



May 7, 2026

# Bureau of Household Goods and Services Advisory Council Meeting

Sacramento, CA





**BUREAU OF HOUSEHOLD GOOD AND SERVICES  
ADVISORY COUNCIL MEETING  
NOTICE and AGENDA**

**IN PERSON AND TELECONFERENCE MEETING**

**Thursday, May 7, 2026, 10:00 am  
Until the Completion of Business**

**Meeting Location**

WebEx and  
Department of Consumer Affairs  
1747 North Market Blvd., 1<sup>st</sup> Floor – Ruby Room  
Sacramento, CA 95834

**Important Notices to the Public: The Bureau of Household Goods and Services (Bureau) will hold a public meeting in person and via WebEx and a teleconference platform.**

Note: The Bureau will endeavor to provide a reliable means for members of the public to participate remotely; however, in the unlikely event that the remote means fails, the meeting may continue in person. For this reason, members of the public are advised to consider attending the meeting in person in order to ensure their participation during the meeting.

**To participate via WebEx, please log on to this website the day of the meeting:**

<https://dca-meetings.webex.com/dca-meetings/j.php?MTID=m3b338b9ecda31734fbaf6eefddba3763>

**If joining using the link above**

Webinar number: 2496 314 9318

Webinar password: BHGS57

**INSTRUCTIONS FOR PARTICIPATION: Please see the instructions attached here to observe and participate in the meeting using WebEx from a Microsoft Windows-based PC.**

Members of the public may but are not obligated to provide their names or personal information as a condition of observing or participating in the meeting. When signing into the WebEx platform, participants may be asked for their name and email address. Participants who choose not to provide their names will be required to provide a unique identifier, such as their initials or another alternative, so that the meeting moderator can

identify individuals who wish to make public comment; participants who choose not to provide their email address may utilize a fictitious email address in the following sample format: XXXXX@mailinator.com.

Public comments will be limited to three minutes unless, at the discretion of the Bureau Chief, circumstances require a shorter period. Members of the public will not be permitted to “yield” their allotted time to other members of the public to make comments.

As an alternative, members of the public who wish to observe the meeting without making public comment can do so (provided there are no unforeseen technical difficulties) at <https://thedcapage.wordpress.com/webcasts/>.

### **Teleconference/Audio Conference Option:**

+1-415-655-0001 US Toll  
Access code: 2496 314 9318  
Passcode: 244757

### **Advisory Council Members:**

Pascal Benyamini, Public  
Tom Keepers, Industry  
Sara Oakley, Industry  
Dan Rhodes, Industry  
Toby Taylor, Industry  
Steve Weitekamp, Industry

Agenda items may be taken out of order. Times stated are approximate and subject to change. Agenda order is tentative and subject to change at the discretion of the Advisory Council.

All meetings are open to the public and the Advisory Council provides the opportunity for the public to address each agenda item during discussion or consideration by the Advisory Council. Total time allocated for public comment on particular issues may be limited. Individuals may appear to provide comment on items not on the agenda; however, the Advisory Council may not discuss any matter not included in this agenda.

The Bureau plans to webcast this meeting at <https://thedcapage.blog/webcasts/>. Webcast availability, however, cannot be guaranteed due to limited resources or technical difficulties. The meeting will not be cancelled if webcast is not available.

The meeting is accessible to the disabled. A person who would like more information about the meeting or needs a disability-related accommodation or modification to participate in the meeting may ask questions about the meeting or make a disability-related accommodation request by contacting Chris Janus via email at [chris.janus@dca.ca.gov](mailto:chris.janus@dca.ca.gov), by sending a written request to the address indicated above, or

at TDD (800) 326-2297 for the hearing impaired. Please provide at least five working days' notice before the meeting to help ensure accommodations.

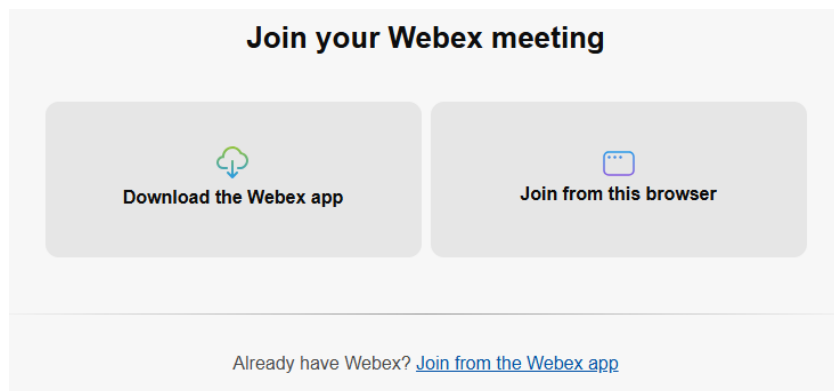
## AGENDA

1. Deputy Bureau Chief Introduction, Call to Order, and Roll Call
2. Public Comment for Items Not on the Agenda  
*Please note that the Advisory Council may not discuss any matter raised during this public comment section that is not included on this agenda.*
3. Update from Board and Bureau Relations, Department of Consumer Affairs
4. Review of Strategic Planning Process, Department of Consumer Affairs
5. Fiscal Update
  - a. Status Update on BHGS Fee Study
6. Review October 16, 2025, Advisory Council Meeting Minutes
7. Business Modernization Update
8. Administrative Program Update
9. Licensing Program Update
10. Laboratory Update
11. Enforcement Program Update
12. Communications and Education Update
  - a. BHGS Website Improvements
13. Legislative and Regulatory Updates and Discussion
  - a. Amendments to Labeling Requirements (Upholstered Furniture and Bedding)
  - b. Household Movers Act Program: Implementing Regulations: Permit Requirements, Exam
  - c. AB 1546 (Schultz) 2025-26: Vehicles: Driving Under the Influence and AB 1830 (Petrie-Norris, Lackey, and Ransom) 2025-26: Ignition Interlock Devices
  - d. Discussion of 2026 Sunset Review Process Overview
14. Solicitation of Future Agenda Items
15. Adjournment

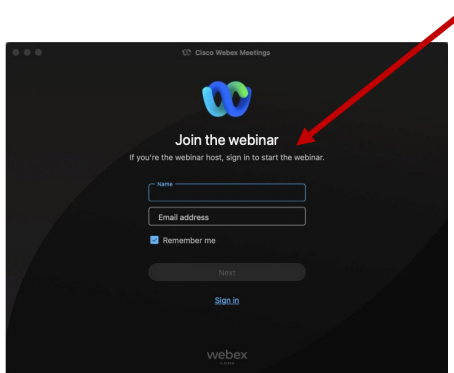
## Recommended: Join using the meeting link.

- 1 Click on the meeting link. This can be found in the meeting notice you received and is on the meeting agenda.
- 2 If you already have Webex on your device, click the bottom instruction, "Join from the Webex app."

If you have **not** previously used Webex on your device, your web browser will offer "Download the Webex app." Follow the download link and follow the instructions to install Webex.



- 3 Enter your name and email address\*. Click "Next."  
Accept any request for permission to use your microphone and/or camera.



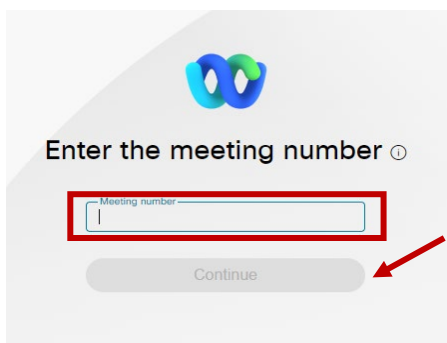
\*Members of the public are not obligated to provide their name or personal information and may provide a unique identifier such as their initials or another alternative as well as a fictitious email address like in the following sample format: XXXXX@mailinator.com.

## Alternative 1. Join from Webex.com

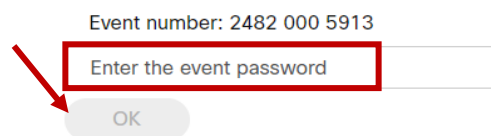
1 Click on “Join a Meeting” at the top of the Webex window.



2 Enter the meeting/event number and click “Continue.” Enter the event password and click “OK.” This can be found in the meeting notice you received or on the meeting agenda.



To view more information about the event, enter the event password.



3 The meeting information will be displayed. Click “Join Event.”

< Back to List

### Meeting Name

Jones, Shelly@DCA | 9:45 AM - 9:55 AM | Thursday, Oct 14 2021 | (UTC-07:00) Pacific Time (US & Canada)



Join Event

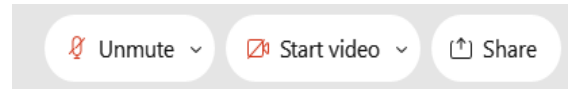
OR

## Alternative 2. Connect via Telephone



You may also join the meeting by calling in using the phone number, access code, and passcode provided in the meeting notice or on the agenda.

Microphone control (mute/unmute button) is located at the bottom of your Webex window.



Green microphone = Unmuted: People in the meeting can hear you.



Red microphone = Muted: No one in the meeting can hear you.

Note: Only panelists can mute/unmute their own microphones. Attendees will remain muted unless the moderator invites them to unmute their microphone. Only panelists will be offered starting their video camera.

## Attendees/Members of the Public

### Joined via Meeting Link

The moderator will call you by name and indicate a request has been sent to unmute your microphone. Upon hearing this prompt:

Click the Unmute me button on the pop-up box that appears.



### Joined via Telephone (Call-in User)



- When you are asked to unmute yourself, press \*6.
- When you are finished speaking, press \*6 to mute yourself again.

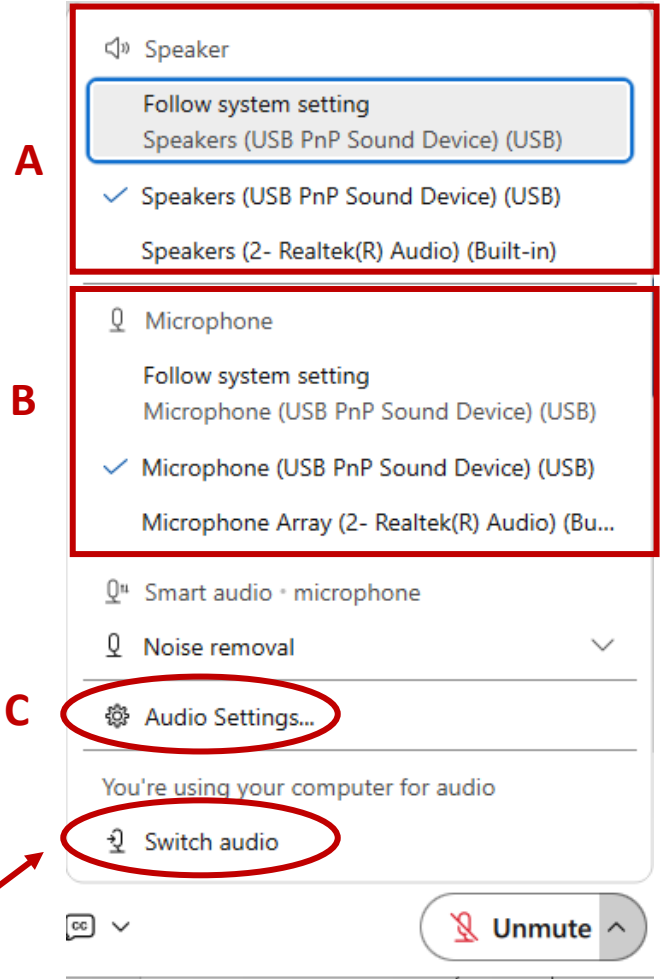
## If you cannot hear or be heard

1 Click on the bottom facing arrow located on the Mute/Unmute button at the bottom of the Webex window.



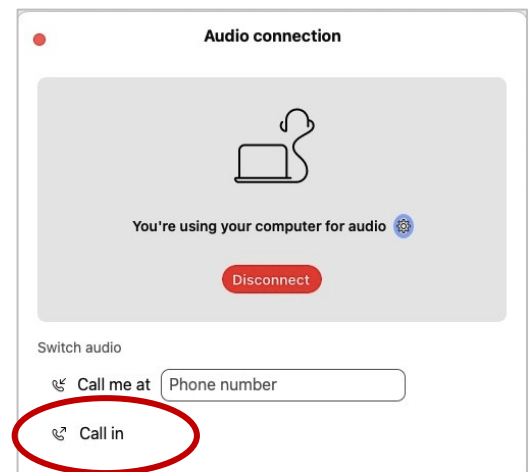
2 From the drop-down menu, select different:

- A. Speaker options if **you can't hear** participants.
- B. Microphone options if **participants can't hear you**.
- C. Audio settings will offer testing of your devices, and let you choose a different device.



3 To link your phone to your Webex session, enabling your phone to become your microphone and speaker source:

- Click on "Switch audio".
- Select "Call in", which will show the phone number to call and the meeting login information.



## Joined via Meeting Link

- Locate the hand icon at the bottom of the Webex window.
- Click the hand icon to raise your hand.
- Repeat this process to lower your hand.



The moderator will call you by name and indicate a request has been sent to unmute your microphone.

Upon hearing this prompt:

Click the Unmute me button on the pop-up box that appears.



## Joined via Telephone (Call-in User)

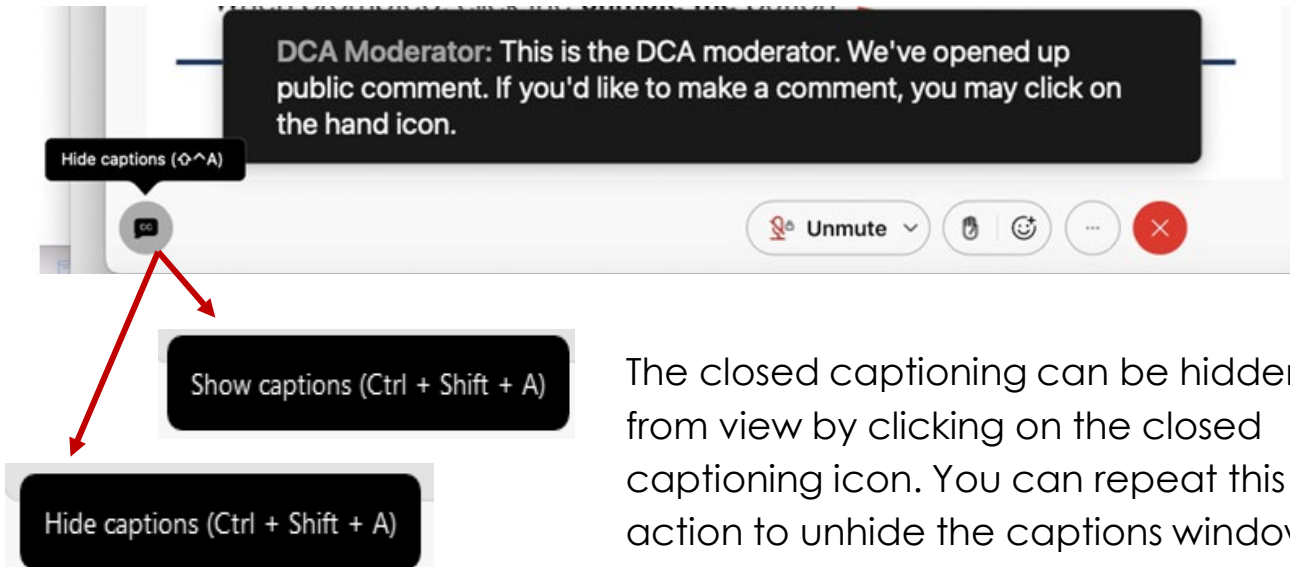


Press \*3 to raise or lower your hand.

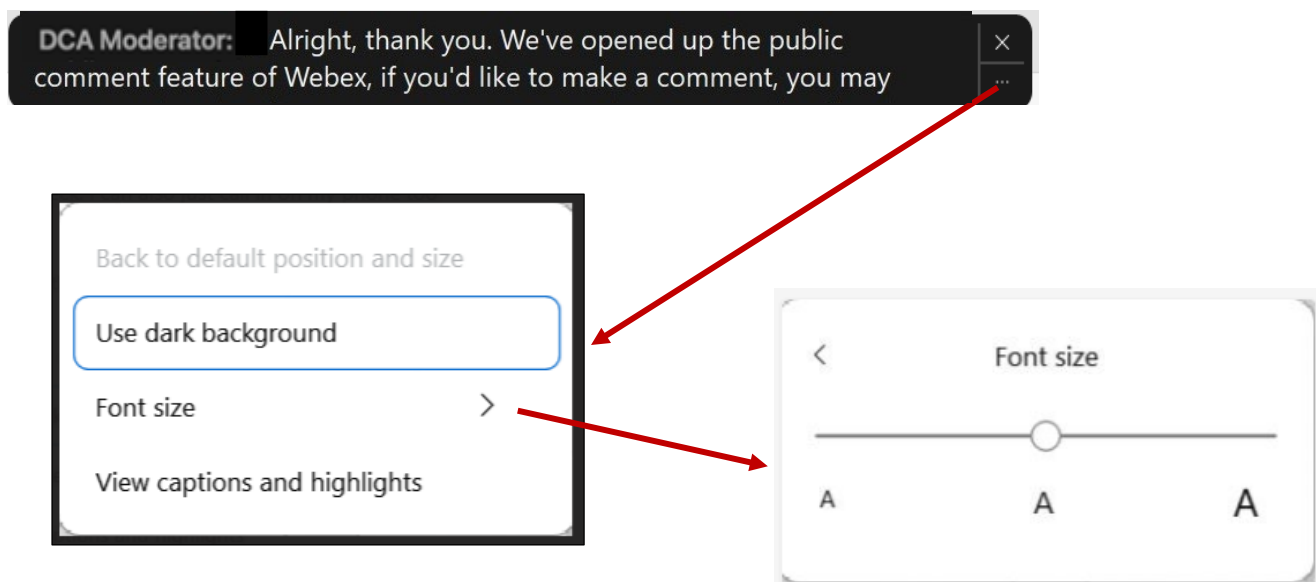
- When you are asked to unmute yourself, press \*6.
- When you are finished speaking, press \*6 to mute yourself again.



Webex provides real-time closed captioning displayed in a dialog box in your Webex window. The captioning box can be moved by clicking on the box and dragging it to another location on your screen.



You can view the closed captioning dialog box with a light or dark background or change the font size by clicking the 3 dots on the right side of the dialog box.



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## Agenda Item 4

# Review of Strategic Planning Process

## Background

In 2021, the Bureau developed a four-year strategic plan for 2022-2026 that focused on high-level objectives for each unit – Licensing, Consumer Protection and Enforcement, Communication and Education, Legislation and Regulations, and Organizational Development.

In 2024, the approved plan was modified to comply with Governor Newsom's executive order directing state agencies and departments to take additional actions to embed equity analysis and considerations into their policies and practices and to comply with guidance from the Department of Consumer Affairs to update strategic plans to account for the Department's commitment to diversity, equity, and inclusion. The process to make these updates was shared with Advisory Council members at the November 2024 meeting and the updates themselves in December 2024. The updated strategic plan was also posted on the Bureau's website.

## 2026 Update

To ensure that the Bureau's strategic plan is revised before the end of the calendar year, management has held initial planning meetings with staff from DCA SOLID to review the process and set timelines. The following pages include slides from DCA SOLID outlining the process to update the strategic plan, which they will present at the current council meeting.

A survey about the Bureau's activities will be sent in Spring 2026 to Advisory Council members, staff, licensees, and other interested parties to solicit feedback that will inform development of the updated plan. Following that, Bureau management will work with DCA SOLID to develop new and modify existing objectives to create an updated strategic plan, which will then be reviewed by the Department's Acting Director.

