

SENATE THIRD READING

SB 1363 (Wahab)

As Amended July 1, 2026

Majority vote

SUMMARY

Extends the sunset date for the Board of Barbering and Cosmetology (Board) until January 1, 2031 and makes additional technical changes, statutory improvements, and policy reforms in response to issues raised during the Board's sunset review oversight process.

Major Provisions

- 1) Extends the Board's sunset date until January 1, 2031.
- 2) Requires the Board to license a federally recognized tribe that applies for licensure and is otherwise compliant with the Barbering and Cosmetology Act for the purpose of engaging in a regulated barbering or cosmetology business.
- 3) Specifies that it is unlawful for a partnership or limited liability company (LLC) to engage in barbering, cosmetology, or electrolysis for compensation without a license.
- 4) Subjects an establishment licensed to do business as a corporation or LLC that fails to be registered and in good standing with the Secretary of State after notice from the Board to automatic suspension of its license.
- 5) Clarifies that an establishment must at all times be in the charge of a licensed person when licensed servings are being performed in the establishment.
- 6) Provides that an apprentice is a person who both holds a license and is employed by the owner of a licensed establishment.
- 7) Establishes a framework for the Board to approve apprenticeship program sponsors.
- 8) Requires a joint apprenticeship committee, unilateral management committee, or labor apprenticeship committee, or an individual employer seeking approval as an apprenticeship program sponsor to submit specified information to the Board, including the following:
 - a) An application and fee.
 - b) Proof that the program sponsor is approved by the Division of Apprenticeship Standards.
 - c) A detailed outline of the proposed training program that demonstrates compliance with the apprenticeship regulations adopted by the Board, including a training plan for both on-the-job training and classroom instruction.
 - d) A copy of the agreement between the program sponsor and a local educational agency.
 - e) A copy of the agreement between the program sponsor and the apprentice in compliance with the Shelley-Maloney Apprentice Labor Standards Act of 1939.

- f) A list of locations that have been approved by the local educational agency for the delivery of related training; any changes to this list must be reported within 10 days of notification to the local educational agency of intent to add or delete a location.
 - g) Each applicant, if an individual, or each officer, director, partner, or committee member shall not have committed acts or crimes which are grounds for denial of licensure.
- 9) Provides that Board approval of a program sponsor shall expire after two years unless renewed by submission of a renewal application and fee.
- 10) Authorizes the Board to revoke, suspend, or deny approval of a program sponsor in accordance with the Administrative Procedure Act for specified misconduct.
- 11) Prohibits an apprentice training program from charging fees to participants other than the actual cost of textbooks and minimum equipment and prohibits an approved program sponsor from franchising, sponsoring, or loaning their approval.
- 12) Requires an approved program sponsor to verify that the establishment where on-the-job training is being completed obtains workers' compensation insurance, provides all services that are within the scope of practice of the licensed profession, and ensures that the apprentice is paid according to the apprenticeship agreement.
- 13) Prohibits an approved program sponsor from entering into any financial contract with an apprentice for any reason.
- 14) Prohibits an apprentice from being paid by commission, being required to rent a station within the establishment, or acting as an independent contractor.
- 15) Requires applicants for an apprentice license to submit a copy of the apprentice agreement that was entered into between the approved program sponsor and the apprentice.
- 16) Authorizes the Board to approve a person licensed as a barber, cosmetologist, or electrologist to provide on-the-job training to an apprentice who agrees to do all of the following:
- a) Be present at all times that the apprentice is providing services.
 - b) Follow the approved apprentice program sponsor's on-the-job training plan.
 - c) Maintain accurate records to document the training provided to the apprentice and make those records available upon request by the board.
- 17) Requires a trainer to certify they have no outstanding fines and no pending or past disciplinary actions.
- 18) Authorizes the Board to approve an establishment to employ a person licensed as a barber, cosmetologist, or electrologist to provide on-the-job training to an apprentice who agrees to ensure all of the following:
- a) The apprentice is in the establishment and in the presence of their assigned trainer at all times.

- b) The trainer maintains accurate records to document the training provided to the apprentice and makes those records available upon request by the board.
 - c) The establishment possesses workers' compensation insurance for the entire duration that the apprentice is employed.
 - d) The establishment pays the apprentice an hourly wage in accordance with the apprentice agreement. An apprentice shall not rent a booth, be classified as an independent contractor, have wages paid by commission, or be paid by the service.
- 19) Provides that failure to comply with the Barbering and Cosmetology Act and all laws and regulations applicable to apprenticeships by a trainer, establishment owner, or apprenticeship program sponsor is grounds for disciplinary action, citation and fines, and prohibition from hiring future apprentices.

