

LEGISLATIVE COMMITTEE UPDATE

House of Origin Deadline Passes

No -- the House of Origin deadline is not a reference to some demand by House Lannister or House Stark. It's not even related to the Game of Thrones. (That's two references to the HBO series since the inception of this newsletter. That's if you're keeping count.)



Todd Bloomstine

It's related to the legislative calendar.

As you can probably tell, the legislative process seems to run at unequal paces throughout the year. Well the fact of the matter is that it does -- committee hearings, floor debates and bill introductions all run based upon preset calendar deadlines.

That's why certain times of the year you'll hear about the legislature passing this bill or that bill in the media. Those types of stories come in waves because the year's deadlines also come in waves.

On Friday, June 3, the latest wave, the "house of origin" deadline, came. This rule requires all bills to have passed the house that they originate in. In other words, Assembly bills have to pass the Assembly and likewise Senate bills must pass the Senate.

One of the most fundamental principles in lawmaking is the "difficulty" requirement. Laws are not changed or made easily. All 120 members of the legislature must consider and vote on every proposal before it becomes law. A majority must vote to approve them. Sometimes, through committee votes, legislators will vote multiple times on a single bill.

The legislative process is intentionally demanding. It should be when dealing with new laws or changing existing ones. The law-makers should have an opportunity to point out deficiencies and consent to have it passed.

Think of the legislative process as a big industrial conveyor system with people on all sides picking out the bad bills and discarding them. Only the ones that make it to the end of the conveyor belt make it into law. We report on a handful of key legislation below. They've either made it past the House of Origin Deadline or they've failed.



Sacramento State Capitol

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Department of Industrial Relations Public Works Registration - DUE JULY 1st!!

The annual Department of Industrial Relations (DIR) public works registration is due on July 1, 2016. All public works contractors must be registered. The registration will cover the fiscal year from July 1, 2016 to June 30, 2017. To be eligible, businesses must be in good legal standing with no outstanding judgements or liens, not be debarred from doing public works by the United States Department of Labor and have a California Contractors State License if one is required.

Please remember that the DIR defines a contractor differently from the Contractors State License Board. If you work on a public works projects, even if you are not conducting “construction, alterations or repairs,” you must register with the DIR. The easiest “test” to assess if registration applies to you is if an employee is paid the rate of prevailing wage, then you must register.

Click [here](#) to get the full requirements, renew your registration, or register for the first time.

Legislative Roundup - July 2016

This time of year, legislation is moving forward, being amended into new shapes, placed into new bills, or simply dying and not moving through the process any longer. Here is a quick take on some key legislation.

AB 1793 - This measure, authored by Assemblymember Chris Holden (D-Pasadena), passed the Senate Business, Professions and Economic Development Committee with an 8-0 vote. This bill strikes a fair and thoughtful balance between upholding high consumer protection within the construction industry while not unfairly punishing contractors who may have an inadvertent licensing lapse due to clerical or technical errors. SCCA supports AB 1793.

AB 1960 - Assembly Bill 1960 by Assemblymember Tom Lackey (R-Palmdale) would make changes to the state’s Biennial Inspection of Terminals (BIT) Program. As it is currently drafted, many construction vehicles would become subject to the regulations, while similar vehicles in other industries were exempted from the program.

AB 1960 is currently in the Senate Transportation and Housing Committee waiting to be heard. We are continuing to work with the author, but his office and the sponsors are resisting language proposed by the construction industry to ensure industry protection under this measure. SCCA has a support if amended position.

AB 2316 - Assembly Bill 2316 by Assemblymember Patrick O’Donnell (D - Long Beach) is a response to a court decision, *Davis v. Fresno USD* that declared all lease-leaseback contracts null and void.

Prior to the court decision, school districts would use a unique, some may call it a loophole, process to award school construction projects. They would utilize a “lease-leaseback agreement” as a way to work around certain aspects of the public contract code. AB 2316 clearly defines this process and establishes a competitive selection process modeled after “best value” procurement. This bill is currently in the Senate Education Committee waiting to be heard. SCCA supports AB 2316.

SB 465 - Senator Jerry Hill (D-San Mateo) is authoring SB 465 at the behest of Senator Loni Hancock (D-Berkeley). This bill is a response to last year’s tragic accident when a balcony collapsed in Berkeley. Several students died because of the balcony’s failure.

After major media attention on this tragic accident, it was learned that the developer had millions of dollars in construction defect civil settlements over the years.

The bill itself requires the Contractors State License Board to study the feasibility of requiring contractors to disclose all their civil settlements to the board. SCCA, along with other industry interests, requested a study based specifically on civil settlements where injury occurred. SCCA firmly believes that civil settlements are not a good indicator of faulty work. It is an indicator of a very litigious state. SCCA is opposed to SB 465.

