

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 641 (Ashby) – As Amended April 9, 2025

Policy Committee: Business and Professions

Vote: 17 - 0

Urgency: Yes

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill authorizes licensing boards under the Department of Consumer Affairs (DCA) and the Department of Real Estate (DRE) and to waive certain licensure and fee-related laws and regulations for licensees impacted by a declared emergency or disaster.

Additionally, this bill prohibits unsolicited below-fair-market-value purchase offers for property located in a disaster area, and imposes fines and penalties on a real estate licensee or any person who engages in such behavior. Finally, this bill establishes contractor requirements for debris removal during a declared emergency or disaster.

Specifically, this bill, an urgency measure:

- 1) Authorizes the DRE or any board under DCA's jurisdiction to waive the application of any provision of law the board or DCA is charged with enforcing for licensees and applicants impacted by a declared federal, state, or local emergency or whose home or business is located in a disaster area, that is related to any of the following:
 - a) Examination eligibility and timing requirements; licensure renewal deadlines; continuing education completion deadlines; license display requirements; fee submission timing requirements; or delinquency fees.
- 2) Limits the above waiver authority to the duration of a declared emergency or disaster and up to either one year after the end of the declared emergency or disaster, or longer as determined by the board or the DRE.
- 3) Requires every applicant for licensure and every licensee of the DRE or a board under the DCA to provide their licensing agency with an email address.
- 4) Prohibits a contractor from engaging in debris removal unless the contractor has a specified license or classification, and authorizes the Contractors State License Board (CSLB) to make the determination, on a case-by-case basis, to authorize additional classifications to perform debris removal.
- 5) Requires a licensee authorized to perform debris removal to pass an approved hazardous substance certification examination and comply with hazardous waste operations and emergency response requirements.

- 6) Requires DRE to do both of the following immediately upon the declaration of a federal, state, or local emergency or disaster area:
 - a) Expeditiously, and until one year following the end of the emergency, determine the nature and scope of any unlawful, unfair, or fraudulent practices employed by any individual or entity seeking to take advantage of property owners in the wake of the emergency.
 - b) Provide notice to the public of the nature of these practices, their rights under the law, relevant resources available, and contact information for authorities to whom violations may be reported.
- 7) Authorizes DRE to suspend or revoke the real estate license of a person who makes an unsolicited offer to an owner of real property to purchase or otherwise acquire any interest in the real property for an amount less than the fair market value of the property, when that property is located in a declared emergency or disaster area, as specified.
- 8) Provides that any person who engages in the above activity, including as an officer, director, agent, or employee of a corporation, is guilty of a misdemeanor punishable by a fine of up to \$10,000, by imprisonment for up to six months, or both.

FISCAL EFFECT:

- 1) DCA indicates the following:
 - a) Most boards and bureaus anticipate minor and absorbable costs because they have processes in place to meet the requirements of this bill. However, if a state of emergency impacts a large licensing population, workload could be significant and not absorbable within existing resources. Additionally, to the extent a large licensing population has its fees waived, the revenue loss may be significant and could create cost pressures to the impacted board, affecting its operating costs and fee structures (various special funds).
 - b) The Office of Information Services (OIS) indicates IT workload is indeterminate and is dependent on the number and nature of the declared disasters.
 - c) CSLB anticipates no costs associated with the debris removal provisions.
- 2) DRE estimates the following:
 - a) Special fund costs of \$489,000 in fiscal year 2025-26, and \$467,000 annually thereafter, for additional legal, communications, and licensing staff to develop waiver plans, write public notices, update regulations, forms, enforcement manual, webpages, and databases, determine the nature and scope of unlawful activities, determine fair market value of properties in disaster areas, and conduct staff training, among other tasks.
 - b) One-time special fund costs of \$50,000 for contracting to conduct database updates.
 - c) For every 50 complaints filed by consumers regarding alleged violations of the unsolicited offers prohibition, special fund costs of \$408,000 in the first year and \$390,000 in the second and subsequent years, for additional legal staff to process

complaints, conduct investigations and conduct prosecutions, as warranted. This estimate assumes for every 50 complaints filed by consumers, 40% of such complaints would result in a violation meritorious of a prosecution. DRE notes it is difficult to predict the number of violations that would occur under this bill.