COMMENTS

Sunset review. In order to ensure that California's myriad professional oversight entities are meeting the state's public protection priorities, authorizing statutes for these regulatory bodies are subject to statutory dates of repeal, at which point the entity "sunsets" unless the date is extended by the Legislature. The sunset process provides for a regular forum for discussion around the successes and challenges of various programs and the consideration of proposed changes to laws governing the regulation of professionals. Currently, the sunset review process applies to approximately three dozen different boards, bureaus, and commissions housed within the DCA, as well as the Department of Real Estate and three nongovernmental nonprofit councils.

On a schedule averaging every four years, each entity is required to present a report to the Legislature's policy committees, which in return prepare a comprehensive background paper on the efficacy and efficiency of their licensing and enforcement programs. Both the Administration and regulated professional stakeholders actively engage in this process. Legislation is then subsequently introduced extending the repeal date for the entity along with any reforms identified during the sunset review process.

Board of Barbering and Cosmetology. The Board is responsible for licensing and regulating barbers, cosmetologists, hairstylists, estheticians, electrologists, manicurists, apprentices, and establishments. The Board is one of the largest licensing boards in the country, with over 550,000 licensees. The Board annually issues approximately 275,000 initial and renewal licenses. The Board regulates the practices of six professions and issues individual licenses to the following:

- 1) *Cosmetologists* – All chemical services, cut and style the hair, skin care, and nail care.
- 2) *Barbers* – All chemical services, cut and style the hair, and shaving.
- 3) *Electrologists* – Permanent hair removal using electrolysis.
- 4) *Estheticians* – Skin care including treatments, superficial peels, dermaplaning, etc., as well as waxing and lash services.

- 5) *Manicurists* – Nail care, including manicures and pedicures, artificial nails, and paraffin wax treatments for hands and feet.
- 6) *Hairstylists* – Hair services that do not include any chemical services.

In addition to individual professional licenses, the Board also issues establishment licenses, mobile unit license, and personal service permits.

The Board is currently comprised of 13 members with seven public and six professional members. The Senate Committee on Rules and the Speaker of the Assembly each appoint one public member. The other 11 members (five public and six professional members) are appointed by the Governor. The professional members must represent the licenses issued by the Board – a cosmetologist, barber, esthetician, electrologist, manicurist, and an establishment owner. Board members may not serve more than two consecutive terms. Each year, BBC elects a president and vice president, who each serve a one-year term, and can serve for a total of two years.

The Board's Enforcement Program receives and investigates complaints from the public and various entities to determine if there has been a violation of the Act and its regulations, and if warranted, takes formal disciplinary action. Complaints involving allegations of health and safety violations are evaluated using a combination of desk investigations and field inspections. However, the more egregious cases, including allegations of consumer harm, may result in formal disciplinary action (including probation, suspension, or revocation) against the licensee.

Issues Raised during Sunset Review. The background paper for Board's sunset review oversight hearing contained a total of 14 issues and recommendations, each of which is eligible to result in statutory changes enacted through Board's sunset bill.

Clean Up and Revision of Board Business Requirements. Issue #3 in the sunset background paper for the Board considered whether the Board should be authorized to issue licenses to limited liability company (LLCs) and require Secretary of State (SOS) registration for its establishment applicants. The Board has historically issued establishment licenses to LLCs, but current statute is not clear if this business structure is allowed under the Barbering and Cosmetology Act. SB 323 (Vargas) Chapter 419, Statutes of 2021 enacted the California Revised Uniform Limited Liability Company Act, which allows a business that is required to be licensed under the Business and Professions Code to form as an LLC so long as the practice act specifically authorizes its licensees to form as an LLC. However, the Act does not authorize an establishment to form as an LLC.

Prior to the revisions to the LLC requirements, the Beverly-Killea Limited Liability Company Act prohibited domestic and foreign LLCs from rendering professional services in California. Professional services were defined as "any type of professional services which may be lawfully rendered only pursuant to a license, certification, or registration authorized by the Business and Professions Code, the Chiropractic Act, or the Osteopathic Act." In 2004, Attorney General Opinion No. 04-103 concluded that: "A business that provides services requiring a license, certification, or registration pursuant to the Business and Professions Code may conduct its activities as a limited liability company if the services rendered require only a nonprofessional, occupational license."