Management expects to share the revised multi-year plan with Council members at the November 2026 meeting, which will also be submitted to the Legislature with the Bureau's 2026 Sunset Review Report.



1



# What, Why, and How



2

## What is strategic planning?

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A process for organizations to define their direction and decide how to use their resources to achieve their mission and goals.

- What an organization is
- What it does
- Why it does it

3

## Why conduct strategic planning?

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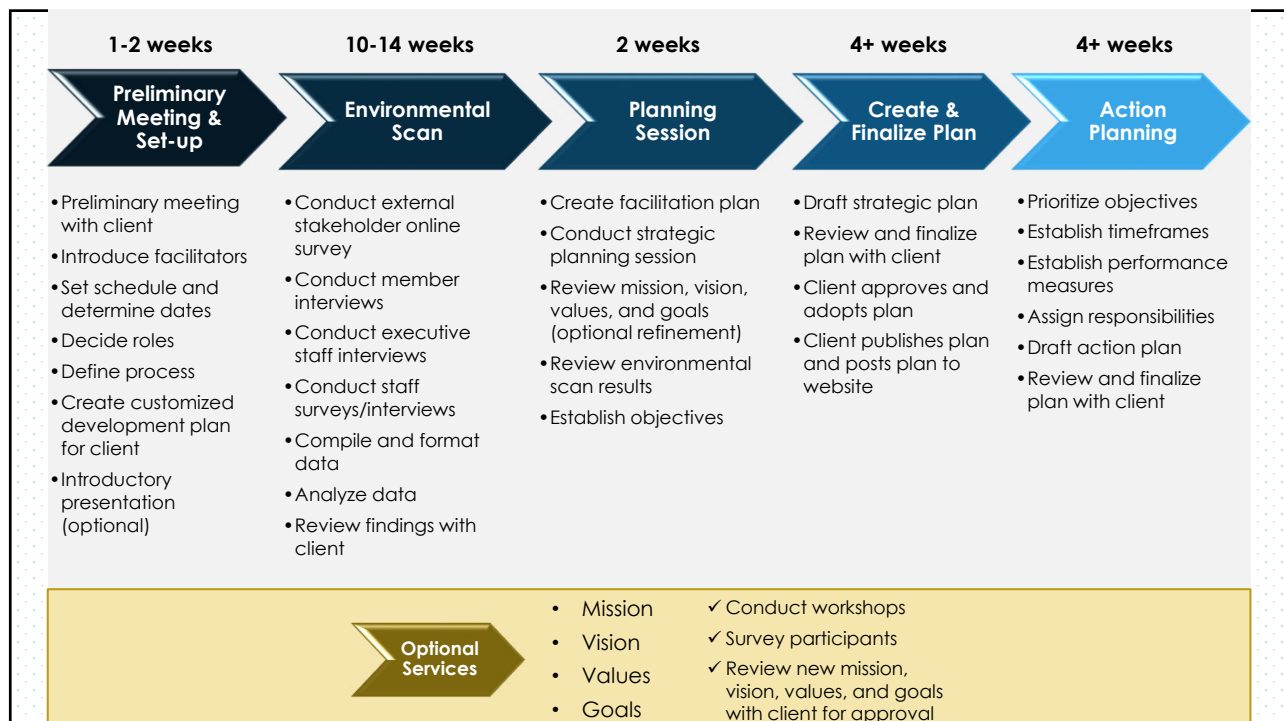
- Critical to efficient and effective operations
- Legislatively mandated
- Helps to achieve short-term and long-term objectives

4

## How is a strategic plan created?

- 5 Phase strategic planning
- Process includes:
  - Surveying of stakeholders
  - Reporting of survey results
  - Workshop to identify objectives

5



6



# Diversity, Equity, Inclusion, and Accessibility



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## Incorporating DEIA

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- Adding DEIA and demographic questions in surveys
- Including DEIA analysis in report
- Encouraging DEIA in goals and objectives
- Reminding planning session participants to consider DEIA impacts of policy decisions

8



# Strategic Plan Components



9



## Strategic planning answers

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**Where are we now?**

Mission and Values  
Environmental Scan



**Where are we going?**

Vision  
Goals and Objectives



**How will we get there?**

Action Plan

10

## Mission

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**Where are we  
now?**



The Bureau of Household Goods and Services' mission is to protect and serve consumers while ensuring a fair and competitive market.

11

## Values

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**Where are we  
now?**



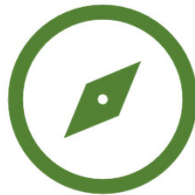
- Consumer Protection
- Integrity and Accountability
- Effectiveness
- Inclusiveness
- Professionalism
- Public Service
- Communication and Education

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## Environmental Scan

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### Where are we now?



### Internal stakeholders

- Advisory Committee members
- Management
- Staff

### External stakeholders

- Consumers/consumer groups
- Associations
- Licensees
- Others affecting the Bureau
- Others affected by the Bureau

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## Vision

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### Where are we going?



Consumers are effectively protected, and the marketplace is fair.

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## Goals

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**Where are we going?**



1. Licensing
2. Consumer Protection and Enforcement
3. Communication and Education
4. Legislation and Regulations
5. Organizational Development

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## Objectives

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**Where are we going?**



- To be developed
- Based on:
  - Trends
  - Issues
  - Initiatives

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## Strategic Plan



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## Action Plan

**How will we get there?**



- Evaluate resources
- Identify tasks
- Assign responsibility
- Establish timelines
- Create performance measures
- Ownership

18

## How do we measure progress?

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### Performance Measures

Establish how success  
will be measured

### Monitoring and Tracking

Use tracking tools and  
conduct regular check-ins

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## Agenda Item 5

# Fiscal Update

a. Status Update on BHGS Fee Study

**3438 - Household Goods and Services Fund, Professions and Vocations Fund**  
**Analysis of Fund Condition**  
(Dollars in Thousands)  
2026-27 Governor's Budget w FM 8 Projections

Prepared 3.17.2026

	<b>Actuals</b>	<b>CY</b>	<b>BY</b>	<b>BY +1</b>
	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
<b>BEGINNING BALANCE</b>	\$ -	\$ 13,435	\$ 12,309	\$ 10,382
Prior Year Adjustment	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ -	\$ 13,435	\$ 12,309	\$ 10,382
<b>REVENUES, TRANSFERS AND OTHER ADJUSTMENTS</b>				
Revenues				
4121200 - Delinquent fees	\$ 363	\$ 385	\$ 402	\$ 402
4127400 - Renewal fees	\$ 9,116	\$ 9,544	\$ 9,638	\$ 9,638
4129200 - Other regulatory fees	\$ 236	\$ 229	\$ 230	\$ 230
4129400 - Other regulatory licenses and permits	\$ 1,390	\$ 1,232	\$ 1,322	\$ 1,322
4163000 - Income from surplus money investments	\$ 261	\$ 1,055	\$ 710	\$ 314
4172500 - Miscellaneous revenues	\$ 1	\$ 14	\$ -	\$ -
Totals, Revenues	\$ 11,367	\$ 12,459	\$ 12,302	\$ 11,906
Revenue transfer from the Household Goods and Services Fund, Professions and Vocations Fund (3438) to Motor Carriers Safety Improvement Fund (0293) per Public Utilities Code Section 5003.1	\$ -16	\$ -21	\$ -21	\$ -21
Revenue Transfer from the Electronic and Appliance Repair Fund (0325) to the Household Goods and Services Fund, Professions and Vocations Fund (3438)	\$ 2,215	\$ -	\$ -	\$ -
Revenue transfer from the Home Furnishings and Thermal Insulation Fund (0752) to the Household Goods and Services Fund, Professions and Vocations Fund (3438)	\$ 5,457	\$ -	\$ -	\$ -
Revenue transfer from the Household Movers Fund, Professions and Vocations Fund (3315) to the (Household Goods and Services Fund, Professions and Vocations Fund (3438)	\$ 7,272	\$ -	\$ -	\$ -
Totals, Transfers and Other Adjustments	\$ 14,928	\$ -21	\$ -21	\$ -21
<b>TOTALS, REVENUES, TRANSFERS AND OTHER ADJUSTMENTS</b>	\$ 26,295	\$ 12,438	\$ 12,281	\$ 11,885
<b>TOTAL RESOURCES</b>	\$ 26,295	\$ 25,873	\$ 24,590	\$ 22,267
Expenditures:				
1111 Department of Consumer Affairs (State Operations)	\$ 11,940	\$ 12,431	\$ 13,136	\$ 13,530
9892 Supplemental Pension Payments (State Operations)	\$ -	\$ 115	\$ -	\$ -
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	\$ 920	\$ 1,018	\$ 1,072	\$ 1,072
<b>TOTALS, EXPENDITURES AND EXPENDITURE ADJUSTMENTS</b>	\$ 12,860	\$ 13,564	\$ 14,208	\$ 14,602
<b>FUND BALANCE</b>				
Reserve for economic uncertainties	\$ 13,435	\$ 12,309	\$ 10,382	\$ 7,665
Months in Reserve	11.9	10.4	8.5	6.1

**NOTES:**

1. Assumes workload and revenue projections are realized in BY+1 and ongoing.
2. Expenditure growth projected at 3% beginning BY+1.

## Background

In July 2024, as a result of the Bureau’s Sunset bill (SB 814, statutes of 2023), the Bureau’s three separate funds were consolidated into a single fund called the Household Goods and Services Fund. However, to ensure payment of any expenditures billed to the separate funds earlier than July 2024, 20 percent of the funds’ balances were held in the three historic funds.

The combined fund condition that appears on the previous page includes a partial transfer of \$14.928 million from those remaining funds into the single fund (EAR: \$2.215 million; HFTI: \$5.457 million; and HHM: \$7.256 million).

The remaining balance in each fund is: \$1.377 EAR; \$2.578 HFTI; \$1.749 HHM, for a total of \$5.704 (these amounts do not appear in the document on the previous page). These figures could decrease if any accounts payable in arrears are deducted and the remaining balance will transfer to the consolidated fund prior to July 2026.

## Fund Condition

Historically, the Bureau has experienced a reversion (i.e., money it was allowed to spend but did not) of approximately \$3 million a year; management currently estimates a reversion of \$1.5 million annually. This is due to several factors:

- Increased wages and benefits for state employees
- The Bureau’s building rent will increase as part of the lease renewal
- The Bureau is using the California Attorney General’s Office on a consistent basis, which charges for their time

Please note, the Bureau will conduct a fee audit in 2026 and be preparing its sunset review report for the 2027 legislative session. Depending on projected revenues and expenditures at that time, the Bureau may pursue regulatory fee increases where the statutory cap allows it and request a fee increase as part of the Sunset process which, if granted, will not take effect until January 1, 2028.

## Revenue by Program

During the November 2024 Advisory Council meeting, council members asked to see revenue for each separate fund. The table below shows the revenue numbers for each fund for the last fiscal year.

**Revenues by Program (July 1, 2025 to February 28, 2026)**

	<b>Delinquent Fees</b>	<b>Other Regulatory Fees*</b>	<b>Licenses and Permits</b>	<b>Renewal Fees</b>	<b>Total</b>
<b>EAR</b>	\$58,060	\$14,847	\$222,967	\$1,678,624	\$1,974,498
<b>HFTI</b>	\$88,308	\$113,550	\$483,269	\$2,773,120	\$3,458,247
<b>HHM</b>	\$97,199	\$59,530	\$69,989	\$2,342,946	\$2,569,664

\*Other regulatory fees include: Enforcement Citation and Fines, Thermal Insulation Directory Fee, Permit Transfer Fee, Quarterly Filing Fee, and Voluntary Suspension.

**Background**

In January 2026, the Bureau launched an internally conducted fee study in response to an anticipated structural deficit, the need to reassess its existing fee framework, and as part of the upcoming Sunset Review report. The study is being conducted with the assistance of all Bureau staff and is being supported by consultation with the DCA Budgets office.

This study will examine all three programs administered and regulated by BHGS to ensure that fees are appropriately aligned with the cost-of-service delivery. The Bureau’s last fee adjustment occurred in January 2017, and currently several licensing fees are below their statutory maximum levels. The findings of this study will inform whether the Bureau will seek regulatory authority to increase certain fees not currently at their maximum and if revisions to existing statutory maximums are warranted to support long term fiscal sustainability.

**Project Timeline and Status**

The fee study will take place in three distinct phases, with estimated timelines and brief descriptions shown below.

<b>Phase</b>	<b>Timespan</b>	<b>Description</b>
I	January 2026–February 2026	Project roll-out, instructions and expectations for staff, and collection of unit tasks
II	February 2026–July 2026	Recording and documenting time spent performing tasks/responsibilities
III	April 2026–August 2026	Collecting, sorting, analyzing data, and formulation of fee study and recommendations

The Bureau’s fee study project manager met with Bureau management in January 2026 to initiate the fee study and provide guidance related to project expectations, outline key milestones, and establish protocols for identifying and documenting all tasks and responsibilities across each unit.

As part of Phase I, Bureau management was directed to collaborate with their teams to comprehensively identify and compile all unit-level tasks associated with all three programs overseen by the Bureau.

Once each unit developed a consolidated list of responsibilities, the project manager met individually with managers to review and refine these task inventories. These discussions focused on determining which activities would be formally tracked for the study and which would be excluded. Tasks deemed outside the scope of the study generally include routine administrative functions – such as completing timesheets or other internal documentation – that do not directly contribute to program service delivery. This vetting process ensured that the study remains focused on capturing meaningful, program-related work activities necessary for accurate cost analysis.

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Phase II of the fee study commenced in February 2026 and is expected to continue through June 2026. This phase focuses on documenting the time required to complete specific tasks in order to accurately determine associated costs.

During the initial portion of Phase II, managers worked closely with staff in their respective units to break down program-related activities into clearly defined, manageable components. This approach was designed to enable staff to record their time efficiently and consistently, ensuring the collection of precise and reliable data. To support this effort, customized spreadsheets and tracking tables were developed and refined to align with each unit's unique responsibilities. Additionally, unit managers are actively reviewing submissions and providing ongoing feedback to staff throughout the data collection process, helping to maintain accuracy and consistency.

Phase III of the fee study is expected to last from May 2026 and primarily focus on the compilation, sorting, and organization of all data gathered during earlier phases.

This final stage will involve validating datasets, identifying trends, and conducting an in-depth analysis to support the study's objectives. Concurrently, the staff will begin formulating the fee study report, which will include detailed documentation of the methodology, analytical findings, and any proposed recommendations. Emphasis will also be placed on ensuring clarity, accuracy, and alignment with project goals to prepare the report for DCA review before being made public. The report will be submitted to the legislature along with Sunset Review report.



## Agenda Item 6

# Review October 16, 2025 Advisory Council Meeting Minutes

**Bureau of Household Goods and Services (Bureau or BHGS)  
Advisory Council Meeting Minutes  
In-Person and Teleconference Meeting  
October 16, 2025**

**Department of Consumer Affairs  
1747 North Market Blvd.  
1<sup>st</sup> Floor - Ruby Room  
Sacramento, CA 95834**

**Attendees:**

**Advisory Council Members:** Pascal Benyamini, Public  
Burt Grimes, Industry  
Tom Keepers, Industry  
Dan Rhodes, Industry  
Toby Taylor, Industry  
Steve Weitekamp, Industry

**Absent:** Sara Oakley, Industry

**Bureau Staff:** Claire Goldstene, Deputy Bureau Chief  
Chas Rifredi, Chief of Licensing and Administration  
Jacqueline Castro, Licensing Manager  
Kelli Williams, Administration Manager  
Jacob Egger, Lab Manager  
Alda Aguirre, Enforcement Chief  
Travis Cooke, Supervising Special Investigator  
Eileen Yap, Policy Manager  
Joanne Van, Content Manager  
Chris Sanchez, Policy AGPA  
Avra Wallace-Schoell, Licensing AGPA

**Others:** Ian Gollihur, DCA Board and Bureau Relations  
Suzanne Balkis, DCA Budgets  
Jennifer Tompkins, DCA Budgets  
Ann Salisbury, DCA Legal Affairs  
Kristy Schieldge, DCA Legal Affairs

**1. Welcome, Introductions, and Roll Call**

Bureau Deputy Chief Claire Goldstene began the meeting at 10:00 a.m. and took roll call. Sara Oakley was absent.

Ms. Goldstene introduced Chas Rifredi who recently joined the Bureau as the Chief of Licensing and Administration and also thanked Bureau staff for their hard work juggling multiple long-term projects.

**2. Public Comment on Items Not on the Agenda**

There were no comments.

**3. Update from Board and Bureau Relations, Department of Consumer Affairs**

Ian Gollihur from the Department of Consumer Affairs (DCA) Board and Bureau Relations announced that Governor Newsom had appointed Lucia Saldivar as Deputy Director for Board and Bureau Relations and Shelly Jones as Assistant Deputy Director of Board and Bureau Relations.

Mr. Gollihur briefly noted that the next board member orientation week will be October 27, 2025 and that they are working to schedule training days for 2026.

Mr. Gollihur also shared that DCA's most recent annual report was published to the DCA website late this summer and thanked Bureau staff for their efforts and contributions on behalf of the Director.

Lastly, Mr. Gollihur noted that October is Cybersecurity Awareness Month and that DCA consistently works to raise awareness about digital security and how to stay safe online. He also provided several tips.

Deputy Bureau Chief Claire Goldstene briefly discussed Governor Newsom's proposed agency reorganization, which takes effect January 2026, and said she did not anticipate the change will affect the Bureau's day-to-day work.

**4. Fiscal Update**

**a. Fee Study**

DCA Budget Analyst Jennifer Thompkins provided a fiscal update and reviewed the fiscal year 2024-25 fund condition. She said the Bureau collected \$11.4 million in revenue and had \$12.98 million in expenditures. The fund balance is currently \$10.86 million, which equates to about 8.8 months in reserve.

Ms. Thompkins then reviewed projections for the fiscal year 2025-26 fund condition. She said the Bureau is projected to collect \$12.2 million in revenue and expend \$14.8 million. Authorized expenditures and direct draws would leave the Bureau with a balance of \$8.2 million, which equates to about 6.5 months in reserve. Ms. Thompkins noted that the Bureau expects additional transfers in fiscal year 2025-26 from the remaining balances in the three separate funds to complete the process of fund consolidation, though the amounts could change based on unpaid or late invoices from the prior year.

Ms. Thompkins noted that personnel service costs are among the main factors driving increased expenditures, which includes general salary increases, employee compensation, and retirement rate adjustments. She also noted that increased enforcement expenditures, future legislation, and unanticipated events could place additional cost pressure on the Bureau's fund.

Deputy Chief Claire Goldstene added that the Bureau is still in the process of finalizing the fund consolidation and that approximately \$5.7 million will be transferred from the three separate funds during the current fiscal year.

Ms. Goldstene also said that the Bureau will begin writing the Sunset Report in 2026, and that a fee study will be completed as part of the report.

**Council Member Comment:** Steve Weitekamp expressed concerns about increasing licensing fees, noting that increased fees could prevent people from applying for a license.

Deputy Chief Claire Goldstene responded that the Bureau has already discussed this internally and does not want to create additional barriers for people trying to get a license. However, the Bureau has not increased some fees in over 10 years even as expenses have continued to increase. Ms. Goldstene also said that fee increases may not be implemented for all programs and that the results of the fee study will help guide those discussions.

**Council Member Comment:** Tom Keepers said he hoped there was consideration for the nature of work in the fee study and suggested that some work could be scoped differently. He also asked about opportunities for process improvements if common issues or themes are found during the fee study.