- d) Potential cost pressure on license fees. DRE derives its funding from fees charged to licensees. Generally, license fees may be adjusted only by legislation. Increases in operating costs resulting from new legislative mandates, such as those in this bill, may place pressure on existing fee structures that may necessitate legislation to increase license fees.
- 3) Cost pressures (Trial Court Trust Fund, General Fund) of an unknown but potentially significant amount to the courts to adjudicate the new crime created by this bill. Actual costs will depend on the number of cases filed and the amount of court time needed to resolve each case. It generally costs approximately \$1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The fiscal year 2025-26 state budget provides \$82 million ongoing General Fund to the Trial Court Trust Fund for court operations.
- 4) Costs (local funds, General Fund) to counties to incarcerate people convicted of the misdemeanor created by this bill. Actual incarceration costs will depend on the number of convictions and the length of each sentence. The average annual cost to incarcerate one person in county jail is approximately \$29,000, though costs are higher in larger counties. County incarceration costs are not subject to reimbursement by the state. However, overcrowding in county jails creates cost pressure on the General Fund because the state has historically granted new funding to counties to offset overcrowding resulting from public safety realignment.

COMMENTS:

- 1) **Purpose.** According to the author:

By granting the authority for licensing programs to waive certain requirements for individuals in a disaster area and during a state of emergency, [this bill] will provide a small measure of relief as they begin to move forward and successfully back into their profession. [This bill] also builds on lessons learned in other disasters to protect property owners from predatory land grabs. It's also critical that we have baseline measures of quality built into the standards for the companies engaging in private debris removal and cleanup – requiring proper hazardous waste removal training will ensure continued safety in these impacted areas.

- 2) **Background. DCA and DRE.** Regulatory programs within the jurisdiction of DCA issue about 3.5 million professional licenses, certificates, and approvals to individuals and businesses in over 250 categories. Within DCA are 36 distinct entities, primarily boards and bureaus, which collectively regulate more than 100 types of businesses and 200 industries and professions.

DRE administers the Real Estate Law, which provides for real estate licensing in the state. DRE licenses more than 425,000 persons in California: over 293,000 real estate salespersons and over 131,000 real estate brokers, including corporate brokers, and over 26,000 mortgage loan originators.

Licensure Waivers. In 2020, during the COVID-19 pandemic, Governor Gavin Newsom issued Executive Order (EO) N-39-20, which created a new process for the waiver of certain requirements for licensure as authorized under the California Emergency Services Act. The order authorized the Director of Consumer Affairs, “to the extent necessary and only for the duration of the declared emergency,” to waive professional licensing requirements and amend scopes of practice. Either a board or a member of the public could submit a waiver request to DCA.

Existing law authorizes the Board of Pharmacy (Board) to waive provisions of pharmacy law or related regulations if, in the Board’s opinion, the waiver will “aid in the protection of public health or the provision of patient care.” Following the Governor’s COVID-19 emergency declaration in 2020, the Board established a waiver request process through which licensees and members of the public could request a waiver of law.

This bill allows every board under the DCA, as well as the DRE, to institute a waiver process for licensees and applicants impacted by a declared federal, state, or local emergency or disaster, similar to the process established pursuant to the Governor’s EO during the COVID-19 pandemic and the existing authority granted to the Board of Pharmacy.

Predatory Real Estate Activity. In response to reports of predatory real estate activity during the 2025 wildfires in southern California, Governor Newsom signed EO N-7-25. This EO prohibited unsolicited offers to an owner of real property located in an area impacted by the wildfires to purchase real property for an amount less than the fair market value of the property on January 6, 2025. The EO additionally required DRE to determine the nature and scope of unlawful, unfair, or fraudulent practices used to take advantage of property owners in the wake of this emergency, and required DRE to notify the public of the nature of these practices and to provide information for reporting violations.

This bill codifies the Governor’s EO, makes such activity professional misconduct for a licensee of DRE, and creates a new misdemeanor for any person who engages in such activity. This bill also codifies DRE’s responsibility for determining the nature and scope of any unlawful, unfair, or fraudulent practices.

Debris Removal. Pursuant to the Public Resources code, existing law requires the Department of Resources Recycling and Recovery (CalRecycle) to prequalify contractors to enter into debris-removal contracts in communities impacted by wildfires. In the wake of the 2025 wildfires in southern California, Governor Newsom signed EO N-5-25, which directed state agencies to develop and implement a comprehensive plan for debris removal.

This bill clarifies, notwithstanding the Public Resources Code, contractors with specified licenses or classifications may engage in debris removal and, during a declared emergency or in a declared disaster area, CSLB may authorize additional classifications to perform debris removal based on the needs of the disaster area.