Following the Attorney General opinion, numerous DCA boards and bureaus that issued occupational licenses began issuing licenses to LLCs, including the Board. However, now that

the question of whether "professional services" are being rendered is no longer a trigger and specific authority must be granted by the practice act, DCA programs have systematically requested authority to issue licenses to LLCs through amendments to their practice acts, most recently, the Home Furnishings and Thermal Insulation Act and Household Movers Act by SB 814 (Roth) Chapter 508, Statutes of 2023.

Separately, the Board issues licenses to corporations, but does not require the corporations to be in good standing with the SOS, provide its SOS identification number, or provide information about the Chief Executive Officer, Secretary, Chief Financial Officer, or any other corporate officer who will be active in the establishment being licensed.

The Corporations Code authorizes one or more natural persons, partnerships, associations or corporations, domestic or foreign, to form a corporation by executing and filing articles of incorporation with the SOS, at which time, the corporate existence begins unless expressly provided by law or in the articles of incorporation. The corporation must meet additional requirements, such as: choosing a name that is distinguishable and not misleading to the public, as determined by the SOS; including minimum information in the articles of incorporation; and set forth the number of directors of the corporation; among other requirements. Additionally, within 90 days of filing the articles of incorporation and every 24 months thereafter, the corporation must file a statement of information or be subject to suspension.

Many programs within the DCA that issue licenses to corporations require some form of information to demonstrate the corporation is in good standing with the SOS, whether it's the SOS identification number, the statement of information, or a copy of the articles of incorporation as a condition precedent to licensure. Additionally, most of these programs automatically suspend a license when a licensee fails to remain in good standing with the SOS. Examples of other practice acts that require SOS registration for their corporations are locksmiths, alarm companies, contractors, repossessioners, proprietary security services, private security services, automotive repair, electronic and appliance repair, and registered dispensing ophthalmic businesses. It is unclear why the Board's corporations do not follow suit.

The sunset background paper requested that the Board advise the Committees whether establishment licensees should demonstrate good standing with the SOS as a condition of licensure. The sunset background paper further proposed that the Committees may wish to implement this requirement along with explicit authority to license establishments formed as LLCs. This bill would effectuate those proposals.

Apprenticeships. Issue #10 in the sunset background paper for the Board discussed the important issue of apprenticeships and suggested that the Board be given authority to take disciplinary action when an apprenticeship program does not comply with Division of Apprenticeship Standards (DAS) rules and regulations. The Board currently offers apprenticeships as an alternative pathway toward licensure outside the traditional classroom education and training, which can be cost prohibitive for many students. The Legislature has evaluated multiple issues stemming from the apprenticeship program over previous sunset reviews, such as the quality of training received, the low examination pass rates of apprentices, and whether apprentices should be paid for their services while learning.

As noted in the Committees' previous background paper, the number of apprenticeship programs has increased significantly in the past number of years. A contributing factor is thought to be that apprenticeship programs do not have to be approved as schools and therefore, are not

required to undergo the Bureau for Private Postsecondary Education's approval process. Instead, apprenticeships are approved by the DAS and must comply with the Shelley-Maloney Apprentice Labor Standards Act of 1939. Additionally, the program sponsor must be approved by the Board. Those seeking approval as an apprenticeship program sponsor must submit:

- 1) A written request for Board approval of its apprenticeship program and identifies the subject matter of the apprenticeship;
- 2) Proof that the program sponsor is approved by the California Apprenticeship Council to offer the apprenticeship;
- 3) A detailed outline of the proposed training program which demonstrates compliance with the apprenticeship regulations contained in this article; and
- 4) A copy of the agreement between the program sponsor and the apprentice.

An apprentice commits to working a minimum of 32 hours and no more than 42 ½ hours per week of on-the-job training (OJT) hours and must complete a minimum of 3,200 OJT hours over a 2-year period. The individual also completes related supplemental instruction (RSI) classes, a minimum of 220 hours over a two-year period. An individual interested in becoming an apprentice contacts a program sponsor who charges a fee or fees that usually cover the individual's kit, textbooks, and any related supplemental classes taken at a school, in addition to other administrative fees for adding or changing trainers, transferring to a different establishment, or extending the term of the apprenticeship.

Apprentices complete a 39-hour pre-apprentice training class with the program sponsor which focuses on basic sanitation and health and safety laws. Upon completion, the individual finds a trainer and establishment, both Board-licensed in good standing with no disciplinary actions in the prior two years. The individual also registers as an apprentice with DAS. Apprentices are paid at least minimum wage and cannot work for commission or rent a station in the establishment they are registered to work in. The training establishment obtains workers compensation for the individual. After completing at least 21 months of the apprenticeship program, the required OJT and RSI hours, the individual applies to take the same exam as individuals who completed the traditional school pathway.