Deputy Chief Claire Goldstene said that the Bureau discusses process improvements frequently, separate from the fee study and noted that the Bureau is always looking for better ways to do things and that the fee study gives the Bureau another opportunity to focus on that.

## 5. Business Modernization Update

Deputy Chief Claire Goldstene announced that the Connect online complaint form was successfully launched and allows consumers to upload documentation with their complaints.

Ms. Goldstene also noted that automatic notifications were added to Connect for Household Movers for insurance and license status updates, and that email messages were improved for clarity. Improvements were also made to the portion of the Interstate Movers application related to Secretary of State registration. More automatic notifications and maintenance forms will be added in the future.

Policy Analyst Chris Sanchez reviewed the wireframe mockups for the new online renewal for Electronic Appliance Repair (EAR)/Household Furnishings and Thermal Installation (HFTI). He said staff have focused on layout, flow, and usability and that incorporating content, refining interactions, and development are the next steps.

Mr. Sanchez said the Bureau will also expand Connect to include EAR/HFTI applications and that wireframes are being reviewed for enforcement functions. The Bureau is currently having internal discussions on how to incorporate and improve enforcement processes, such as investigations, incident reports, and the issuance and payments of fines, into Connect. Mr. Sanchez also said the Bureau is exploring possibly adding a searchable thermal insulation directory.

Ms. Goldstene added that the Bureau expects to begin building the EAR/HFTI renewal forms with the Connect team in late October or early November. She said the goal is to make the EAR/HFTI renewal as easy as possible for licensees.

**Council Member Comment:** Steve Weitekamp asked if the Bureau will continue to cover the processing fee for credit card payments. Ms. Goldstene answered that there is an ongoing conversation about whether the Bureau can absorb the cost.

**Council Member Comment:** Burt Grimes asked if there would be a different page for each type of ownership. Licensing Manager Jacqueline Castro answered that the ownership type will be automatically generated from the licensee information on record and will prepopulate on the page.

Mr. Grimes asked if electronic fund transfers, like ACH or eChecks, would be an option as a form of payment. Ms. Goldstene responded that the Bureau has asked about those features but has not pursued them because of the expensive cost.

Mr. Grimes asked if the Bureau could start sending electronic newsletters to all licensees in the future. Ms. Goldstene noted that the focus for the next few months will be the website redesign but that an industry newsletter is something the Bureau would like to launch in the future.

### 6. Review May 8, 2025, Advisory Council Meeting Minutes

**Council Member Comment:** Steve Weitekamp asked if the regulations booklets have been updated yet.

Policy Manager Eileen Yap answered that the updated regulations booklets will be ready in 2026, and noted that the updated regulations are available online.

## 7. Administrative Program Update

Administration Manager Kelli Williams focused her presentation on Bureau staffing, one of the Bureau's top priorities.

Ms. Williams reported that three vacant positions at the Bureau were eliminated due to the 2024 Budget Act. She also noted that the two remaining textile technician positions in the Laboratory were reclassified to analyst positions because the outdated job classification did not accurately reflect the analytical duties performed. One position was filled via an internal promotion and the remaining position was filled with an external candidate.

Ms. Williams also reported that Chas Rifredi joined the Bureau in July 2025 as the Chief of Administration and Licensing; that five analyst positions were vacated in 2025 and that several of those positions are in various stages of being filled; that the bilingual special investigator position has been filled with a start date of October 31; and that the Bureau is in the final stages of filling an analyst position in Licensing.

Ms. Williams acknowledged Contract and Procurement Analyst Sue Robinson's work executing a large contract for new and replacement equipment in the Laboratory and her work combining the home furnishings and thermal insulation accreditation bodies under a single contract.

Lastly, Ms. Williams reported that the Bureau held an all-staff meeting and two potlucks since the prior Advisory Council meeting and that a Halloween-themed potluck is scheduled for October 27. Three BHGS staff members also represented the Bureau at a DCA-wide cornhole tournament in September 2025.

## 8. Licensing Program Update

Licensing Manager Jacqueline Castro introduced Licensing Analyst Avra Wallace-Schoell, who presented the Licensing update.

Ms. Wallace-Schoell reviewed licensing statistics and reported a small increase in EAR licenses between July and August 2025; an increase in service contract applications processing time due to a staff vacancy, which will be filled soon; and a small decrease in home furnishings and thermal insulation licenses because of business closures and delinquencies.

Ms. Wallace-Schoell reported that the Bureau issued 134 HHM licenses in fiscal year 2024-25. She said that 52 exams were administered in the fourth quarter of the fiscal year, with an 83 percent pass rate, and that 40 exams were administered in July and August 2025, with a 90 percent pass rate.

Ms. Wallace-Schoell noted an increase in HHM revenue through the quarter ending June 30, 2025, due to the busy moving season. She said that the Bureau has increased written communications to all license holders and has sent email notifications and postcards regarding outstanding quarterly reports. HHM analysts continue to assist license holders

using Connect to submit their quarterly reports, though the Bureau also continues to process checks received in the mail.

Lastly, Ms. Wallace-Schoell said impending suspension notification messages regarding personal liability and property damage insurance and cargo insurance lapses were sent through Connect in September and October 2025, and that failure to meet the insurance requirements will result in license suspension. She reported that this has led to increased calls, emails, and insurance verifications for staff to handle, but it is helping the Bureau bring license holders into compliance and to protect consumers in California.

**Council Member Comment:** Steve Weitekamp belatedly commended Administration Manager Kelli Williams on continuing to decrease the vacancy rate at the Bureau. He said that he was very pleased to see growth in the number of HHM licenses and congratulated the Bureau for their efforts to make the application process much simpler.

## 9. Laboratory Update

Laboratory Manager Jacob Egger announced that Daniel Aguilera was promoted from textile technician to analyst and that Caleb Sharp was hired as an additional analyst in the Lab. They will be responsible for taking on more analytical duties when processing samples, in addition to their existing roles. Mr. Egger thanked Deputy Chief Claire Goldstene and the Administration unit for their help.

Mr. Egger reported that in September 2025, the Bureau entered into contract with Deatak Inc. to replace the burn room equipment, which broke in 2024 and created a work stoppage for 16 CFR 1633 testing. The Bureau is working with Deatak to order and install the new equipment as soon as possible. Mr. Egger thanked Contract Analyst Sue Robinson for working on this complex purchase.

Mr. Egger said that the Bureau secured its first set of online product samples, which are currently being tested, and noted that the Lab intends to frequently procure testing samples from more online marketplaces in the future.

Mr. Egger reported that the Lab consolidated its accreditation contracts to allow for bi-annual instead of annual accreditation, which will be more efficient for staff. In July 2025, the Bureau was accredited by the American Association for Laboratory Accreditation (A2LA). He also reported that the July 2025 Directory of Certified Insulation Materials was updated and posted by Lab Analyst Scott Raboy.

**Council Member Comment:** Steve Weitekamp thanked Jacob and his team for their work and asked if there is still danger of fires starting in people's beds.

Mr. Egger answered there will always be a concern about that happening, though improvements have lessened the flammability danger. However, he also noted that there has been an uptick in mattress testing failure rates and said that the Bureau will explore this further when mattress testing can resume.

Mr. Weitekamp asked if the uptick in failure rates was a result of mattresses and materials being manufactured outside the United States. Mr. Egger answered that that was not the case but, based on the failures in the Lab, the issues are with the quality of barrier materials and the manufacturer's quality control processes.

#### 10. Enforcement Program Update

*NOTE: The Enforcement Program update was presented after the Business Modernization update due to a court appearance Enforcement Chief Alda Aguirre was scheduled to make that day.*

Enforcement Chief Alda Aguirre began with a brief overview of the Enforcement program and then introduced Supervising Special Investigator Travis Cooke to discuss the investigation highlights.

Mr. Cooke announced that the Bureau referred several cases to the Attorney General's office for license revocation and provided an update on several household mover cases sent to the Ventura County District Attorney in 2024.

Mr. Cooke said that staff from the Bureau's enforcement program continue to attend quarterly task force meetings in the South, Central, and Northern areas of California to share information and strategies with other state and local partners. He noted several instances where special investigators were able to educate businesses regarding the Bureau and licensing requirements for their respective industries. The Bureau also worked with the Department of Transportation Federal Motor Carrier Safety Administration (FMCSA) regarding several household mover cases and inspections in July 2025.

Mr. Cooke shared information about recent enforcement sweeps and stings and reported that in May 2025, the Bureau attended the Southern California Furniture and Accessory Market show in Long Beach and contacted licensed and unlicensed wholesale manufacturers to discuss HFTI regulations and requirements. In July 2025, the Bureau conducted a sweep of 42 delinquent and unlicensed EAR, HFTI, and HHM businesses in the Santa Cruz/Monterey area resulting in 16 citations with fines totaling \$6,500. In September 2025, the Bureau conducted a sweep of 46 businesses in the Fresno area, which resulted in 18 citations with fines totaling \$6,250. Another sweep focused on unlicensed household mover businesses is scheduled for October 2025.

Enforcement Chief Alda Aguirre discussed cease letters and reported that 46 cease letters were issued to business operating without a license between April 2025 and August 2025.

Ms. Aguirre then discussed the BHGS Collections Program and reported that 102 notices were sent to businesses who had not paid their citation fines between October 2024 and March 2025. Seven of these businesses were referred to the Franchise Tax Board for collections. Between April 2025 and August 2025, 181 notices were sent to businesses who had not paid their citations, and 67 business were referred to collections. Ms. Aguirre reported that the Bureau Collections Program collected \$15,820 in unpaid fines as of September 2025. Ms. Aguirre also reported on several recent consumer/business

assistance cases and announced that the Bureau's work resulted in more than \$23,700 in savings to the public.

Ms. Aguirre reviewed statistics regarding complaints, investigations, and citations. Ms. Aguirre reported an increase in EAR cases, about the same number of HFTI cases, and a slight increase in HHM cases.

Lastly, Ms. Aguirre briefly discussed the improved complaint form on the BHGS website, which has streamlined the process for both consumers and enforcement staff.

**Council Member Comment:** Steve Weitekamp thanked Ms. Aguirre and her team for their work. He noted the statistics from the fourth quarter of 2024 and suggested that the Bureau aim to replicate those high numbers. Mr. Weitekamp suggested that the Bureau issue press releases related to enforcement actions to better inform the public regarding bad actors.

Ms. Aguirre responded that the citations, court decisions, accusations, and similar information can be found on the BHGS website when searching for a licensed business. She also noted that the page will be more user friendly on the updated BHGS website.

Mr. Weitekamp shared that FMCSA is having a staffing crisis and asked if the Bureau is encountering issues when partnering with FMSCA. Ms. Aguirre answered that the Bureau's relationship with FMSCA has not been affected.

Mr. Weitekamp asked for a general timeframe and location for the upcoming household mover sweep operations. Ms. Aguirre responded that the sweep will occur soon, but that she could not disclose the location.

Mr. Weitekamp asked why the citation fine statistics for the fourth quarter of 2024 were so much higher than other quarters. Ms. Aguirre said the higher numbers include a large federal citation that was issued during that quarter as well as an operation that involved several interconnected companies that resulted in higher fines.

**Council Member Comment:** Burt Grimes asked if citations show up in Google searches for people who are researching companies but that might not be aware of the Bureau. Ms. Aguirre said she would look into it. Deputy Chief Claire Goldstene added that the Bureau is conscious of the public's lack of awareness or understanding of the Bureau and its jurisdiction and that Content Manager Joanne Van has made good progress increasing communication and outreach efforts to consumers. Ms. Van added that the license search feature will be much more visible on the upcoming new BHGS website.

**Council Member Comment:** Pascal Benyamini noted that he did a search for citations for a moving company and was properly directed to the BHGS website.

**Council Member Comment:** Steve Weitekamp expressed his concern about the public misinterpreting complaints as being primarily issued against licensed businesses. Ms.

Aguirre said that the Bureau's focus is not solely complaint driven and that enforcement sweeps are about proactive consumer protection.

## 11. Communications and Education Update

### a. BHGS Website Improvements

Content Manager Joanne Van provided an update on the Bureau's communication and education work including outreach events, publications, website improvements, social media, videos, and overall communications.

Ms. Van announced that the Bureau is finalizing a video about tips for purchasing a protection plan and is also planning an instructional video series on how to apply for a license with the Bureau. The series will cover all BHGS regulated industries and will be shared with unlicensed businesses during compliance checks.

Ms. Van reported that the Bureau has a new publication, "The Right to Repair Act: A Consumer Guide," which explains the provisions of the Right to Repair Act as well as how to find license information or file a complaint for paid repairs. She said the Bureau also updated its publication, "What Happens During a Bureau Inspection of Your Business," which explains what to expect and where to reach out if businesses have questions during inspections.

Ms. Van reported that the Bureau continues to post weekly on social media in both English and Spanish on various topics for consumers, applicants, and licensees. She discussed recently posted graphics and follower counts, noting a December 2024 decrease due to X's mass removal of bot accounts that month.

Ms. Van shared that the Bureau would begin working with DCA to execute the full redesign of the BHGS website in January 2026. She noted that the goal is to have a simple, clean design that makes it easier to find information. The new site is expected to launch within the first half of 2026.

Ms. Van reported that the Bureau has participated in 19 outreach events since the prior Advisory Council meeting and continues to attend events throughout California to connect with and provide resources to community members and state and local partners. She thanked enforcement staff who spoke at the BHGS outreach events.

Lastly, Ms. Van said the Bureau continues to prioritize transparent communication with staff, which includes distribution of the monthly Bureau newsletter, orientations, trainings, potlucks, and bi-annual staff meetings.

**Council Member Comment:** Tom Keepers complimented Ms. Van about collaboration on the content the Bureau develops and said he appreciated being able to contribute.

**Council Member Comment:** Burt Grimes thanked Ms. Van for her work with the outreach events, noting the importance of increased visibility for the Bureau.

## 12. Legislative and Policy Updates

- a. **Amendments to Labeling Requirements (Upholstered Furniture and Bedding)**
- b. **Household Movers Act Program: Implementing Regulations: Permit Requirements, Exam**
- c. **AB 366 (2024-25): Petrie-Norris and Ransom: Ignition Interlock Devices**

Policy Manager Eileen Yap provided an update on the regulatory proposal regarding the amendments to labeling requirements. The Bureau's DCA regulatory counsel had previously advised that the proposal be split into two: a "Section 100" proposal containing all technical amendments and a separate proposal for all substantive changes. Ms. Yap reported that the Section 100 action was approved and became effective on May 19, 2025, and that the Bureau is in the process of completing updates to the second proposal containing substantive amendments, including updates to terminology, label content, and label templates. The Bureau expects to resubmit the completed updates to the DCA regulatory counsel this fall.

Ms. Yap reported that the Bureau has completed an initial draft of the regulatory proposal regarding the Household Movers Act that would implement permit regulations to establish and clarify the written examination process, the process for abandoned applications, notice requirements in the event of a change in permit holder information or a change in ownership, the process to transfer permits, and the process to voluntarily suspend and restore permits. The Bureau circulated a discussion draft to the Advisory Council members for feedback. Steve Weitekamp requested that the Bureau amend the proposed language regarding the transfer of permits. The Bureau submitted the draft to the regulatory counsel this week and will work with her to address Mr. Weitekamp's feedback.

Lastly, Ms. Yap discussed AB 366, a bill that proposed to change existing law regarding the installation of ignition interlock devices (IID). An earlier version of the bill proposed to remove the courts' discretion to order installation of IIDs and instead mandate the installation, including upon a first conviction of driving under the influence. On August 29, 2025, AB 366 was amended to restore language in existing law to allow courts to continue exercising discretion. AB 366 also amended the expiration date of the law to January 1, 2033, instead of extending it indefinitely. The bill with these revisions was signed by the Governor on October 13, 2025.

**Council Member Comment:** Steve Weitekamp thanked Ms. Yap for the discussion they had and said he appreciated the open dialogue.

**Council Member Comment:** Burt Grimes asked if he could get a copy of the revised draft of the proposed HFTI regulations.

Ms. Yap responded that the draft is still being completed and has not yet been submitted to the regulatory counsel, but that the Bureau is considering sharing the updated draft with Advisory Council members when it is more complete.

Mr. Grimes asked if there was a timeline for when the new draft would be available. Ms. Yap answered she did not have a timeline, but that the Bureau aimed to have the updated draft to regulatory counsel this fall. She said it would probably be several more months before the Bureau has a clean version of the draft that incorporates all feedback, corrections, and edits. Mr. Grimes thanked Ms. Yap for all of her work.

**Council Member Comment:** Toby Taylor asked if the Bureau anticipates any need for regulatory changes to the existing IID regulations pursuant to the passage of AB 366.

Ms. Yap answered no because the only change being made to the bill is the extension of the expiration date; the earlier version, which also proposed a change to the court's discretion, was not approved.

### **13. 2026 Advisory Council Meeting Proposed Dates**

May 7 and November 5 were agreed upon for the 2026 Advisory Council meetings.

### **14. Future Agenda Items**

There were no suggested future agenda items.

### **15. Adjournment**

Deputy Chief Claire Goldstene thanked everyone for attending and adjourned the meeting at 12:21 p.m.



## Agenda Item 7

# Business Modernization Update

## Background

The Bureau is currently in a multi-year effort to transition public-facing licensing transactions online and to update the back-office database systems for both licensing and enforcement. The project, known as business modernization, is a partnership among the Bureau, the Department of Consumer Affairs (DCA), and InLumon, an information technology vendor. The new system is called “Connect.”

Bureau staff are working with DCA and the vendor to simultaneously refine and update the transactions that recently moved online while also continuing to move additional transactions online. To assist with this work and to accelerate progress on the project, the Bureau has an analyst working full-time on Connect.

Since the October 2025 Advisory Council meeting staff have focused primarily on ensuring a smooth transition to the online renewal for EAR/HFTI licensees, which is expected to publicly launch in June. In addition, the following updates have been made to the Connect system since the October 2025 Council meeting.

## Completed System Updates & Maintenance

- Quarterly Report Auto Notifications (September 2025)
  - Licensees receive notifications with quarterly report due dates, penalty dates, and impending suspension for non-compliance if they have submitted no revenue for four consecutive quarters.
- Resource Links for External User Dashboard (October 2025)
  - Resource links added to the Connect licensee dashboard with the HHM quarterly report due dates, maintenance forms, and link to BHGS website.
- Auto Notification Emails for Licenses Missing/Inactive Workers' Compensation, PLPD, and Cargo Insurance (November 2025)
  - Licensees missing any required insurance (WC, PLPD, Cargo) receive reminder email notifications to upload their insurance documentation.

## Maintenance on Current Online Transactions

- Cancel and Withdraw Options Available to Staff for Transfer, General, Intestate, and Maintenance Applications (October 2025)
  - Issue: Staff were unable to cancel or withdraw applications in the Connect back office and, consequently, would have to wait for the applications to be abandoned.
  - Result: Cancel and withdraw options were made available for staff use.

## Online Transactions in Progress

- License Linking (Target Release Date: May 2026)
  - EAR and HFTI licensees can link their existing license in Connect with a unique PIN code (ISN) and their license number.

- EAR and HFTI Renewals—Non-Chain (Target Release Date: June 2026)
  - EAR and HFTI licensees can renew their license online via Connect.
- EAR and HFTI Renewals—Chain (Target Release Date: July/August 2026)

### Future Online Transactions

- Initial Applications (EAR & HFTI)
- Enforcement functionality
- Pay a fine (all programs)
- Thermal Insulation Directory



## Agenda Item 8

# Administrative Program Update

The Administration Unit is responsible for personnel management, which includes recruitment and hiring, on/off-boarding staff, and assisting Bureau staff in resolving pay and benefits issues. In addition, the unit handles contract administration and procurement, as well as asset management. It also provides support for the executive staff, covers the reception area, responds to Public Records Act requests, and coordinates record management for the Bureau. Lastly, the unit oversees building facilities requests and provides training and travel liaison assistance for staff.

