

Date of Hearing: January 23, 2020

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 1263 (Low) – As Amended January 6, 2020

Policy Committee:	Privacy and Consumer Protection	Vote: 11 - 0
	Business and Professions	18 - 0

Urgency: No      State Mandated Local Program: No      Reimbursable: No

**SUMMARY:**

This bill prohibits a contract or proposed contract involving the provision of a consumer service by a licensee regulated by a licensing board from limiting the consumer's ability to file a complaint with a licensing board against a licensee, or from participating in a board's investigation. The bill defines "licensing board" to be any entity regulated by the Department of Consumer Affairs (DCA), the State Bar of California, or the Department of Real Estate (DRE) and any other state agency that issues a professional license.

**FISCAL EFFECT:**

- 1) Minor and absorbable costs to the boards and bureaus under the DCA.
- 2) Minor and absorbable costs to DRE.
- 3) No cost to the State Bar.

**COMMENTS:**

- 1) **Purpose and Background.** Existing law intends to prohibit non-disparagement clauses in consumer contracts. This bill responds to the author's determination that companies providing professional services are nevertheless seeking to restrict their customer's authority to make substantiated complaints to regulatory boards through refund agreements and other contracts. This bill would expressly prohibit these provisions in any contract governing the provision of professional services that are subject to licensure and oversight by the state.
- 2) **Prior Legislation.**

AB 1519 (Low, Chapter 865, Statutes of 2019) specifically prohibits providers of dental services from requiring a patient to sign an agreement that limits the patient's ability to file a complaint with the board.

AB 2365 (Pérez, Chapter 308, Statutes of 2014) prohibits a contract or proposed contract for the sale or lease of consumer goods or services from including a provision waiving the consumer's right to make any statement regarding the seller or lessor or its employees or agents, or concerning the goods or services.