The sunset background paper for the Board noted several ongoing issues associated with apprenticeships, including tuition and fee violations, low pass rates for Spanish speakers, and a failure to meet on-the-job training requirements. The Barbering and Cosmetology Act requires an apprentice to learn or acquiring knowledge under the supervision of a licensee approved by the Board and defines "under the supervision of a licensee" as "the apprentice shall be supervised at all times by a licensee approved by the board while performing services in a licensed establishment. At no time shall an apprentice be the only individual working in the establishment." Yet, Board staff find that apprentices are not receiving training and instead, are being used as a full-time employee and left alone to provide services, which the Act specifies is unlicensed activity.

Although there are supervision requirements, there are no requirements for the supervisor other than holding a valid license in good standing without any outstanding fines. The Board's report to the Committees suggested the trainer often does not understand they are agreeing to provide training and simply sign off to bring the apprentice on board. Consequently, Board staff are

finding there are no on-the-job training logs as required, on-the-job training logs are being pre-filled out, or they are being completed at the end of the program as opposed to throughout the program.

In response to these issues, the Board submitted multiple legislative requests to implement significant reforms to the apprenticeship program focused on enhancing enforcement to improve the learning experience for apprentices, decrease costs to apprentices, increase the likelihood of successful outcomes, and increase compliance with the Barbering and Cosmetology Act and Labor Code. The sunset background paper recommended that the Board should work with the Committees to identify workable solutions to apprenticeship issues negatively impacting outcomes. The sunset background paper further proposed that the Committees may wish to implement reforms to the apprenticeship program in order to establish standards that define apprenticeship responsibilities, guardrails to protect apprentices from exploitation, and ensure proper training, while providing the Board with enforcement capability. This bill contains those reforms.

Technical Changes. Issue #13 in the sunset background paper for the Board suggested that there may be instances where nonsubstantive and technical changes to the Barbering and Cosmetology Act are needed to correct deficiencies or other inconsistencies in the law. This bill would enact a number of minor and noncontroversial changes relating to the Board and its licensing program. It would additionally clarify the ability of a tribe to apply for a license from the Board and the level of regulation that the Board may engage in over a tribal licensee.

Continued Regulation by the Board. Issue #14 in the sunset background paper for the Board considered whether the licensing and regulation of individuals providing beautification services and beautification services establishments be continued and be regulated by the current Board membership. The sunset background paper recommended that the Board should be continued, to be reviewed again on a future date to be determined. This bill would extend the Board's sunset date by four years.

According to the Author

"This bill extends the sunset date for the Board and enacts technical changes, statutory improvements, and policy reforms in response to issues raised during the Board's sunset review oversight process."

Arguments in Support

The *Board of Barbering and Cosmetology* supports this bill, writing: "The Board appreciates the thoughtful work that has gone into developing this bill and the collaborative approach taken throughout the process."

Arguments in Opposition

There is no opposition on file.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations, ongoing annual costs of approximately \$22 million to support 93 positions for the continued operation of the Board's licensing and enforcement activities beyond the January 1, 2027, sunset date, which is fully self-supporting with fee revenue; the Board anticipates ongoing, absorbable annual costs of approximately \$130,000, including \$85,000 to administer the Remedial Education Program and

track enrollment, completion, and compliance, and \$45,000 related to Attorney General usage; ongoing revenue of \$8,000 from a new license type; the Department of Consumer Affairs' Office of Information Services estimates one-time, absorbable costs of \$70,000 to build a new "apprenticeship program sponsor" license type for the Board.

VOTES

SENATE FLOOR: 33-0-7

YES: Archuleta, Arreguín, Ashby, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Allen, Alvarado-Gil, Becker, Hurtado, Niello, Padilla, Stern

ASM BUSINESS AND PROFESSIONS: 17-0-2

YES: Berman, Johnson, Addis, Ahrens, Alanis, Bauer-Kahan, Chen, Elhawary, Hadwick, Haney, Hart, Irwin, Jackson, Lowenthal, Macedo, Nguyen, Pellerin

ABS, ABST OR NV: Bains, Caloza

ASM APPROPRIATIONS: 14-0-1

YES: Wicks, Hoover, Arambula, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Tangipa

ABS, ABST OR NV: Ta

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