## **Bureau Staffing**

Hiring and staff recruitment remain top priorities for the Bureau. The chart below shows current BHGS staffing levels.

<b>Unit</b>	<b># of Staff Allocated</b>	<b># of Vacancies</b>
Executive	4	1 (Bureau Chief)*
Licensing	10	0
Policy	3	0
Compliance	9	3 (Analysts)**
Case Management	3	0
Investigations- NorCal	9	2 (Special Investigators)**
Investigations- SoCal	8	1 (Special Investigator)**
Administration	5	0
Laboratory	9	0
<b>TOTAL</b>	<b>66</b>	<b>6</b>

\* The Bureau Chief is a Governor’s appointment.

\*\*As a fiscal precaution, the Bureau has delayed filling six positions—three Compliance Unit analysts and three special investigators—pending the release of the Governor’s 2026–27 fiscal year budget and the outcome of the Bureau’s fee study. Bureau management does not anticipate that leaving these positions vacant will adversely affect operations in the short-term.

**Hiring October 2025 – April 2026**

Between October 2025 and April 2026, the Bureau filled seven vacancies as shown in the chart below.

Unit	Classification
Compliance	<b>Analyst:</b> External hire <b>Analyst:</b> External hire <b>Analyst: (Bilingual – Spanish)</b> Internal promotion <b>Office Technician:</b> External hire
Enforcement	<b>Special Investigator:</b> External hire <b>Special Investigator (Bilingual - Spanish):</b> External hire
Licensing	<b>Household Movers Analyst:</b> External hire

**Staff Attrition**

Between October 2025 and April 2026, two Bureau staff retired.

Time Period	Percentage of Staff	# of Staff	Reason
Oct. 2025 – April 2026	3%	2	Retirement

\*BHGS internal promotions are not calculated in the attrition rate.

**Contracts**

Executing contracts, which involve a negotiated scope of work and complex and extensive documentation, is a central responsibility of the Administration Unit, as shown in the table below.

<b>Contracts</b>									
<b>Quarter Ending</b>									
	6/30/24	9/30/24	12/31/24	3/31/25	6/30/25	9/30/25	12/31/25	3/31/26	Overall Results
Contracts-Executed	12	1	1	0	5	2	4	1	26
Contracts-In Progress	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10	10
Total	12	1	1	0	5	2	4	11	36

Also, in February 2026, Bureau special investigators received new laptops to replace their obsolete tablets.

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**Staff Engagement**

In October 2025, the Bureau held a Halloween-themed potluck and in January 2026, the Bureau held an all-staff meeting followed by a sports-themed potluck. Special thanks to the Pot-Luck Committee for their creativity and hard work to make these events happen.

A full-day new employee orientation and team-building event was held on November 13, 2025. The next all-staff meeting will be held in June 2026.



**BHGS Halloween-themed Potluck**

*October 2025*



**Deputy Chief Claire Goldstene at the  
BHGS All-Staff Meeting**

*January 2026*



**BHGS Sports-themed Potluck**

*January 2026*



## Agenda Item 9

# Licensing Program Update

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The Licensing Unit is responsible for processing, approving, issuing, and managing all Bureau licenses, registrations, and permits across four program areas: Electronic and Appliance Repair, Home Furnishings and Thermal Insulation, Service Contracts, and Household Movers. Staff review applications and ensure all requirements have been met and work daily with applicants and licensees by phone and email to address questions about applications and fees. In addition, Licensing staff process renewals, household mover quarterly reports, address/business/owner changes, delinquencies, license histories/certifications, and review new service contract agreement language.

In January 2026, the Licensing Unit launched Project Delinquency, an initiative focused on helping EAR and HFTI delinquent licensees return to active status. As part of this effort, Licensing staff are issuing 50–100 delinquent invoices per week by email or mail to bring businesses back into compliance. The project also aims to update contact information to ensure more accurate and effective communication moving forward or determine if licensees are no longer operating.

In October 2025, licensing staff began working with the Connect team on the transition to the online renewal for EAR-HFTI licensees that will launch in June 2026.

Licensing staff continue to collaborate with HHM licensees to address insurance lapses, ensure ongoing compliance, and process maintenance forms. These forms include updates, such as changes to licensee information, additional business names, and/or personnel updates. Also, Licensing staff now have the ability to cancel or withdraw applications and maintenance forms directly in Connect when appropriate – either at the request of the applicant/licensee or when duplicate submissions occur. In addition, work is underway to update all HHM paper applications so they align with the current requirements in Connect.

Following are charts with information about the number of active licensees for EAR, HFTI, and HHM. In response to a request from Council members at the October 2025 meeting, information about renewal revenue for EAR and HFTI is now included in the Licensing program update.

### Electronic and Appliance Repair Active Registrations

Quarter Ending	06/30 2024	09/30 2024	12/31 2024	03/31 2025	06/30 2025	09/30 2025	12/31 2025	03/31 2026	Average
Appliance Service Dealers	2,834	2,838	2,852	2,925	2,855	2,885	2,863	2,880	<b>2,867</b>
Electronic Service Dealers	2,924	2,925	2,898	2,896	2,758	2,766	2,726	2,702	<b>2,824</b>
Combination Electronic/Appliance Service Dealers	256	248	248	227	227	223	223	223	<b>234</b>
Service Contract Administrators	80	80	80	99	85	86	90	91	<b>86</b>
Service Contract Sellers	12,628	13,071	13,686	13,474	13,476	13,520	14,406	14,098	<b>13,545</b>
<b>Total Active EAR Registrations</b>	<b>18,722</b>	<b>19,162</b>	<b>19,764</b>	<b>19,621</b>	<b>19,401</b>	<b>19,480</b>	<b>20,308</b>	<b>19,994</b>	<b>19,557</b>

### Revenue for EAR Renewals

Quarter Ending	06/30 2024	09/30 2024	12/31 2024	03/31 2025	06/30 2025	09/30 2025	12/31 2025	03/31 2026
EAR Renewal Fees (including delinquent fees)*	\$307,684	\$802,771	\$619,315	\$560,706	\$499,913	\$474,038	\$960,186	\$440,133

\*The renewal revenue above is captured by DCA's Budget Team and does not account for refunds or end of the year reconciliations. Revenue received near month-end may not be processed until the subsequent accounting period.

## Home Furnishings and Thermal Insulation Active Licenses

Quarter Ending	06/30 2024	09/30 2024	12/31 2024	03/31 2025	06/30 2025	09/30 2025	12/31 2025	03/31 2026	Average
Furniture Retailers	1,815	1,755	1,739	1,733	1,713	1,652	1,695	1,679	<b>1,723</b>
Bedding Retailers	1,946	1,872	2,047	2,062	1,874	1,741	1,720	1,690	<b>1,869</b>
Furniture and Bedding Retailers	9,959	10,029	9,940	9,945	10,017	9,756	9,248	9,231	<b>9,766</b>
Custom Upholsterers	366	361	352	347	328	333	328	327	<b>343</b>
Supply Dealers	87	82	80	50	78	78	77	75	<b>76</b>
Importers (includes overseas Manufacturers)	5,780	5,816	5,779	5,828	5,722	5,767	5,704	5,632	<b>5,754</b>
Manufacturers	1,268	1,255	1,233	1,227	1,184	1,177	1,166	1,157	<b>1,208</b>
Sanitizers	32	32	31	30	32	32	33	41	<b>33</b>
Wholesalers	143	144	138	137	138	138	134	129	<b>138</b>
Thermal Insulation Manufacturers	101	98	104	102	105	104	106	107	<b>103</b>
<b>Total Active HFTI Licenses</b>	<b>21,497</b>	<b>21,444</b>	<b>21,443</b>	<b>21,461</b>	<b>21,191</b>	<b>20,778</b>	<b>20,211</b>	<b>20,068</b>	<b>21,012</b>

## Revenue for HFTI Renewals

Quarter Ending	06/30 2024	09/30 2024	12/31 2024	03/31 2025	06/30 2025	09/30 2025	12/31 2025	03/31 2026
HFTI Renewal Fees (including delinquent and penalty fees)*	\$790,235	\$1,592,816	\$719,361	\$784,911	\$726,975	\$979,973	\$1,250,618	\$853,220

\*The renewal revenue above is captured by DCA's Budget Team and does not account for refunds or end of the year reconciliations. Revenue received near month-end may not be processed until the subsequent accounting period.

Household Movers Active Permits									
Quarter Ending	06/30 2024	09/30 2024	12/31 2024	03/31 2025	06/30 2025	09/30 2025	12/31 2025	03/31 2026	Average
New Permits Issued	32	43	35	23	33	49	37	37	<b>36</b>
Interstate Permits Issued	0	0	0	0	1	4	0	0	<b>1</b>
Exams Administered	42	50	45	35	52	51	44	37	<b>45</b>
Exam Pass Rate	93%	86%	73%	86%	83%	90%	80%	97%	<b>86%</b>
<b>Total Active HHM Permits</b>	<b>1,189</b>	<b>1,237</b>	<b>1,259</b>	<b>1,270</b>	<b>1,282</b>	<b>1,228</b>	<b>1,265</b>	<b>1,302</b>	<b>1,258</b>

Household Movers Quarterly Revenue Report									
Quarter Ending	06/30 2024	09/30 2024	12/31 2024	03/31 2025	06/30 2025	09/30 2025	12/31 2025	03/31 2026	Average
Quarterly Reports Received	1,373	1,089	1,182	1,076	1,233	1,237	1,140	1,040	<b>1,162</b>
Revenue	\$940,159	\$800,101	\$937,443	\$684,803	\$773,043	\$935,994	\$912,266	\$741,015	<b>\$840,603</b>
Admin Fees	\$13,700	\$10,820	\$11,600	\$10,690	\$12,240	\$13,425	\$12,290	\$11,370	<b>\$12,017</b>
CHP Fees	\$6,850	\$5,410	\$5,800	\$5,345	\$6,120	\$6,665	\$6,145	\$5,685	<b>\$6,003</b>
<b>BHGS Revenue (does not include CHP Fees)</b>	<b>\$953,859*</b>	<b>\$810,921</b>	<b>\$949,043</b>	<b>\$695,493</b>	<b>\$785,283</b>	<b>\$949,419</b>	<b>\$924,556</b>	<b>\$752,385</b>	<b>\$852,620</b>

\*Because of the transition to Connect and the online submission of quarterly reports there were some delays in receiving and cashing payments. As a result, the revenue collected in the quarter ending March 31, 2024, was unusually low and the revenue collected in the quarter ending June 30, 2024, was unusually high.

## Weeks-to-Process

The charts below provide the “weeks-to-process” for EAR and HFTI applications and renewals, service contract administrator applications, HHM applications (general, transfer, and interstate), quarterly reports, verification of insurance policies, and maintenance forms received each month. “Weeks-to-process” refers to the average number of weeks before an application or document is initially processed by a licensing technician/analyst after it is received at the Bureau.

The first chart provides a key to the “weeks-to-process” number; the second chart the weeks-to-process for the current calendar year; and the third chart the weeks-to-process for the prior calendar year for comparison.

<b>Weeks-to-Process Conversion Chart</b>	
1 day	0.1
2 days	0.3
3 days	0.4
4 days	0.6
5 days	0.7
6 days	0.9
7 days	1.0

<b>BHGS Licensing Statistics Calendar Year 2026 Weeks-to-Process</b>			
<b>2026</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>
EAR Initial Apps	1.8	1.1	1.4
EAR Renewals	0	0.2	0.2
HFTI Initial Apps	1.7	1.3	1.5
HFTI Renewals	0.1	0.1	0.1
EAR Service Contract Administrators	1.9	3.3	2.3
HHM General Apps	0.4	1.4	1.3
HHM Transfer Apps	0.2	0	0.1
HHM Interstate Apps	0.3	0	0
HHM Quarterly Reports	0.9	0.9	0.9
HHM Maintenance Forms*	0.3	1	0.6

\*HHM Maintenance forms include: update contact information and change/add/remove DBA (implemented December 2024), and update insurance and/or bond certificates (implemented March 2025).

BHGS Licensing Statistics Calendar Year 2025 Weeks-to-Process												
2025	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
EAR Initial Apps	0.7	1.2	1.2	1.5	1.8	2.1	2.0	1.8	2.2	1.2	1.4	1.2
EAR Renewals	0.1	0.3	0.1	0.3	0.2	0.3	0.2	0.3	0	0.1	0.1	0.1
HFTI Initial Apps	0.6	1.1	1.3	1.6	1.4	1.4	2.0	1.8	1.5	1	1.5	1.1
HFTI Renewals	0.6	0.0	0.1	0.5	0.3	0.3	0.2	0.1	0.1	0	0.1	0.1
EAR Service Contract Administrators	4.1	3.5	1.2	1.8	2.4	3.4	3.9	3.6	3.3	2.8	2.9	2.7
HHM General Apps	0.8	0.5	0.1	0.6	0.8	0.5	0.8	0.8	0.9	0.4	0.4	0.6
HHM Transfer Apps*	0.4	0.6	1.1	0.1	0.0	0.0	0.0	0.0	0	0	0.2	0.2
HHM Interstate Apps**	0.0	0.5	0.8	0.0	0.1	0.4	0.1	0.1	0	0	0	0.1
HHM Quarterly Reports	0.0	0.0	0.3	0.0	0.0	0.2	0.0	0.0	0.9	0.4	0.5	0.6
HHM Maintenance Forms***	0.9	1.3	1.8	0.7	1.0	0.4	0.8	1.0	0	0.4	1.3	0.2
HHM Certificate of Insurance Documents	0.4	0.0	-	-	-	-	-	-	-	-	-	-

\*The Bureau did not start collecting weekly stats for the transfer application until Jan 2025.

\*\*The HHM Interstate application was launched January 1, 2025.

\*\*\*HHM Maintenance forms include: update contact information and change/add/remove DBA (implemented December 2024), and update insurance and/or bond certificates (implemented March 2025).



## Agenda Item 10

# Laboratory Update

The Bureau Laboratory conducts testing to ensure that manufacturers comply with all BHGS laws and regulations for the Household Furnishings and Thermal Insulation program. Lab staff conduct physical breakdowns, chemical analyses, and flammability tests of insulation materials, upholstered furniture, bedding products, and mattresses. Following analysis, the resulting scientific reports are used to support the Bureau’s enforcement efforts.

**Technical Bulletin 117-2013**

Technical Bulletin 117-2013 is California’s smolder resistance test for filling materials used in upholstered furniture. This standard is intended to produce upholstered furniture with a reduced risk of smoldering. The standard provides methods for smolder resistance of cover fabrics, barrier materials, resilient filling materials, and decking materials used in upholstered furniture.

The table below shows TB 117-2013 testing results from April 1, 2024, to March 31, 2026. Failures are rare and, overall, manufacturers’ products meet California’s smoldering standards. Starting with the quarter ending September 30, 2024, and through the quarter ending March 31, 2025, Lab staff shifted focus from furniture and bedding to biannual thermal insulation to prepare for thermal insulation accreditation. Beginning April 1, 2025, the laboratory’s focus shifted toward hiring and laboratory accreditation. Beginning July 7, 2025, newly hired staff were fully trained and were able to conduct testing on their own.

<b>TB 117-2013 – Smoldering Test of Upholstered Furniture</b>									
<b>Results</b>	<b>Quarter Ending</b>								<b>Overall Results</b>
	<b>6/30/24</b>	<b>9/30/24</b>	<b>12/31/24</b>	<b>3/31/25</b>	<b>6/30/25</b>	<b>9/30/25</b>	<b>12/31/25</b>	<b>3/31/26</b>	
Pass	13	3	2	4	6	12	18	13	71
Fail	0	0	0	0	0	0	0	0	0
Total Tested	13	3	2	4	6	12	18	13	71
Pass rate	100%	100%	100%	100%	100%	100%	100%	100%	100%

**16 Code of Federal Regulations (CFR) 1633**

16 CFR 1633 is the U.S. Consumer Product Safety Commission’s standard for the flammability (open flame) of mattress sets. Part 1633 establishes flammability requirements that all mattress sets must meet before sale or introduction into commerce. The standard intends to reduce deaths and injuries associated with mattress fires by limiting the size of the fire generated by a mattress set during a thirty-minute test.

The laboratory’s full-scale burn room equipment failed at the start of 2024 and the laboratory has been unable to test mattresses for 16 CFR 1633. Before the equipment broke, mattress failures were becoming more prevalent. As reported at the last advisory council meeting, mattresses had a 32 percent failure rate when the Bureau could test more regularly. We anticipate an increase in failures following the implementation of Assembly Bill 1059 in 2027, which will ban fiberglass in all mattresses. At the previous Council meeting, the lab anticipated resuming testing by December 2025. However, the vendor encountered delays sourcing components and the Bureau has also experienced delays installing the required 220V outlet in the testing room. The new burn room equipment was received in March 2026, and the Bureau anticipates installation in May 2026.

<b>16 CFR 1633 – Flammability (Open Flame) Test of Mattress Sets</b>									
<b>Results</b>	<b>Quarter Ending</b>								<b>Overall Results</b>
	<b>6/30/24</b>	<b>9/30/24</b>	<b>12/31/24</b>	<b>3/31/25</b>	<b>6/30/25</b>	<b>9/30/25</b>	<b>12/31/25</b>	<b>3/31/26</b>	
Pass	0	0	0	0	0	0	0	0	0
Fail	0	0	0	0	0	0	0	0	0
Total Tested	0	0	0	0	0	0	0	0	0
<b>Pass Rate</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

<b>16 CFR 1633 – Manufacturing Locations of Testing Failures</b>									
<b>Results</b>	<b>Quarter Ending</b>								<b>Overall Results</b>
	<b>6/30/24</b>	<b>9/30/24</b>	<b>12/31/24</b>	<b>3/31/25</b>	<b>6/30/25</b>	<b>9/30/25</b>	<b>12/31/25</b>	<b>3/31/26</b>	
U.S. - California	0	0	0	0	0	0	0	0	0
U.S. – Other States	0	0	0	0	0	0	0	0	0
Outside U.S.	0	0	0	0	0	0	0	0	0
Total Failures	0	0	0	0	0	0	0	0	0
<b>Samples Tested</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

**Thermal Insulation**

Thermal insulation testing includes smoldering, flammability, corrosion, and R-value (efficiency rating) of thermal insulation samples. The Bureau tests various thermal insulation, such as loose-fill cellulose, fiberglass battings, loose-fill fiberglass, and polystyrene foam boards.

The lab samples thermal insulation products biannually. From the quarter ending June 30, 2024, to the quarter ending March 31, 2026, 21 percent of thermal insulation samples failed. The laboratory paused thermal insulation testing after March 31, 2025, because a change in thermal insulation accreditation vendors caused a short lapse in accreditation status. As of September 2025, the laboratory’s thermal insulation program was in good standing and staff resumed insulation testing. As of April 2026, all thermal insulation samples have been tested and processed, excluding one sample which is undergoing aging as part of the standard.

