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AB-2622 Contractors: exemptions: work and advertisements. (2023-2024)

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Assembly Bill No. 2622

CHAPTER 240

An act to amend Sections 7027.2 and 7048 of the Business and Professions Code, relating to contractors.

[Approved by Governor September 14, 2024. Filed with Secretary of State September 14, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2622, Juan Carrillo. Contractors: exemptions: work and advertisements.

Existing law, the Contractors State License Law, establishes the Contractors State License Board within the Department of Consumer Affairs and sets forth its powers and duties relating to the licensure and regulation of contractors. Existing law makes it a misdemeanor for a person to act as a contractor without a license, unless exempted. Existing law exempts from the Contractors State License Law a work or operation on one undertaking or project by one or more contracts, if the aggregate contract price for labor, material, and all other items is under \$500, except as specified.

This bill would revise the exemption by increasing the maximum aggregate contract price to \$1,000 and specifying that the exemption would apply if the work or operation does not require a building permit. The bill would specify that the exemption would not apply to a person who employs another person to perform, or assist in performing, the work or operation. By narrowing the exemption from the licensing requirement, the bill would expand a crime and, thereby, impose a state-mandated local program.

Existing law makes it a misdemeanor for a person to advertise for construction work or work of improvement without a license. Existing law authorizes a person who is not licensed to advertise for construction work or work of improvement if the aggregate contract price for labor, material, and all other items on a project or undertaking is under \$500 and the person states in the advertisement that the person is not licensed.

This bill would expand the advertising authorization by increasing the aggregate contract price to \$1,000.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 7027.2 of the Business and Professions Code is amended to read:

7027.2. Notwithstanding any other provision of this chapter, a person who is not licensed pursuant to this chapter may advertise for construction work or a work of improvement covered by this chapter only if the aggregate contract price for labor, material, and

all other items on a project or undertaking is less than one thousand dollars (\$1,000) and the person states in the advertisement that the person is not licensed under this chapter.

SEC. 2. Section 7048 of the Business and Professions Code is amended to read:

7048. (a) This chapter does not apply to a work or operation on one undertaking or project by one or more contracts, if the aggregate contract price for labor, materials, and all other items, is less than one thousand dollars (\$1,000) that work or operation being considered of casual, minor, or inconsequential nature, and the work or operation does not require a building permit.

(b) This section does not apply in a case wherein the work of construction is only a part of a larger or major operation, whether undertaken by the same or a different contractor, or in which a division of the operation is made in contracts of amounts less than one thousand dollars (\$1,000) for the purpose of evasion of this chapter or otherwise.

(c) This section does not apply to a person who does either of the following:

(1) Advertises or puts out a sign or card or other device that might indicate to the public that the person is a contractor or that the person is qualified to engage in the business of a contractor.

(2) Employs another person to perform, or assist in performing, the work or operation.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.