

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Oppose
SPONSOR: Contractors' State License Board

BILL NUMBER: SB 865
AUTHOR: G. Negrete McLeod

BILL SUMMARY: Contractors: Expertise: Legal Representation

This bill would require the Contractors' State License Board (CSLB) to provide legal representation through the Attorney General's Office and provide indemnification against any civil suits or judgments rendered against industry experts who assist in consumer complaint investigations.

FISCAL SUMMARY

The Department of Consumer Affairs (DCA) indicates that this bill could result in potentially significant costs to the CSLB to pay the Attorney General for defense and to pay any judgment for a person hired to provide expertise in a consumer complaint investigation. According to CSLB, there have been no cases to date in which the CSLB used a witness to testify on CSLB's behalf, and as a result of that testimony, had charges brought against the witness.

COMMENTS

The Department of Finance is opposed on the provisions of this bill for the following reasons:

- The requirement to provide indemnification without a statutory limit is unconstitutional.
This bill could result in potentially significant unfunded costs to the CSLB for the Attorney General's representation and the cost of any judgment against an industry expert assisting the CSLB in a consumer complaint investigation.

Existing law allows the CSLB to utilize industry experts to evaluate the conduct of a licensee in the course of a consumer complaint investigation. Under current law, the DCA indicates that it would utilize DCA legal or Attorney General resources to defend its industry experts in civil suits brought against them.

This bill would require the CSLB to use the Attorney General's Office to defend the expert and to indemnify the expert in any civil suits or judgments rendered against them as a result of assisting the CSBL in an investigation.

According to the author's office, the protections included in this bill would mirror those provided to experts for the Board of Accountancy, Architects Board, and the Medical Board.

Analyst/Principal (0282) J. Carosone Date Program Budget Manager Todd Jerue Date

Department Deputy Director Date

Governor's Office: By: Date: Position Approved Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

AUTHOR

AMENDMENT DATE

BILL NUMBER

G. Negrete McLeod

Original

SB 865

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	
1110/ConAfr-ReqBd	SO	No		-----	See Fiscal Summary	-----			0735
0820/Justice	SO	No		-----	No/Minor Fiscal Impact	-----			0001
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
0735	Contractors' License Fund								