<b>Thermal Insulation Testing – Smoldering, Flammability, Corrosion &amp; R-Value</b>									
<b>Results</b>	<b>Quarter Ending</b>								<b>Overall Results</b>
	<b>6/30/24</b>	<b>9/30/24</b>	<b>12/31/24</b>	<b>3/31/25</b>	<b>6/30/25</b>	<b>9/30/25</b>	<b>12/31/25</b>	<b>3/31/26</b>	
Pass	7	1	8	10	0	0	6	10	42
Fail	2	2	1	6	0	0	0	0	11
Total Tested	9	3	9	16	0	0	6	10	53
<b>Pass Rate</b>	<b>78%</b>	<b>33%</b>	<b>89%</b>	<b>62%</b>	<b>N/A</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>	<b>79%</b>

## Bedding Testing – Finished Size and Net Weight

Bedding testing consists of compliance with finish size and net weight measurements. Examples of bedding products include comforters, bed pillows, mattress pads, and mattresses.

The Bureau’s bedding failures (finish size and net weight) have been particularly high the past few years. In January 2025, the Bureau released six technical bulletins, which are posted on the Bureau’s website, to provide greater clarity about requirements and to help ensure greater industry compliance.

Beginning with the quarter ending September 30, 2024, and through the quarter ending March 31, 2025, lab staff shifted focus from furniture and bedding to thermal insulation to prepare for thermal insulation accreditation and biannual thermal insulation testing. In the quarter ending June 30, 2025, the lab switched focus from thermal insulation testing to prepare for accreditation and to focus on tenant improvements.

In the quarter ending December 31, 2025, the lab shifted focus from accreditation and building improvements to conduct a study to determine the higher uncertainty value between new equipment and old equipment. The higher uncertainty value, whether from the new equipment or any original equipment still in use, will be noted in laboratory reports. The study must be completed before the new equipment can be approved for use in testing. In the quarter ending March 31, 2026, the lab resumed the normal testing of bedding products.

<b>Bedding Testing – Finished Size and Net Weight*</b>									
<b>Results</b>	<b>Quarter Ending</b>								<b>Overall Results</b>
	<b>6/30/24</b>	<b>9/30/24</b>	<b>12/31/24</b>	<b>3/31/25</b>	<b>6/30/25</b>	<b>9/30/25</b>	<b>12/31/25</b>	<b>3/31/26</b>	
Pass	2	3	0	1	0	0	0	2	8
Fail	4	9	2	4	3	4	0	9	35
Total Tested	6	12	2	5	3	4	0	11	43
<b>Pass Rate</b>	<b>33%</b>	<b>25%</b>	<b>0%</b>	<b>20%</b>	<b>0%</b>	<b>0%</b>	<b>N/A</b>	<b>18%</b>	<b>19%</b>

\*Please note: Label failures are not reported in this section of the Lab update.

## Testing Totals

The table below includes combined test results for TB 117-2013, 16 CFR 1633, bedding, and thermal insulation. Information about label review and flame-retardant chemical testing results follow.

Previously, each year the lab underwent an onsite accreditation review for one of its two programs, which required significant staff time to prepare. In April 2025, the Bureau signed a contract which consolidated both the thermal insulation and home furnishings accreditation programs so that accreditation for both programs will happen concurrently every two years. This change has significantly increased the number of samples staff can test each year.

The new accrediting body conducted an onsite assessment July 22, 2025, through July 24, 2025. The lab's accreditation was extended through July 2027. Laboratory staff were focused on accreditation during the spring and summer months of 2024 and, as result, conducted fewer tests. The lab focused on accreditation again during the quarters ending June 30, 2025, and September 30, 2025, and as a result, conducted fewer tests.

<b>BHGS Laboratory Testing Totals</b>									
<b>Results</b>	<b>Quarter Ending</b>								<b>Overall Results</b>
	<b>6/30/24</b>	<b>9/30/24</b>	<b>12/31/24</b>	<b>3/31/25</b>	<b>6/30/25</b>	<b>9/30/25</b>	<b>12/31/25</b>	<b>3/31/26</b>	
Pass	22	7	10	15	6	12	24	25	121
Fail	6	11	3	10	3	4	0	9	46
Total tested	28	18	13	25	9	16	24	34	167
<b>Pass rate</b>	<b>79%</b>	<b>39%</b>	<b>77%</b>	<b>60%</b>	<b>67%</b>	<b>75%</b>	<b>100%</b>	<b>74%</b>	<b>72%</b>

## Flame Retardant Chemical Labeling and Testing

Since the passage of SB 1019 in 2015, manufacturers are required to state if their product does or does not contain flame-retardant chemicals. Currently, almost all manufacturers state they do not use flame-retardant chemicals in their products.

The Bureau sends products where the flammability label includes a “contains NO added flame retardant” statement to the California Department of Toxic Substances Control (DTSC) for chemical analysis to confirm the accuracy of the statement. This includes juvenile products, foam in adult mattresses, and upholstered furniture.

No samples sent to DTSC between June 30, 2024 and March 31, 2026, contained over 1000ppm (parts per million) of flame-retardant chemicals. The Bureau did not send samples to DTSC in the quarters ending September 30, 2024, or December 31, 2024, due to a lapse in the contract and because DTSC was updating their methods and hiring new staff. The Bureau did not send samples to DTSC in the quarter ending March 31, 2026, due to other testing priorities. Currently, the Bureau is selecting samples for submission for this current quarter.

Flame Retardant Chemical Statement Analysis									
Results	Quarter Ending								Overall Results
	6/30/24	9/30/24	12/31/24	3/31/25	6/30/25	9/30/25	12/31/25	3/31/26	
No Added FR Chemicals	12	3	2	4	6	10	18	11	66
Added FR Chemicals	0	0	0	0	0	0	0	0	0
No Box Checked	0	0	0	0	0	0	0	0	0
Total tested	12	3	2	4	6	10	18	11	66
<b>Pass rate</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Samples Analyzed by DTSC with the “No Added Flame Retardant” Chemical Statement									
Results	Quarter Ending								Overall Results
	6/30/24	9/30/24	12/31/24	3/31/25	6/30/25	9/30/25	12/31/25	3/31/26	
Pass	4	0	0	2	3	1	2	0	12
Fail	0	0	0	0	0	0	0	0	0
Total tested	4	0	0	2	3	1	2	0	12
<b>Pass rate</b>	<b>100%</b>	<b>N/A</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

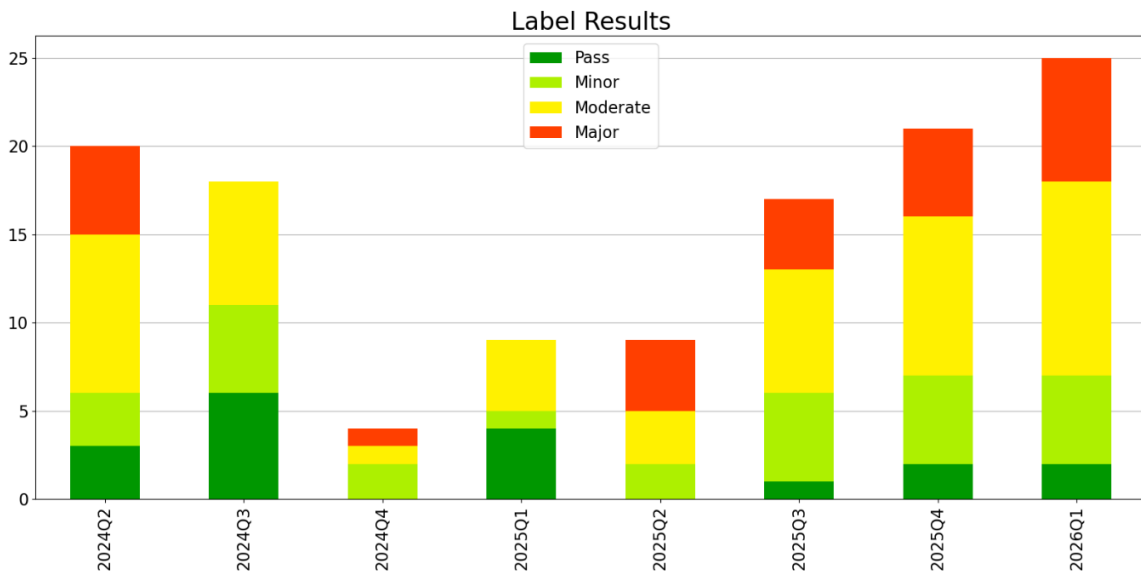
**Label Review**

Label review is conducted on all mattresses, upholstered furniture, and bedding products. A laboratory analyst reviews the law and flammability labels attached to the products to determine if the manufacturer has followed the rules and regulations that apply to their product. Over the past two years, only 15 percent of labels reviewed by the Bureau had no violations.

The Bureau will reimburse businesses with samples that pass or samples with minor labeling failures, but not those with moderate labeling failures. Major labeling failures lead to enforcement action against the manufacturer.

Labeling reviews decreased in the quarters ending December 31, 2024, March 31, 2025, and June 30, 2025, due to the lab's focus on thermal insulation testing, preparation for the consolidated accreditation, and some difficulties with calibration vendors. Label review numbers greatly increased in the months that followed.

Label Results									
Results	Quarter Ending								Overall Results
	6/30/24	9/30/24	12/31/24	3/31/25	6/30/25	9/30/25	12/31/25	3/31/26	
Pass	3	6	0	4	0	1	2	2	18
Minor	3	5	2	1	2	5	5	5	28
Moderate	9	7	1	4	3	7	9	11	51
Major	5	0	1	0	4	4	5	7	26
Total Tested	20	18	4	9	9	17	21	25	123
Pass rate	15%	33%	0%	44%	0%	6%	10%	8%	15%





## Agenda Item 11

# Enforcement Program Update

## Enforcement Program Update and Statistical Review

The Bureau's Enforcement Program comprises four units:

- Compliance Unit (CU) handles incoming complaints and desk investigations.
- Northern Special Investigations Unit (SIU) handles complaint cases, directed and random inspections in Northern California, the Central Coast, and the Central Valley.
- Southern Special Investigations Unit (SIU) handles complaint cases, directed and random inspections in the southern inland counties, including Kern, Los Angeles, Riverside, Orange, San Diego, San Bernardino and Imperial.
- Case Management schedules citation review conferences, reviews citations and field reports, provides analyst support to field staff, gathers information for the Enforcement program logs and statistics, and manages the Bureau's Collections Program.

### Compliance Sweeps

Bureau staff conducted a two-day statewide compliance sweep on October 29-30, 2025, focused on unlicensed and delinquent household moving businesses. Investigators contacted 34 businesses, six of which received citations totaling \$12,000 (not including delinquent fees). Based on the information found during the inspection of one business, an investigation into operating without valid workers' compensation insurance was initiated for referral to the local District Attorney's office.

On November 19-20, 2025, Bureau staff conducted a two-day compliance sweep in Southern California, focused on unlicensed and delinquent EAR and HFTI businesses. Investigators contacted 47 businesses, of which 14 received citations totaling \$5,250 (not including delinquent fees).

More recently, on March 18, 2026, a statewide compliance sweep focused on unlicensed and delinquent EAR and HFTI businesses resulted in the issuance of 16 citations totaling \$4,000 (not including delinquent fees).

### Attorney General Cases

The Bureau continues to work with the Los Angeles area State Attorney General's Office on a case against a Riverside County household mover whose license is currently suspended after a decision from the Office of Administrative Hearings. The Director of the Department of Consumer Affairs has adopted the Court's Decision and Order, which keeps the license on suspended status until all orders are satisfied, which include paying a civil penalty of \$2,000, stopping the use of the business corporations in connection with the HHM sole proprietorship business, taking a course on the HHM Act and Regulations, and paying \$13,526 in enforcement costs to the Bureau. The owner of the business has appealed the Order, leading to additional court filings and hearings scheduled through October 2026.

In December 2025, the Bureau collaborated with the State Attorney General in Northern California to enforce a Default Decision Order revoking the EAR registration for a business owner who was licensed under one name while operating under another. The business continued to render unpermitted appliance repair services despite being directed not to do so.

### **Interagency Collaboration**

To leverage its governing authority, the Bureau continues to build working relationships with a variety of public safety, regulatory and law enforcement partners.

The Enforcement program participates in regular taskforce meetings to share information and strategies with public safety partners. Since the last advisory council meeting, Bureau staff participated in five anti-fraud taskforce meetings led by local district attorney offices.

On February 3, 2026, the Bureau invited a representative from the Federal Motor Carrier Safety Administration (FMCSA) to join its regular taskforce meetings with the District Attorney's offices in San Diego and San Bernardino counties to share insight into the inspections and investigations they conduct in these counties.

The Bureau also leads a regular consumer fraud task force meeting in Northern California. This meeting, last held on October 16, 2025, is attended by various state and local agencies including California Department of Food and Agriculture (CDFA), the Employment Development Department (EDD), the Bureau of Automotive Repair (BAR), the Department of Insurance (DOI), the California Department of Justice (DOJ), and the Contra Costa District Attorney's Office. These efforts have led to ongoing collaboration in the field between the Bureau and the DA's office and EDD.

Bureau staff continue to use the ongoing Memorandum of Agreement with FMCSA to assist with investigations of household movers. This includes the use of the FMCSA portal/database to review carrier information, such as enforcement history, interstate moving authority, and carrier business addresses. For example, the Bureau received a complaint from a consumer regarding an underpaid claim for damaged household goods. During the investigation, Bureau staff found that the consumer hired an unlicensed Roseville-based mover for an interstate move to Maryland. Using the FMCSA database, Bureau investigators determined that the carrier did not have the appropriate authority to conduct interstate moves. On March 10, 2026, the Bureau issued a \$39,615 citation to the business for conducting an interstate move without federal operating authority.

### **Bureau Enforcement and Consumer Assistance**

The Bureau remains proactive in conducting inspections, investigating unlicensed businesses, and assisting with mediation with complaints alleging losses from businesses' unlicensed and/or improper handling of services.

Consumers often file complaints across all regulated industries for issues related to damaged household goods and property, mishandling of claims, overcharges or inflated charges, dishonored extended service warranties, downpayment or deposit issues, respondent unresponsiveness, delivery delays, incomplete contract agreements, and deficient invoices.

Between September 1, 2025 and April 1, 2026, this work led to over \$65,000 in savings to the public:

<b>HFTI:</b>	\$21,324.93 in savings to the public
<b>EAR:</b>	\$24,912.19 in savings to the public
<b>HHM:</b>	\$19,518.00 in savings to the public

**TOTAL:       \$65,755.12 savings to the public**

The following are examples of cases since the October 2025 Council meeting that highlight the Bureau's work in assisting consumers and businesses.

In October 2025, the Bureau mediated a case involving an appliance repair service dealer's multiple failed attempts to repair the icemaker on a refrigerator. After the first few attempts, the business never returned to complete the repair. After working with the business and the consumer, the Bureau helped the consumer obtain a refund of \$671.40.

In October 2025, the Bureau helped a consumer who was unable to recover their deposit after canceling a moving contract. With the Bureau's intervention, the consumer received a full refund of \$1,085.

In October 2025, the Bureau helped a consumer whose extended warranty had recently expired, which could prevent the repair or replacement of a washing machine. With the Bureau's involvement and cooperation by the service contract administrator, the consumer received a \$1,955 gift card for a replacement machine.

In November 2025, the Bureau helped a consumer obtain \$1,400 for a dishwasher covered by a protection plan after multiple failed repair attempts. Similarly, in the same month, the Bureau helped a consumer obtain \$4,749 to replace a refrigerator covered by a protection plan and \$250 for loss of food products. The investigation determined that one of the technicians contracted to conduct the repair did not properly document reason for the unit's failure, which led the service contract administrator to initially deny the consumer's claim.

On November 3, 2025, a newly licensed furniture retailer in Carmichael thanked one of the Bureau's investigators for their efforts in getting them licensed and educating them on the importance of working with manufacturers that adhere to law label regulations.

In December 2025, the Bureau helped a consumer obtain a refund in a household mover case involving overcharges and missing items during an interstate move. The carrier was educated about their violation of federal rules and agreed to refund the consumer \$2,400.

In a household mover case, in December 2025, the Bureau helped resolve a complaint regarding damage to a home's flooring and missing and damaged household goods. The licensed mover agreed to refund the consumer \$1,000.

In January 2026, Bureau staff resolved consumer concerns about a licensee who failed to deliver a sofa. The consumer received a full refund of \$4,249. Staff also remedied a complaint against a service contract provider who had delayed approving repairs to a loveseat and sofa, resulting in a refund of \$3,199.

In February 2026, the Bureau addressed the misleading advertisement of a bedding product sold at a well-known nationwide furniture and bedding retailer. A blanket was advertised as 100% cotton, but it was later discovered that it was 100% polyester following an allergic reaction. The consumer that purchased the blanket was sensitive to polyester and after the Bureau contacted the business, the business corrected the labels and offered a free set of cotton bedding sheets to provide an extra layer of protection.

In February 2026, the Bureau resolved a service contract dispute involving two unrepairable treadmills that were covered by an extended protection plan, which resulted in a consumer refund of \$1,318.

In March of 2026, the Bureau investigated a case involving damage to household goods. With information from the Bureau's investigation, the consumer later won a \$4,713 judgment in small claims court.

### **Cease Letters**

Between September 2025 and March 2026, the Enforcement program issued 73 cease letters to businesses found to be operating or advertising without a valid Bureau license: 38 household movers; four HFTI businesses; and 31 EAR businesses. These letters notify businesses that a Bureau license is required and include information about how they can obtain a license and inform them that continued operations may result in administrative action.

### **Collections Program**

Initiated in October 2024, the Bureau's Collections Program continues to manage outstanding fees and fines resulting from unpaid citations. The process includes three notices to the business allowing them an opportunity to pay the outstanding fines before their debt is referred to the Franchise Tax Board (FTB) or to DCA Collections. Between July 1, 2025, and March 31, 2026, the Bureau sent 150 collection letters to businesses across all Bureau programs. Forty-three businesses were referred to collections. To date, the Bureau's Collections Program has resulted in the collection of \$22,570.

### **Enforcement Procedure Updates**

Southern California SIU is currently establishing processes and procedures to ensure accountability and coordination of all regulated populations. This includes assigning the Southern California Special Investigators (SI) zip codes for proactive and recurring business inspections to facilitate the coordination of inspections over the most heavily populated territories and to prevent the overlap of assignments. Additionally, the Bureau is expanding training on issuing infractions to better equip SIs across the state with enhanced enforcement tools.

The Bureau's Compliance Unit (CU) is updating several procedures, including updates to the desk investigation procedure for EAR and HFTI to now include unlicensed HHM cases; a revised report for investigations; a refined criminal background procedure for license applicants; a comprehensive procedural manual to assist CU analysts; procedures to follow-up on issued citations; and procedures specifically focused on complaints against HHM licensees with no prior enforcement history.

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### **Complaints Received and Investigations Initiated**

All complaints received by the Bureau are processed and triaged by the Compliance unit, and each complaint receives an acknowledgement letter. Compliance unit staff then determine if the Bureau has jurisdiction. Complaints that are non-jurisdictional are closed without investigation, and a letter is sent to the consumer with information about other remedies. When the Bureau does have jurisdiction, complaints are mediated or investigated further.

The table on the following page shows the number of incoming complaints for all three program areas between April 2024 and March 2026, and the number closed without investigation (non-jurisdictional) or referred for investigation. Despite a slight dip in the number of complaints received in the last quarter of 2025, trends show that the overall number of cases referred for investigation continue to increase. Bureau management continues to monitor these numbers to identify any long-term trends.

