the legislature some years ago to review and consider this area of the law that according to many observers has become unduly complex and impenetrable as the result of piecemeal amendments over the years. This bill would among other notable achievements streamline, reorganize, clarify and re-codify these statutes; it would modernize terminology and eliminate inconsistencies in language; make provisions more readable and easier to use; place provisions that apply exclusively to private or public work in separate titles, and place jointly applicable provisions in a common third title. These revisions are largely technical. **Sam Abdulaziz** has been a key party to the formation of this legislation. Passed Committee.

SB 392 (Florez) - Sponsored by large construction contractors in order to allow any qualified business organized as a limited liability company (LLC) to obtain a construction contractors license. Supporters believe the existing prohibition against awarding contractors licenses to LLCs is archaic, and an impediment to attracting established national companies to do business in the state. The LLC form has useful flexibility for distribution of profits and losses that make it a more desirable arrangement. Labor groups have removed their opposition in light of amendments that require an LLC to post a wage bond in the amount of \$100,000 for the benefit of workers employed by these entities because of concerns that the limited liability of LLCs could potentially leave workers without recourse if wages go unpaid. Passed Committee. GSBE supports.

Fixed Price Tax Bill Up Next Week

GSBE supported AB 2060 (Calderon) is set for consideration next week in the Senate Revenue and Taxation Committee. This bill protects contractors with fixed price contracts from bearing the cost of a sales and use tax rate increase that cannot be passed on to their customers.

Villines Comes from Behind?

After trailing since Election Day, state Assembly Member Mike Villines on Wednesday jumped out to a 2,746-vote lead in the GOP race for state insurance commissioner. Still, with plenty of ballots outstanding across the state, the race could go either way. The Secretary of State estimated Wednesday that 773,497 ballots remained uncounted. In an upset, Brian FitzGerald, an enforcement attorney at the insurance department, was the top voter on Election Day beating Villines by over 10,000 votes.

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