SB 885 - Senator Lois Wolk (D-Davis) is authoring this bill to carve out design professionals from defending construction defect lawsuits unless the allegations involved certain pre-defined areas of responsibility.

Under the bill, design professionals are exempt from defending construction defect lawsuits unless the claim specifically involved their scope of work, in this case the design. This is a fundamental shift away from current law that usually assigns indemnity and defense costs to any entity that worked on the construction project. SB 885 passed off the Senate Floor 26-4 with 10 Senators abstaining.

SCCA remains opposed and will continue to work with other opposition groups to try to stop this bill.

SB 1387 - This measure, authored by Senate President pro Tem Kevin De Leon (D-Los Angeles), seeks to change the make-up of the South Coast Air Quality Management District to include three state appointees. It also includes provisions that requires any changes in air policies must be approved by the California Air Resources Board. This is a clear departure from current law — including how other air quality management districts are managed and structured. At the most basic level, SB 1387 undermines local control. SCCA Position: Pending.

Bill to Weaken Recycled Metal Laws Defeated

Assembly Bill 2059 by Eduardo Garcia (D-Cochella) attempted to change the laws governing the recycling of nonferrous metals. Existing law prohibits a junk dealer or recycler from providing payment for nonferrous metals until on or after the third business day. AB 2059 would exempt all nonferrous metal sales from the three-day wait period for payment if the recyclers or junk dealers obtain a surety bond.



Eduardo Garcia (D-Cochella)

AB 2059 proposed to weaken the law intended to reduce metal theft and made it easier for thieves to convert their stolen material into cash. It is well known in the industry that drug addicts steal copper wire from jobsites and farms, sell the stolen product at a recycling facility, then use the funds for their next drug purchase. The three-day waiting period helps to stop this practice by making the sellers wait for their funds.

This measure was moved to the inactive file shortly before the June 3 house of origin deadline. The bill is now dead and will not be able to be taken up for a vote. Typically, legislators move a bill to the inactive file when they are unable to get the number of votes needed to pass the bill. This is a small victory for the industry.

AB 219 Implementation Takes Effect on July 1

The Department of Industrial Relations (DIR) recently released initial information regarding the implementation and compliance with AB 219 regarding prevailing wage for ready-mix concrete drivers.

Click [here](#) to view the notice from DIR regarding implementation.

Please remember, if you have questions or concerns about the law and your compliance, contact legal counsel for assistance to ensure compliance with the law.

The bill was passed to take effect on July 1, 2016.

State of California



Department of Industrial Relations

Rumor Has It...

Governor Brown endorsed a Proposition 30 tax extension.

Fact Check...

Proposition 30 was originally passed in 2012 and approved an increase in personal income taxes on incomes over \$263,000 along with an increase in the sales tax. The taxes are earmarked for education and healthcare funding.

Some taxes are set to expire starting at the end of this year and phase out completely by 2018. They were passed with the understanding that they are temporary.

While the governor hasn't specifically endorsed or opposed the measure, he has indicated that he doesn't want to leave the next governor with a large deficit at the end of his term. If Proposition 30 isn't renewed by voters, according to the governor's office, it will leave a \$4 billion deficit by 2020.

While the rainy day fund that the state is compiling should be able to absorb such a deficit, there is also the upcoming fiscal impacts of the increased minimum wage law that, once fully implemented for state workers, could have a \$3 - \$4 billion price tag.

Nonetheless, the Service Employees International Union, a union of mostly public employees, has qualified an initiative to extend the income tax on the wealthy. It will be voted on the November 2016 ballot and will cost the highest three tax brackets approximately \$7.5 billion in annual income tax. Those three tax brackets begin with single tax filers declaring \$263,000 in taxable income and \$526,000 for joint filers.

Fact check? Partially true.

Fix Our Roads Rally a Success - “Our Roads Must be Fixed!”

As funding for transportation projects continue to decrease, the California Transportation Commission has de-programmed approximately \$752 million in projects. This has been well documented over the last few months.

Recently, we gathered in Sacramento to rally at the state Capitol and tell Legislators how important it is to augment transportation funding with long-term, stable funding. The movement of people, goods, and services is the foundation of the California economy. Our roads must be able to support this essential function.

Click [here](#) to watch a video about the rally.

Please continue to participate in the political process by letting your voice be heard through rallies like this, writing letters, making phone calls, and engaging with your local representative. Your voice matters! Watch, like, and share the [#FixOurRoads video!](#)

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