Complaints Received*								
	4/1/24-6/30/24	7/1/24-9/30/24	10/1/24-12/31/24	1/1/25-3/31/25	4/1/25-6/30/25	7/1/25-9/30/25	10/1/25-12/31/25	1/1/26-3/31/26
<b>EAR</b>								
Received	315	482	450	493	478	501	408	376
Closed w/out Investigation	216	330	337	349	330	298	237	188
Referred for Investigation	97	140	128	141	152	203	174	194
<b>HFTI</b>								
Received	123	98	116	164	102	119	117	138
Closed w/out Investigation	50	41	65	64	29	21	40	36
Referred for Investigation	74	58	52	99	73	92	79	106
<b>HHM</b>								
Received	184	143	114	96	114	119	99	117
Closed w/out Investigation	0	0	1	0	0	0	0	1
Referred for Investigation	184	149	113	96	114	119	99	116
<b>Bureau Totals</b>								
Received	622	723	680	753	694	739	624	631
Closed w/out Investigation	266	371	403	413	359	319	277	225
Referred for Investigation	355	347	293	336	339	414	352	416

\*The number of complaints received for each quarter will not be equivalent to the combined "closed without investigation" and "referred for investigation" because complaints either closed or investigated may have been received during a prior quarter or closed during the following quarter.

### Investigations

Compliance unit analysts perform desk investigations and mediate licensed electronic and appliance repair complaints, as well as home furnishings and thermal insulation and household mover complaints. Delinquent licensee referrals along with unlicensed household mover complaints are forwarded to the Special Investigations unit for investigation following initial triage and attempts to gain compliance. The Compliance unit is also responsible for investigating unlicensed businesses in all three program areas, investigating and writing citations for laboratory testing that result in label, plumage, or flammability failures, investigating licensing fee waivers, and investigating applicant background cases.

The Special Investigations unit investigates egregious complaints against licensed and unlicensed businesses in all program areas. SIU staff are located throughout California and work with other state and local agencies, sharing case information and strategies to assist in mediation between businesses and consumers. In addition, SIU staff conduct field inspections to address unlicensed operations and license renewal delinquencies, as well as collect products for testing in the Bureau lab.

The chart on the next page shows the number of investigations conducted between April 2024 and March 2026. The number of cases referred for investigation varies from quarter to quarter, as seen in prior years; however, the number investigated has steadily increased between 2024 and 2026.

<b>Investigations</b>								
	<b>4/1/24- 6/30/24</b>	<b>7/1/24- 9/30/24</b>	<b>10/1/24- 12/31/24</b>	<b>1/1/25- 3/31/25</b>	<b>4/1/25- 6/30/25</b>	<b>7/1/25- 9/30/25</b>	<b>10/1/25- 12/31/25</b>	<b>1/1/26- 3/31/26</b>
<b>EAR</b>								
<b>Received</b>	97	141	128	141	152	203	174	194
<b>Closed</b>	113	126	179	233	183	189	188	170
<b>HFTI</b>								
<b>Received</b>	74	58	52	99	73	92	79	106
<b>Closed</b>	84	94	90	113	103	94	106	70
<b>HHM</b>								
<b>Received</b>	184	149	113	96	114	119	99	116
<b>Closed</b>	90	132	213	117	170	197	136	94
<b>Bureau Totals</b>								
<b>Received</b>	355	348	293	336	339	414	352	416
<b>Closed</b>	287	352	482	463	456	480	430	334

\*The number of investigations received for each quarter will not be equivalent to those referred for investigation from the previous table because investigations may have been referred during a prior quarter or received during the following quarter.

**Enforcement Program Citations Assessed**

Enforcement staff use a wide variety of methods to achieve compliance during an investigation or while conducting inspections. These methods include education, cease letters, and citations. The chart on the next page details the number of citations issued and the overall fine amount assessed for all three programs between April 2024 and March 2026.

The chart also includes information about the total fine amount collected from citations. The amount collected in each quarter may include payments from citations issued in a previous quarter. Citation amounts may also be modified because of a decision made after a Citation Review Conference, an Administrative Hearing, or a citation withdrawal. Cooperation and good faith efforts demonstrating compliance by the business are taken into consideration when determining the modification of fines.

As seen in the chart, the amount cited and amount collected have increased across all program areas, with the exception of the last quarter. Management have identified two factors that contributed to this decrease: 1) the retirement of two of the Bureau’s most seasoned investigators; and 2), an increase in incoming cases which require additional triage before staff can issue citations. One of the vacancies is in the final stages of being filled and management

are scheduling state-wide sweeps to increase citations to unlicensed businesses for all three programs.

Citations Assessed								
	4/1/24-6/30/24	7/1/24-9/30/24	10/1/24-12/31/24	1/1/25-3/31/25	4/1/25-6/30/25	7/1/25-9/30/25	10/1/25-12/31/25	1/1/26-3/31/26
<b>EAR</b>								
<b>Citations Issued</b>	26	50	58	61	44	60	53	34
<b>Amount Cited</b>	\$6,700	\$11,630	\$14,220	\$12,865	\$10,550	\$15,750	\$13,300	\$9,600
<b>Amount Collected</b>	\$1,100	\$2,560	\$3,330	\$1,140	\$2,850	\$6,300	\$5,030	\$3,900
<b>HFTI</b>								
<b>Citations Issued</b>	33	43	12	65	33	30	49	19
<b>Amount Cited</b>	\$19,800	\$24,900	\$5,600	\$50,500	\$19,450	\$18,600	\$25,200	\$12,500
<b>Amount Collected</b>	\$3,825	\$3,200	\$2,100	\$2,046	\$5,500	\$5,400	\$10,000	\$5,250
<b>HHM</b>								
<b>Citations Issued</b>	4	3	17	3	4	10	16	6
<b>Amount Cited</b>	\$5,000	\$6,000	\$68,900	\$6,000	\$3,500	\$14,500	\$29,100	\$14,500
<b>Amount Collected</b>	\$0	\$0	\$1,000	\$1,000	\$3,000	\$2,000	\$4,500	\$1,000
<b>Bureau Totals</b>								
<b>Citations Issued</b>	63	96	87	129	81	100	118	59
<b>Amount Cited</b>	\$31,500	\$42,530	\$88,720	\$69,365	\$33,500	\$48,850	\$67,600	\$36,600
<b>Amount Collected</b>	\$4,925	\$5,760	\$6,430	\$4,186	\$11,350	\$13,700	\$19,530	\$10,150

**Lab Failures**

Enforcement staff collect home furnishing and thermal insulation samples throughout the state for testing by the Bureau’s Lab for compliance with label and flammability requirements. Products that fail testing are sent to the Compliance unit where staff investigate and write citations for these label and flammability violations.

The chart below shows the number of lab failure cases processed between April 2024 and March 2026. The total number of citations and the total fines assessed have increased from the prior year due to an increase in plumage failures during this timeframe.

<b>ENFORCEMENT ACTIVITY FOR LAB FAILURES</b>	<b>4/1/24-9/30/24</b>	<b>10/1/24-3/31/2025</b>	<b>4/1/2025-9/30/2025</b>	<b>10/1/25-3/31/2026</b>
<b>Lab Failure Advisory Letters</b>	8	0	0	5
<b>Lab Failure Citations Issued</b>	9	11	11	8
<b>Lab Failure Total Fines Assessed</b>	\$7,600	\$18,425	\$13,325	\$14,200
<b>Lab Failure Cases Completed</b>	17	12	16	13



## Agenda Item 12

# Communications and Education Update

a. BHGS Website Improvements



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The Bureau's Outreach Unit, in coordination with the Department of Consumer Affairs' Communications Office, leads efforts related to outreach, updating publications, website updates, social media management, video editing, and overall communications targeted to consumers, licensees, applicants, and other interested parties.

Since October 2025, the Bureau has increased its outreach and communications efforts in the following areas:

### Press Release

On December 23, 2025, the Bureau issued a press release in [English](#) and [Spanish](#) on a "Statewide Sweep of Unlicensed Movers" warning consumers to be wary of unlicensed and uninsured household movers. The press release was also posted on the Bureau's website, Facebook, Instagram, LinkedIn, and X accounts, as well as [DCA's website](#).

### Video

On October 23, 2025, the Bureau posted a video titled "[Helpful Tips Before You Buy a Protection Plan](#)." The video explains what a protection plan is, what to look out for when considering a protection plan, and consumer rights when buying a protection plan. The video had 147 views as of April 1, 2026.

The Bureau is planning two videos informing applicants about the documents and information required to apply for a license. One video will cover EAR-HFTI requirements and the other will cover HHM requirements. In addition to being posted on the Bureau's platforms, the videos will also be shared with unlicensed businesses during compliance checks.

The Bureau is planning an instructional video for Connect users on how to register for an account and link an existing license. Video publishing will be timed with the launch of the online EAR/HFTI renewal on Connect. In addition to posting on the Bureau's platforms, the video will be shared with businesses as needed during outreach and inspections.

All BHGS videos are posted to DCA's YouTube channel ([youtube.com/user/californiadca](https://youtube.com/user/californiadca)) and are shared to the Bureau's website, Facebook, Instagram, LinkedIn, and X accounts.

### Forms and Publications

Publications continue to be posted on the Bureau's website and will have a dedicated page in the website redesign. Publications are also printed for distribution at community outreach events and available to the public in the Bureau's front lobby.

Since October 2025, the Bureau updated a number of public-facing forms with the intent of greater simplicity and improved user-friendliness. Updated forms include, Change of Information, Declaration of Business Activities or Non-Operation, Request for Cancellation, and the printable complaint form. The Bureau is also working to update forms for internal use, including a form used for infractions.

Postcards that include an annual and quarterly overview of quarterly report due dates were created and mailed to household movers. The postcards were also posted on the Bureau's website and are shared to social media as each due date nears.

A guide on proper documentation for electronic and appliance repairs, titled “Write It Right!” was updated with simplified language and an improved layout. The document was distributed to staff for use during inspections and investigations and will have a dedicated page in the website redesign.

**Social Media**

The Bureau continues to update its social media accounts at least once a week in both English and Spanish.

Topics posted on social media change from week to week, and include job listings, industry advisories, consumer resources, how-to guides, timely updates, and more across all Bureau programs for applicants, licensees, and consumers.

Below are the Bureau’s social media numbers for the past four quarters:

Platform	Followers 6/30/2025	Followers 9/30/2025	Followers 12/31/2025	Followers 3/31/2026	% Change 6/30/2025 – 3/31/2026
<a href="#">Facebook</a>	308	329	344	347	+12.66%
<a href="#">Instagram</a>	197	203	212	214	+8.63%
<a href="#">LinkedIn</a>	241	246	249	255	+5.81%
<a href="#">X</a>	156	163	165	167	+7.05%

Examples of the Bureau’s social media graphics follow:




## CONSIDERING A PROTECTION PLAN FOR YOUR JEWELRY?



Read the plan: understand what it does and does not cover.



Make sure the plan provides coverage beyond the manufacturer's warranty, if any.



BUREAU OF  
HOUSEHOLD  
GOODS  
AND  
SERVICES

## NEWS RELEASE

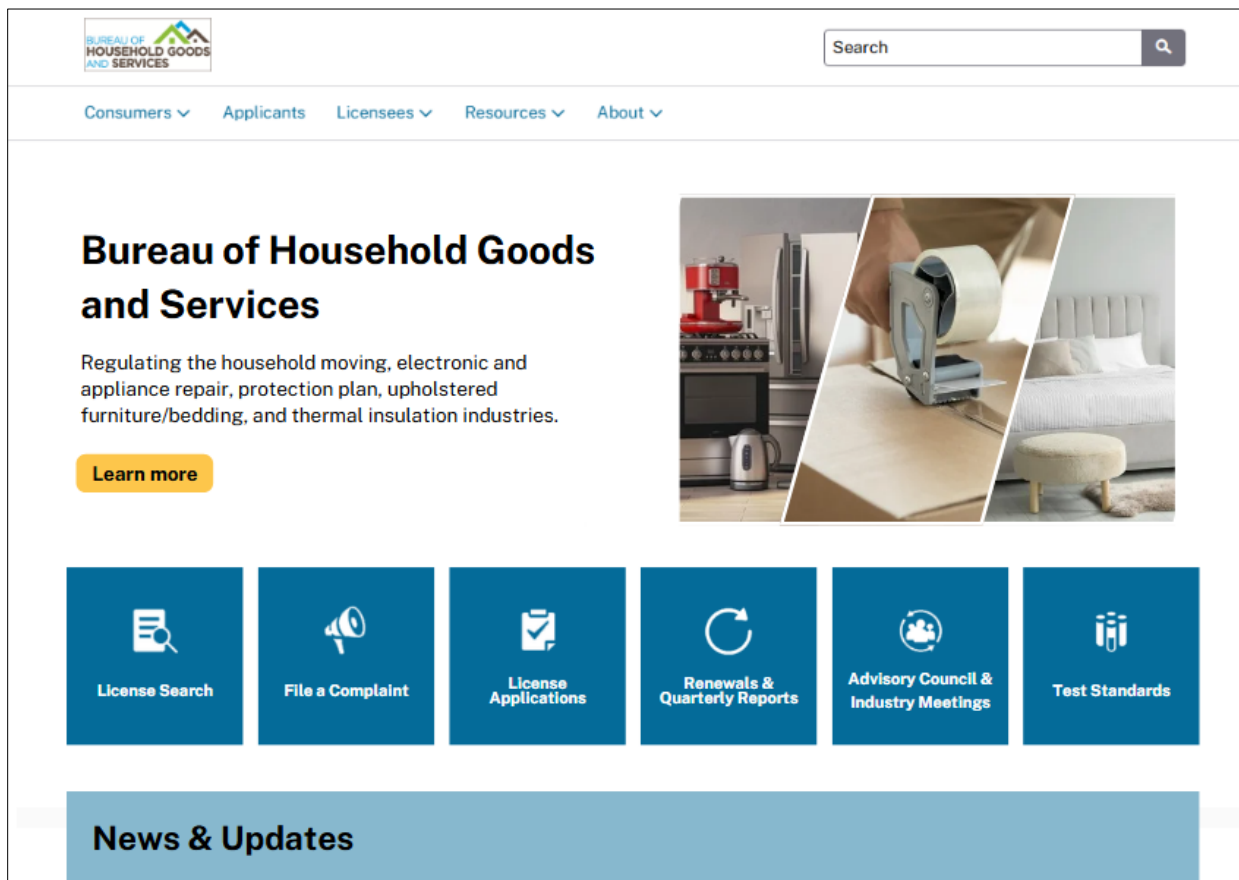
Unlicensed Household Movers Targeted in Statewide Investigation by the California Bureau of Household Goods and Services

Read more at [bhgs.dca.ca.gov](http://bhgs.dca.ca.gov)

The news release graphic features a photograph of movers in a truck, a small logo in the top right corner, a large 'NEWS RELEASE' title, a red arrow graphic, and a red button with the website URL.

**Website**

Following significant planning and review from staff of both the layout and content of the Bureau’s website, in January 2026, the Bureau began working with DCA to execute a full redesign of the website. The updated website features a sleek design, intuitive interface, and updated resources while still prioritizing essential tools and ADA compliance. Examples of new features include dedicated pages for applications, videos, and publications. Below is an updated mockup of the redesigned homepage.



**Outreach Events**

The Bureau participates in outreach events to connect with and provide resources to community members and state and local partners.

Since October 2025, the Bureau participated in the following outreach events:

1. On October 16, 2025, Mary Le and Delia Garcia represented the Bureau at a virtual Northern California Task Force Meeting coordinated by the Bureau. Bureau updates were shared with representatives from the Employment Development Department, Department of Justice, and Department of Insurance.

2. On October 18, 2025, Destiny Wells and Mary Le represented the Bureau at a Senior Scam Stopper outreach event in Fremont with about 100 people in attendance coordinated by the Contractors State License Board and Assemblymember Alex Lee’s office.



Attendees at a Senior Scam Stopper outreach event in Fremont.

3. On October 21, 2025, Terae McKinney represented the Bureau at a virtual Multidisciplinary Team meeting coordinated by the Riverside County Department of Public Social Services. Bureau updates were shared with representatives from the Department of Social Services, Riverside County Elder Abuse Forensic Center, FBI Victim Special Unit, and more.

4. On October 28, 2025, Destiny Wells represented the Bureau at a virtual Senior Scam Stopper event with over 100 people in attendance coordinated by the Contractors State License Board and Assemblymember Marc Berman’s office.



Speakers at a virtual Senior Scam Stopper outreach event.

5. On November 5, 2025, Destiny Wells represented the Bureau at a Senior Scam Stopper outreach event in Colma with about 80 people in attendance coordinated by the Contractors State License Board and Assemblymember Catherine Stefanie’s office.



Destiny Wells at a Senior Scam Stopper outreach event in Colma.

6. On November 14, 2025, Alanna Orzhekhovskiy represented the Bureau at a Senior Scam Stopper outreach event in Pacoima with about 50 people in attendance coordinated by the Contractors State License Board and Assemblymember Celeste Rodriguez’s office.



Bureau outreach materials displayed at a Senior Scam Stopper outreach event in Pacoima.

7. On January 14, 2026, Jacob Egger, Sue Xu, and Claire Goldstene represented the Bureau at a virtual Green Science Policy Institute meeting where a presentation on TB 117-2013 and flame retardant chemical testing was shared with environmental policy representatives.
8. On February 3, 2026, Christopher Herron, Terae McKinney, Mei Di, and Raleigh Jacobe represented the Bureau at a Strike Force Meeting coordinated by the San Bernardino County District Attorney's Office.
9. On February 18, 2026, Oliver Manila, Terae McKinney, and Mary Le represented the Bureau at a Strike Force Meeting coordinated by the San Diego County District Attorney's Office.
10. On February 27, 2026, Lizzette Castro and Mei Di represented the Bureau at a Senior Scam Stopper outreach event in Claremont with about 50 people in attendance coordinated by the Contractors State License Board and Assemblymember Josh Harabedian's office.



Lizzette Castro and Mei Di at a Senior Scam Stopper outreach event in Claremont.

11. On March 4, 2026, Oliver Manila represented the Bureau at a National Consumer Protection Fair in San Diego with about 30 people in attendance coordinated by the County of San Diego Agriculture, Weights, and Measures Department.



Oliver Manila at a National Consumer Protection Fair in San Diego.

12. On April 28-30, 2026, Jacob Egger represented the Bureau virtually at an International Association of Bedding and Furniture Labeling Officials Conference.

### Internal Communications

The Bureau is committed to building internal communication efforts to foster transparency, encourage collaboration, and nurture a strong work culture. All-staff meetings are held every six months. An internal newsletter is distributed monthly to keep staff informed about Bureau activities and regulated industries, and includes bimonthly staff features to boost morale and strengthen team connection.



## Agenda Item 13

# Legislative and Regulatory Updates and Discussion

- a. Amendments to Labeling Requirements (Upholstered Furniture and Bedding)
- b. Household Movers Act Program: Implementing Regulations: Permit Requirements, Exam
- c. AB 1546 (Schultz) 2025-26: Vehicles: Driving Under the Influence and AB 1830 (Petrie-Norris, Lackey, and Ransom) 2025-26: Ignition Interlock Devices
- d. Discussion of 2026 Sunset Review Process Overview

**Excerpt from AB 1546 (Schultz, 2026)  
Regarding Ignition Interlock Devices**

1 jail, whether or not probation is granted, no part of which may be  
2 stayed.

3 (b) The driving of a vehicle in which a minor under 14 years of  
4 age was a passenger shall be pled and proven.

5 (c) No punishment enhancement shall be imposed pursuant to  
6 this section if the person is also convicted of a violation of Section  
7 273a of the Penal Code arising out of the same facts and incident.

8 SEC. 21. Section 23575.3 of the Vehicle Code is amended to  
9 read:

10 23575.3. (a) In addition to any other requirement imposed by  
11 law, a court shall notify a person convicted of a violation listed in  
12 subdivision (h) that the person is required to install a functioning,  
13 certified ignition interlock device on any vehicle that the person  
14 operates and that the person is prohibited from operating a motor  
15 vehicle unless that vehicle is equipped with a functioning, certified  
16 ignition interlock device in accordance with this section.

17 (b) The Department of Motor Vehicles, upon receipt of the  
18 court's abstract of conviction for a violation listed in subdivision  
19 (h), shall inform the convicted person of the requirements of this  
20 section, including the term for which the person is required to have  
21 a certified ignition interlock device installed. The records of the  
22 department shall reflect the mandatory use of the device for the  
23 term required and the time when the device is required to be  
24 installed by this code.

25 (c) The department shall advise the person that installation of  
26 a functioning, certified ignition interlock device on a vehicle does  
27 not allow the person to drive without a valid driver's license.

28 (d) (1) A person who is notified by the department pursuant to  
29 subdivision (b) shall do all of the following:

30 (A) Arrange for each vehicle operated by the person to be  
31 equipped with a functioning, certified ignition interlock device by  
32 a certified ignition interlock device provider under Section 13386.

33 (B) Provide to the department proof of installation by submitting  
34 the "Verification of Installation" form described in paragraph (2)  
35 of subdivision (g) of Section 13386.

36 (C) Pay a fee, determined by the department, that is sufficient  
37 to cover the costs of administration of this section.

38 (2) A person who is notified by the department pursuant to  
39 subdivision (b), is exempt from the requirements of this subdivision  
40 until the time the person purchases or has access to a vehicle if,

1 within 30 days of the notification, the person certifies to the  
2 department all of the following:

3 (A) The person does not own a vehicle.  
4 (B) The person does not have access to a vehicle at their  
5 residence.  
6 (C) The person no longer has access to the vehicle they were  
7 driving at the time they were arrested for a violation that  
8 subsequently resulted in a conviction for a violation listed in  
9 subdivision (h).  
10 (D) The person acknowledges that they are only allowed to  
11 drive a vehicle that is equipped with a functioning, certified ignition  
12 interlock device.  
13 (E) The person acknowledges that they are required to have a  
14 valid driver’s license before they can drive.  
15 (F) The person acknowledges that they are subject to the  
16 requirements of this section when the person purchases or has  
17 access to a vehicle.

18 (e) In addition to any other restrictions the department places  
19 on the driver’s license record of the convicted person when the  
20 person is issued a restricted driver’s license pursuant to Section  
21 13352 or 13352.4, the department shall place a restriction on the  
22 driver’s license record of the person that states the driver is  
23 restricted to driving only vehicles equipped with a functioning,  
24 certified ignition interlock device for the applicable term.

25 (f) (1) A person who is notified by the department pursuant to  
26 subdivision (b) shall arrange for each vehicle with a functioning,  
27 certified ignition interlock device to be serviced by the installer at  
28 least once every 60 days in order for the installer to recalibrate and  
29 monitor the operation of the device.

30 (2) The installer shall notify the department if the device is  
31 removed or indicates that the person has attempted to remove,  
32 bypass, or tamper with the device, or if the person fails three or  
33 more times to comply with any requirement for the maintenance  
34 or calibration of the ignition interlock device.

35 (g) The department shall monitor the installation and  
36 maintenance of the ignition interlock device installed pursuant to  
37 subdivision (d).

38 (h) A person is required to install a functioning, certified ignition  
39 interlock device pursuant to this section for the applicable term,  
40 as follows:

1 (1) A person convicted of a violation of subdivision (a), (b),  
2 (d), (e), or (g) of Section 23152 shall be required to do the  
3 following, as applicable:

4 (A) Upon a conviction with no priors, punishable under Section  
5 23536, only one of the following may occur:

6 (i) The court may order installation of a functioning, certified  
7 ignition interlock device on any vehicle that the person operates  
8 and prohibit that person from operating a motor vehicle unless that  
9 vehicle is equipped with a functioning, certified ignition interlock  
10 device. If the court orders the ignition interlock device restriction,  
11 the term shall be determined by the court for a period not to exceed  
12 six months from the date of conviction. The court shall notify the  
13 department of the conviction as specified in subdivision (a) of  
14 Section 1803 or Section 1816, and shall specify the terms of the  
15 ignition interlock device restriction in accordance with subdivision  
16 (a) of Section 1804. The department shall place the restriction on  
17 the driver's license record of the person that states the driver is  
18 restricted to driving only vehicles equipped with a functioning,  
19 certified ignition interlock device for the applicable term.

20 (ii) The person may apply to the department for a restriction of  
21 the driving privilege under Section 13352.4.

22 (iii) The person may apply to the department for a restriction  
23 of the driving privilege under paragraph (1) of subdivision (a) of  
24 Section 13352 or subdivision (c) of Section 13352.1.

25 (B) Upon a conviction with one prior, punishable under Section  
26 23540, the person shall install a functioning, certified ignition  
27 interlock device in the vehicle, as ordered by the court, that is  
28 operated by that person for a mandatory term of 12 months.

29 (C) Upon a conviction with two priors, punishable under Section  
30 23546, the person shall install a functioning, certified ignition  
31 interlock device in the vehicle, as ordered by the court, that is  
32 operated by that person for a mandatory term of 24 months.

33 (D) Upon a conviction with three or more priors punishable  
34 under Section 23550, or a conviction punishable under Section  
35 23550.5, the person shall install a functioning, certified ignition  
36 interlock device in the vehicle, as ordered by the court, that is  
37 operated by that person for a mandatory term of 36 months.

38 (E) Upon a conviction with four or more priors punishable  
39 under Section 23550.1, the person shall install a functioning,  
40 certified ignition interlock device in the vehicle, as ordered by the

1 *court, that is operated by that person for a mandatory term of 48*  
2 *months.*

3 (2) A person convicted of a violation of subdivision (a), (b),  
4 (d), (e), or (g) of Section 23153 shall install a functioning, certified  
5 ignition interlock device, as follows:

6 (A) Upon a conviction with no priors, punishable under Section  
7 23554, the person shall install a functioning, certified ignition  
8 interlock device in the vehicle, as ordered by the court, that is  
9 operated by that person for a mandatory term of 12 months.

10 (B) Upon a conviction with one prior, punishable under Section  
11 23560, the person shall install a functioning, certified ignition  
12 interlock device in the vehicle, as ordered by the court, that is  
13 operated by that person for a mandatory term of 24 months.

14 (C) Upon a conviction with two priors, punishable under Section  
15 23550 or 23566, the person shall install a functioning, certified  
16 ignition interlock device in the vehicle, as ordered by the court,  
17 that is operated by that person for a mandatory term of 36 months.

18 (D) Upon a conviction with one prior punishable under Section  
19 23550.5, the person shall install a functioning, certified ignition  
20 interlock device in the vehicle, as ordered by the court, that is  
21 operated by that person for a mandatory term of 48 months.

22 (3) For the purposes of paragraphs (1) and (2), “prior” means  
23 a conviction for a separate violation of Section 23103, as specified  
24 in Section 23103.5, or Section 23152 or 23153, subdivision (a) or  
25 (b) of Section 191.5 of, or subdivision (a) of Section 192.5 of, the  
26 Penal Code, or subdivision (b), (c), (d), (e), or (f) of Section 655  
27 of the Harbors and Navigation Code, that occurred within 10 years  
28 of the current violation.

29 (4) The terms prescribed in this subdivision shall begin once a  
30 person has complied with subparagraph (B) of paragraph (1) of  
31 subdivision (d) and either upon the reinstatement of the privilege  
32 to drive pursuant to Section 13352 or the issuance of a restricted  
33 driver’s license pursuant to Section 13352. A person shall receive  
34 credit for any period in which they had a restricted driver’s license  
35 issued pursuant to Section 13353.6 or 13353.75.

36 (i) Subdivisions (g), (h), (j), and (k) of Section 23575 apply to  
37 this section.

38 (j) If a person fails to comply with any of the requirements  
39 regarding ignition interlock devices, the period in which the person  
40 was not in compliance shall not be credited towards the mandatory

1 term for which the ignition interlock device is required to be  
2 installed.

3 (k) (1) Every manufacturer and manufacturer's agent certified  
4 by the department to provide ignition interlock devices, under  
5 Section 13386, shall adopt the following fee schedule that provides  
6 for the payment of the costs of the certified ignition interlock  
7 device by offenders subject to this chapter in amounts  
8 commensurate with that person's income relative to the federal  
9 poverty level, as defined in Section 127400 of the Health and  
10 Safety Code:

11 (A) A person with an income at 100 percent of the federal  
12 poverty level or below and who provides income verification  
13 pursuant to paragraph (2) is responsible for 10 percent of the cost  
14 of the manufacturer's standard ignition interlock device program  
15 costs, and any additional costs accrued by the person for  
16 noncompliance with program requirements.

17 (B) A person with an income at 101 to 200 percent of the federal  
18 poverty level and who provides income verification pursuant to  
19 paragraph (2) is responsible for 25 percent of the cost of the  
20 manufacturer's standard ignition interlock device program costs,  
21 and any additional costs accrued by the person for noncompliance  
22 with program requirements.

23 (C) A person with an income at 201 to 300 percent of the federal  
24 poverty level and who provides income verification pursuant to  
25 paragraph (2) is responsible for 50 percent of the cost of the  
26 manufacturer's standard ignition interlock device program costs,  
27 and any additional costs accrued by the person for noncompliance  
28 with program requirements.

29 (D) A person who is receiving CalFresh benefits and who  
30 provides proof of those benefits to the manufacturer or  
31 manufacturer's agent or authorized installer is responsible for 50  
32 percent of the cost of the manufacturer's standard ignition interlock  
33 device program costs, and any additional costs accrued by the  
34 person for noncompliance with program requirements.

35 (E) A person with an income at 301 to 400 percent of the federal  
36 poverty level and who provides income verification pursuant to  
37 paragraph (2) is responsible for 90 percent of the cost of the  
38 manufacturer's standard ignition interlock device program costs,  
39 and any additional costs accrued by the person for noncompliance  
40 with program requirements.

- 1 (F) All other offenders are responsible for 100 percent of the
- 2 cost of the ignition interlock device.
- 3 (G) The manufacturer is responsible for the percentage of costs
- 4 that the offender is not responsible for pursuant to subparagraphs
- 5 (A) to (E), inclusive.
- 6 (2) The ignition interlock device provider shall verify the
- 7 offender’s income to determine the cost of the ignition interlock
- 8 device pursuant to this subdivision by verifying one of the
- 9 following documents from the offender:
- 10 (A) The previous year’s federal income tax return.
- 11 (B) The previous three months of weekly or monthly income
- 12 statements.
- 13 (C) Employment Development Department verification of
- 14 unemployment benefits.
- 15 (l) The Department of Consumer Affairs may impose a civil
- 16 assessment not to exceed one thousand dollars (\$1,000) upon a
- 17 manufacturer or manufacturer’s agent certified to provide ignition
- 18 interlock devices who fails to inform an offender subject to this
- 19 chapter of the provisions of subdivision (k), or who fails to comply
- 20 with the provisions of subdivision (k).
- 21 (m) This section does not permit a person to drive without a
- 22 valid driver’s license.
- 23 (n) The requirements of this section are in addition to any other
- 24 requirements of law.
- 25 (o) For the purposes of this section, the following definitions
- 26 apply:
- 27 (1) “Bypass” means either of the following:
- 28 (A) Failure to take any random retest.
- 29 (B) Failure to pass a random retest with a breath alcohol
- 30 concentration not exceeding 0.03 percent, by weight of alcohol,
- 31 in the person’s blood.
- 32 (2) “Operates” includes operating a vehicle that is not owned
- 33 by the person subject to this section.
- 34 (3) “Owned” means solely owned or owned in conjunction with
- 35 another person or legal entity.
- 36 (4) “Random retest” means a breath test performed by the driver
- 37 upon a certified ignition interlock device at random intervals after
- 38 the initial engine startup breath test and while the vehicle’s motor
- 39 is running.

1 (5) “Vehicle” does not include a motorcycle until the state  
2 certifies an ignition interlock device that can be installed on a  
3 motorcycle. A person subject to an ignition interlock device  
4 restriction shall not operate a motorcycle for the duration of the  
5 ignition interlock device restriction period.

6 (p) The requirements of this section shall apply only to a person  
7 who is convicted for a violation of Section 23152 or 23153 that  
8 occurred on or after January 1, 2019.

9 (q) This section shall become operative on January 1, 2019.

10 (r) This section shall remain in effect only until January 1, 2033,  
11 and as of that date is repealed, unless a later enacted statute, that  
12 is enacted before January 1, 2033, deletes or extends that date.

13 SEC. 22. Section 23577 of the Vehicle Code is amended to  
14 read:

15 23577. (a) If a person is convicted of a violation of Section  
16 23152 or 23153, and at the time of the arrest leading to that  
17 conviction that person willfully refused a peace officer’s request  
18 to submit to, or willfully failed to complete, the breath or urine  
19 tests pursuant to Section 23612, the court shall impose the  
20 following penalties:

21 (1) If the person is convicted of a first violation of Section  
22 23152, notwithstanding any other provision of subdivision (a) of  
23 Section 23538, the terms and conditions of probation shall include  
24 the conditions in paragraph (1) of subdivision (a) of Section 23538.

25 (2) If the person is convicted of a first violation of Section  
26 23153, the punishment shall be enhanced by an imprisonment of  
27 48 continuous hours in the county jail, whether or not probation  
28 is granted and no part of which may be stayed, unless the person  
29 is sentenced to, and incarcerated in, the state prison and the  
30 execution of that sentence is not stayed.

31 (3) If the person is convicted of a second violation of Section  
32 23152, punishable under Section 23540, or a second violation of  
33 Section 23153, punishable under Section 23560, the punishment  
34 shall be enhanced by an imprisonment of 96 hours in the county  
35 jail, whether or not probation is granted and no part of which may  
36 be stayed, unless the person is sentenced to, and incarcerated in,  
37 the state prison and execution of that sentence is not stayed.

38 (4) If the person is convicted of a third violation of Section  
39 23152, punishable under Section 23546, the punishment shall be

**Excerpt from AB 1830 (Petrie-Norris, 2026)  
Regarding Ignition Interlock Devices**

1 ~~have an IID installed in their vehicles rather than on those who are~~  
2 ~~subject to a judicial order to have an IID installed.~~

3 SEC. 27. Section 23575.3 of the Vehicle Code is amended to  
4 read:

5 23575.3. (a) In addition to any other requirement imposed by  
6 law, a court shall notify a person convicted of a violation listed in  
7 subdivision (h) that the person is required to install a functioning,  
8 certified ignition interlock device on any vehicle that the person  
9 operates and that the person is prohibited from operating a motor  
10 vehicle unless that vehicle is equipped with a functioning, certified  
11 ignition interlock device in accordance with this section.

12 (b) The Department of Motor Vehicles, upon receipt of the  
13 court's abstract of conviction for a violation listed in subdivision  
14 (h), shall inform the convicted person of the requirements of this  
15 section, including the term for which the person is required to have  
16 a certified ignition interlock device installed. The records of the  
17 department shall reflect the mandatory use of the device for the  
18 term required and the time when the device is required to be  
19 installed by this code.

20 (c) The department shall advise the person that installation of  
21 a functioning, certified ignition interlock device on a vehicle does  
22 not allow the person to drive without a valid driver's license.

23 (d) (1) A person who is notified by the department pursuant to  
24 subdivision (b) shall do all of the following:

25 (A) Arrange for each vehicle operated by the person to be  
26 equipped with a functioning, certified ignition interlock device by  
27 a certified ignition interlock device provider under Section 13386.

28 (B) Provide to the department proof of installation by submitting  
29 the "Verification of Installation" form described in paragraph (2)  
30 of subdivision (g) of Section 13386.

31 (C) Pay a fee, determined by the department, that is sufficient  
32 to cover the costs of administration of this section.

33 (2) A person who is notified by the department pursuant to  
34 subdivision (b), is exempt from the requirements of this subdivision  
35 until the time the person purchases or has access to a vehicle if,  
36 within 30 days of the notification, the person certifies to the  
37 department all of the following:

38 (A) The person does not own a vehicle.

39 (B) The person does not have access to a vehicle at their  
40 residence.

1 (C) The person no longer has access to the vehicle they were  
2 driving at the time they were arrested for a violation that  
3 subsequently resulted in a conviction for a violation listed in  
4 subdivision (h).

5 (D) The person acknowledges that they are only allowed to  
6 drive a vehicle that is equipped with a functioning, certified ignition  
7 interlock device.

8 (E) The person acknowledges that they are required to have a  
9 valid driver's license before they can drive.

10 (F) The person acknowledges that they are subject to the  
11 requirements of this section when the person purchases or has  
12 access to a vehicle.

13 (e) In addition to any other restrictions the department places  
14 on the driver's license record of the convicted person when the  
15 person is issued a restricted driver's license pursuant to Section  
16 13352 or 13352.4, the department shall place a restriction on the  
17 driver's license record of the person that states the driver is  
18 restricted to driving only vehicles equipped with a functioning,  
19 certified ignition interlock device for the applicable term.

20 (f) (1) A person who is notified by the department pursuant to  
21 subdivision (b) shall arrange for each vehicle with a functioning,  
22 certified ignition interlock device to be serviced by the installer at  
23 least once every 60 days in order for the installer to recalibrate and  
24 monitor the operation of the ~~device~~. *device, subject to the fee*  
25 *schedule established in subdivision (k).*

26 (2) The installer shall notify the department if the device is  
27 removed or indicates that the person has attempted to remove,  
28 bypass, or tamper with the device, or if the person fails three or  
29 more times to comply with any requirement for the maintenance  
30 or calibration of the ignition interlock device.

31 (g) The department shall monitor the installation and  
32 maintenance of the ignition interlock device installed pursuant to  
33 subdivision (d).

34 (h) A person is required to install a functioning, certified ignition  
35 interlock device pursuant to this section for the applicable term,  
36 as follows:

37 (1) A person convicted of a violation of subdivision (a), (b),  
38 (d), (e), or (g) of Section 23152 shall be required to do the  
39 following, as applicable:

1 (A) Upon a conviction *involving alcohol* with no priors,  
2 punishable under Section 23536, ~~only one of the following may~~  
3 ~~occur:~~

4 (i) ~~The court may~~ *the court shall* order installation of a  
5 functioning, certified ignition interlock device on any vehicle that  
6 the person operates and prohibit that person from operating a motor  
7 vehicle unless that vehicle is equipped with a functioning, certified  
8 ignition interlock device. ~~If the court orders the ignition interlock~~  
9 ~~device restriction, the~~ *The* term shall be determined by the court  
10 for a period not to exceed six months from the date of conviction.  
11 The court shall notify the department of the conviction as specified  
12 in subdivision (a) of Section 1803 or Section 1816, and shall  
13 specify the terms of the ignition interlock device restriction in  
14 accordance with subdivision (a) of Section 1804. The department  
15 shall place the restriction on the driver's license record of the  
16 person that states the driver is restricted to driving only vehicles  
17 equipped with a functioning, certified ignition interlock device for  
18 the applicable term.

19 (ii) ~~The person may apply to the department for a restriction of~~  
20 ~~the driving privilege under Section 13352.4.~~

21 (iii) ~~The person may apply to the department for a restriction~~  
22 ~~of the driving privilege under paragraph (1) of subdivision (a) of~~  
23 ~~Section 13352 or subdivision (e) of Section 13352.1.~~

24 (B) Upon a conviction with one prior, punishable under Section  
25 23540, the person shall install a functioning, certified ignition  
26 interlock device in the vehicle, as ordered by the court, that is  
27 operated by that person for a mandatory term of 12 months.

28 (C) Upon a conviction with two priors, punishable under Section  
29 23546, the person shall install a functioning, certified ignition  
30 interlock device in the vehicle, as ordered by the court, that is  
31 operated by that person for a mandatory term of 24 months.

32 (D) Upon a conviction with three or more priors punishable  
33 under Section 23550, or a conviction punishable under Section  
34 23550.5, the person shall install a functioning, certified ignition  
35 interlock device in the vehicle, as ordered by the court, that is  
36 operated by that person for a mandatory term of 36 months.

37 (2) A person convicted of a violation of subdivision (a), (b),  
38 (d), (e), or (g) of Section 23153 shall install a functioning, certified  
39 ignition interlock device, as follows:

1 (A) Upon a conviction *involving alcohol* with no priors,  
2 punishable under Section 23554, the person shall install a  
3 functioning, certified ignition interlock device in the vehicle, as  
4 ordered by the court, that is operated by that person for a mandatory  
5 term of 12 months.

6 (B) Upon a conviction with one prior, punishable under Section  
7 23560, the person shall install a functioning, certified ignition  
8 interlock device in the vehicle, as ordered by the court, that is  
9 operated by that person for a mandatory term of 24 months.

10 (C) Upon a conviction with two priors, punishable under Section  
11 23550 or 23566, the person shall install a functioning, certified  
12 ignition interlock device in the vehicle, as ordered by the court,  
13 that is operated by that person for a mandatory term of 36 months.

14 (D) Upon a conviction with one prior punishable under Section  
15 23550.5, the person shall install a functioning, certified ignition  
16 interlock device in the vehicle, as ordered by the court, that is  
17 operated by that person for a mandatory term of 48 months.

18 (3) For the purposes of paragraphs (1) and (2), “prior” means  
19 a conviction for a separate violation of Section 23103, as specified  
20 in Section 23103.5, or Section 23152 or 23153, subdivision (a) or  
21 (b) of Section 191.5 of, or subdivision (a) of Section 192.5 of, the  
22 Penal Code, or subdivision (b), (c), (d), (e), or (f) of Section 655  
23 of the Harbors and Navigation Code, that occurred within 10 years  
24 of the current violation.

25 (4) The terms prescribed in this subdivision shall begin once a  
26 person has complied with subparagraph (B) of paragraph (1) of  
27 subdivision (d) and either upon the reinstatement of the privilege  
28 to drive pursuant to Section 13352 or the issuance of a restricted  
29 driver’s license pursuant to Section 13352. A person shall receive  
30 credit for any period in which they had a restricted driver’s license  
31 issued pursuant to Section 13353.6 or 13353.75.

32 (i) Subdivisions (g), (h), (j), and (k) of Section 23575 apply to  
33 this section.

34 (j) If a person fails to comply with any of the requirements  
35 regarding ignition interlock devices, the period in which the person  
36 was not in compliance shall not be credited towards the mandatory  
37 term for which the ignition interlock device is required to be  
38 installed.

39 (k) (1) Every manufacturer and manufacturer’s agent certified  
40 by the department to provide ignition interlock devices, under

1 Section 13386, shall adopt the following fee schedule that provides  
2 for the payment of the costs of the certified ignition interlock  
3 ~~device by offenders device, the administration of the program,~~  
4 *installation of the device, service, maintenance, and recalibration*  
5 *of the device as required by subdivision (f), and any other costs*  
6 *associated with the device by persons* subject to this chapter in  
7 amounts commensurate with that person’s income relative to the  
8 federal poverty level, as defined in Section 127400 of the Health  
9 and Safety Code:

10 (A) A person with an income at ~~100~~ *125* percent of the federal  
11 poverty level or below ~~and who provides income verification~~  
12 ~~pursuant to paragraph (2) is responsible for 10 percent of the cost~~  
13 ~~of the manufacturer’s standard ignition interlock device program~~  
14 ~~costs, and any additional costs accrued by the person for~~  
15 ~~noncompliance with program requirements. is responsible for 10~~  
16 *percent of the costs identified in paragraph (1) of this subdivision.*  
17 *The ignition interlock device provider is responsible for absorbing*  
18 *the cost of the ignition interlock device that is not paid by the*  
19 *person.*

20 (B) A person with an income at ~~101 to 200~~ *126 to 225*  
21 *percent, inclusive,* of the federal poverty level ~~and who provides~~  
22 ~~income verification pursuant to paragraph (2) is responsible for~~  
23 ~~25 percent of the cost of the manufacturer’s standard ignition~~  
24 ~~interlock device program costs, and any additional costs accrued~~  
25 ~~by the person for noncompliance with program requirements. is~~  
26 *responsible for 25 percent of the costs identified in paragraph (1)*  
27 *of this subdivision. The ignition interlock device provider is*  
28 *responsible for absorbing the cost of the ignition interlock device*  
29 *that is not paid by the person.*

30 (C) A person with an income at ~~201 to 300~~ *226 to 325*  
31 *percent, inclusive,* of the federal poverty level ~~and who provides~~  
32 ~~income verification pursuant to paragraph (2) is responsible for~~  
33 ~~50 percent of the cost of the manufacturer’s standard ignition~~  
34 ~~interlock device program costs, and any additional costs accrued~~  
35 ~~by the person for noncompliance with program requirements. is~~  
36 *responsible for 50 percent of the costs identified in paragraph (1)*  
37 *of this subdivision. The ignition interlock device provider is*  
38 *responsible for absorbing the cost of the ignition interlock device*  
39 *that is not paid by the person.*

1 (D) A person who is receiving CalFresh benefits and who  
 2 provides proof of those benefits to the manufacturer or  
 3 manufacturer’s agent or authorized installer is responsible for 50  
 4 percent of the cost of the manufacturer’s standard ignition interlock  
 5 device program costs, *costs identified in paragraph (1) of this*  
 6 *subdivision*, and any additional costs accrued by the person for  
 7 noncompliance with program requirements.

8 (E) A person with an income at ~~301 to 400 percent~~ *326 to 425*  
 9 *percent, inclusive*, of the federal poverty level and who provides  
 10 income verification pursuant to paragraph (2) is responsible for  
 11 90 percent of the cost of the manufacturer’s standard ignition  
 12 ~~interlock device program costs~~, *costs identified in paragraph (1)*  
 13 *of this subdivision*, and any additional costs accrued by the person  
 14 for noncompliance with program requirements.

15 (F) All other ~~offenders~~ *persons* are responsible for 100 percent  
 16 of the ~~cost of the ignition interlock device~~. *costs identified in*  
 17 *paragraph (1) of this subdivision*.

18 (G) The manufacturer is responsible for the percentage of costs  
 19 that the ~~offender~~ *person ordered to install an ignition interlock*  
 20 *device* is not responsible for pursuant to subparagraphs (A) to (E),  
 21 inclusive.

22 (2) The ignition interlock device provider shall verify the  
 23 ~~offender’s income to determine the cost of the ignition interlock~~  
 24 ~~device pursuant to this subdivision by verifying one~~ *income of the*  
 25 *person ordered to install an ignition interlock device to determine*  
 26 *the costs identified in paragraph (1) of this subdivision by verifying*  
 27 *any of the following documents from the offender:*

28 (A) The previous year’s *state or* federal income tax return.

29 (B) The previous three months of weekly or monthly income  
 30 statements.

31 (C) Employment Development Department verification of  
 32 unemployment benefits.

33 (3) *At any point during which a device is installed and in use,*  
 34 *an individual shall be permitted to apply for reduced costs and*  
 35 *shall be credited for any previously paid costs that were in excess*  
 36 *of the fee schedule set forth in paragraph (1). An individual shall*  
 37 *also be permitted to apply for reduced costs based on a change of*  
 38 *income.*

39 (4) (A) *The ignition interlock device provider shall post*  
 40 *conspicuously on its internet website and contracts the information*

1 *set forth in this subdivision. Prior to an individual's execution of*  
2 *a contract for an ignition interlock device, the provider shall also*  
3 *give verbal notification of the fee schedule and how to apply for*  
4 *reduced costs.*

5 *(B) Installation service and repair providers shall post*  
6 *conspicuously in their place of business and verbally inform a*  
7 *person of the information set forth in this subdivision prior to*  
8 *installation and servicing of the device.*

9 *(C) A copy of this information set forth in this subdivision shall*  
10 *also be provided to an individual together with the court order*  
11 *requiring the installation of an ignition interlock device.*

12 *(D) The department shall post the information set forth in this*  
13 *subdivision on its internet website. The department shall also*  
14 *include the information included in this subdivision in any mailed*  
15 *notice of revocation or suspension that notifies an individual of*  
16 *the requirement to install an ignition interlock device.*

17 *(l) The Department of Consumer Affairs may impose a civil*  
18 *assessment not to exceed one thousand dollars (\$1,000) upon a*  
19 *manufacturer or manufacturer's agent certified to provide ignition*  
20 *interlock devices who fails to inform an offender subject to this*  
21 *chapter of the provisions of subdivision (k), or who fails to comply*  
22 *with the provisions of subdivision (k).*

23 *(m) This section does not permit a person to drive without a*  
24 *valid driver's license.*

25 *(n) The requirements of this section are in addition to any other*  
26 *requirements of law.*

27 *(o) For the purposes of this section, the following definitions*  
28 *apply:*

29 *(1) "Bypass" means either of the following:*

30 *(A) Failure to take any random retest.*

31 *(B) Failure to pass a random retest with a breath alcohol*  
32 *concentration not exceeding 0.03 percent, by weight of alcohol,*  
33 *in the person's blood.*

34 *(2) "Operates" includes operating a vehicle that is not owned*  
35 *by the person subject to this section.*

36 *(3) "Owned" means solely owned or owned in conjunction with*  
37 *another person or legal entity.*

38 *(4) "Random retest" means a breath test performed by the driver*  
39 *upon a certified ignition interlock device at random intervals after*

1 the initial engine startup breath test and while the vehicle’s motor  
2 is running.

3 (5) “Vehicle” does not include a motorcycle until the state  
4 certifies an ignition interlock device that can be installed on a  
5 motorcycle. A person subject to an ignition interlock device  
6 restriction shall not operate a motorcycle for the duration of the  
7 ignition interlock device restriction period.

8 (p) The requirements of this section shall apply only to a person  
9 who is convicted for a violation of Section 23152 or 23153 that  
10 occurred on or after January 1, 2019.

11 ~~(q) This section shall become operative on January 1, 2019.~~

12 ~~(r) This section shall remain in effect only until January 1, 2033,~~  
13 ~~and as of that date is repealed, unless a later enacted statute, that~~  
14 ~~is enacted before January 1, 2033, deletes or extends that date.~~

15 SEC. 28. Section 23575.4 is added to the Vehicle Code, to  
16 read:

17 23575.4. The Department of Motor Vehicles shall include in  
18 its annual report to the Legislature under Section 1821 the  
19 following information:

20 (a) The number of individuals with no priors, as described in  
21 subparagraph (A) of paragraph (1) of subdivision (h) of Section  
22 23575.3, who were required to have a functioning, certified ignition  
23 interlock device installed as a result of the program, who killed or  
24 injured anyone in a crash while they were operating a vehicle under  
25 the influence of alcohol.

26 (b) The number of individuals with no priors, as described in  
27 subparagraph (A) of paragraph (1) of subdivision (h) of Section  
28 23575.3, who were required to have a functioning, certified ignition  
29 interlock device installed as a result of the program, who killed or  
30 injured anyone in a crash while they were operating a vehicle and  
31 were not under the influence of alcohol.

32 (c) The number of individuals with no priors, as described in  
33 subparagraph (A) of paragraph (1) of subdivision (h) of Section  
34 23575.3, who were required to have a functioning, certified ignition  
35 interlock device installed as a result of the program, who were  
36 convicted of an alcohol-related violation of Section 23103, as  
37 specified in Section 23103.5, or Section 23140, 23152, or 23153,  
38 or Section 191.5 of, or subdivision (a) of Section 192.5 of, the  
39 Penal Code during the term in which the person was required to  
40 have the ignition interlock device installed.

### Overview of Sunset Review Process

Business and Professions Code (BPC) section 9810 establishes the Bureau of Household Goods and Services, its composition, and the date the Bureau sunsets. The Bureau's Sunset date, which can only be extended by the Legislature, is January 1, 2028.

Each year, the Assembly Business and Professions Committee and the Senate Business, Professions, and Economic Development Committee hold joint Sunset Review Oversight hearings to review the boards and bureaus under the Department of Consumer Affairs (DCA). The Sunset review process provides an opportunity for the DCA, the Legislature, the boards and bureaus, and interested parties to discuss the performance of the boards and bureaus and make recommendations for improvements.

This comprehensive process allows the Legislature to review the laws and regulations governing each board and bureau, assess their programs and policies, and determine whether they are effectively fulfilling their regulatory responsibilities and statutory mandates. It includes a review of fiscal management practices and an evaluation of key performance measures, such as timeliness of actions and enforcement activities, to ensure they meet the needs of California consumers while promoting regulatory efficiency and effectiveness.

### BHGS 2026-27 Sunset Review Process

The Bureau's Sunset review process begins in 2026. The Sunset Review Process Timeline that follows provides an overview of the process and milestone dates, which includes a Sunset Review Report that is due to the Legislature on December 1, 2026.

Typically, in the spring, the Legislature provides a template for the Sunset Review Report. The template requires that the Bureau provide various critical information and data to assist the Legislature in their evaluation of the Bureau. Preparatory work on the report is underway, which will be reviewed by DCA, the Business and Consumer Services Agency, and the Governor's Office prior to submission to the Legislature, after which it will be publicly released.

Following submission of the Sunset Review Report, other milestone dates include:

- January 2027 – Sunset extension bills are introduced.
- February/March 2027 – Sunset Review hearings are held.
- May to August 2027 – Sunset extension bills are usually amended to include provisions discussed in the hearing, which often include some of the "New Issues" a program includes in its report.
- September 2027 – Sunset extension bills, including any statutory changes, are passed and signed with effective dates, unless otherwise specified, of January 1, 2028.

Also included in the packet materials that follow is the background paper issued by the Joint Sunset Review Oversight Committee during the prior Sunset Review process (in relation to the Bureau's [2022 Sunset Review Report](#)). As part of the upcoming Sunset Review report, the Bureau will be expected to provide updates on each of the issues identified in the background paper.

# SUNSET REVIEW PROCESS

Every four years, the Bureau of Household Goods and Services undergoes a Sunset Review by the Legislature through oversight hearings jointly held by the Assembly Business and Professions Committee and the Senate Business, Professions, and Economic Development Committee. This process provides an opportunity for the DCA, the Legislature, the Bureau, interested parties, and other stakeholders to evaluate the Bureau's performance and identify areas for improvement.



# **BACKGROUND PAPER FOR The Bureau of Household Goods and Services**

**Joint Sunset Review Oversight Hearing, March 16, 2023  
Senate Committee on Business, Professions, and Economic Development  
and Assembly Committee on Business and Professions**

**IDENTIFIED ISSUES, BACKGROUND AND RECOMMENDATIONS**

## **BRIEF OVERVIEW OF THE BUREAU OF HOUSEHOLD GOODS AND SERVICES**

### **History and Function of the Bureau of Household Goods and Services**

The Bureau of Household Goods and Services (Bureau or BHGS), within Department of Consumer Affairs (DCA), is responsible of the oversight and regulation of the Electronic and Appliance Repair Law (Business and Professions Code (BPC) §§ 9800 et seq.), the Home Furnishings and Thermal Insulation Act (BPC §§ 19000 et seq.), and the Household Movers Act (BPC §§ 19225 et seq.). Although the Bureau administers three practice acts, the Bureau's regulatory structure is divided into four distinct areas of regulation: 1) home furnishings and thermal insulation, 2) electronic and appliance repair, 3) service contracts, and 4) household movers.

The original Home Furnishings and Thermal Insulation (HFTI) program was established in early 1911 in response to flammability issues in the mattress manufacturers industry. Flammability issues were widely recognized during the 1906 San Francisco earthquake and the subsequent fires across the city.

The original Electronic and Appliance Repair (EAR) program was established in 1963 to address fraudulent and negligent issues in the television repair industry. Prior to the merger of HFTI and EAR, the jurisdiction of both regulatory entities had greatly expanded over time to keep pace with changing technology and industry products.

In 1994, service contracts for consumer electronic and home appliance products were added to the EAR regulatory program in response to concerns about companies selling or administering contracts without providing adequate financial backing or properly disclosing the terms and conditions as required by the Song-Beverly Consumer Warranty Act. Products covered under service contracts were expanded in 2004 to include furniture, jewelry, lawn and garden products, and other items used in homes for personal use. In 2014, service contract authority was expanded again to include optical products, such as eyeglasses. On January 1, 2020, the products covered under service contracts were expanded again to include all consumer goods.

The Bureau assumed the regulatory responsibility for household movers (HHM) effective July 1, 2018. SB 19 (Hill, Chapter 421, Statutes of 2017), transferred the licensing and enforcement duties for HHMs, which were formerly regulated by the Public Utilities Commission (PUC).

Today's Bureau has oversight and regulatory authority of four separate and distinct business operations. The HFTI program is responsible for the oversight and regulation of furniture and bedding manufacturers, importers, wholesalers, retailers, supply dealers, custom upholsterers, thermal insulation manufacturers, and bedding sanitizers. The EAR program oversees the repair of televisions, microwave ovens, audio and video playback equipment, video cameras, video games, copiers, computer systems, smart phones, tablets/ the repair and installation of auto stereo and alarm equipment, interlock ignition devices, residential satellite/antenna equipment, major home appliances, such as refrigerators, freezers, stoves/ovens, washer, dryers, dishwashers, trash compactors, and the sale and administration of service contracts for various consumer items sold or used for personal, family or household use. The HHM program issues permits for businesses and persons that move household goods throughout the state.

Unlike most regulatory programs within DCA that license or register individuals, the Bureau licenses and registers businesses. The following represents the Bureau's various licensure categories as of January 1, 2023 and licensing populations for fiscal year (FY) 2021/2022:

- Bedding Retailer: Sells bedding products including pillows, mattresses, quilts, comforters, and sleeping bags. (1,850 licensees)
- Custom Upholsterer: Repairs, reupholsters, re-covers, renews upholstered furniture, or who makes to order and specification of the user any article of upholstered furniture, using either new materials or the owner's materials. (449 licensees)
- Furniture and Bedding Manufacturer: Manufactures upholstered furniture or bedding in whole, or in part, or who uses new or secondhand materials to upholster any product. (1,338 licensees)
- Furniture/Bedding Retailer: Sells both upholstered furniture and bedding products. (10,351 licensees)
- Furniture Retailer: Sells upholstered furniture. (1,930 licensees)
- Importer: Manufactures or wholesales, through employees or agents, any article of upholstered furniture, bedding, or filling material manufactured outside of the United States for purpose of resale in California. (5,947 licensees)
- Sanitizer: Sanitizes bedding or filling materials for resale purposes. A licensee, who holds a Manufacturer, Importer, Bedding Retailer, Furniture/Bedding Retailer, or Custom Upholsterer license, does not need a separate Sanitizer license. (32 licensees)
- Supply Dealer: Manufactures, processes or sells any felt, batting, pads, woven, or plastic fabrics, or loose material in bags or containers, concealed or not concealed, to be used or that could be used in articles of upholstered furniture or bedding. (91 licensees)
- Thermal Insulation Manufacturer: Produces insulation materials or a combination of materials that retards the transfer of heat or cold. (99 licensees)

- Wholesaler: Sells any article of upholstered furniture or bedding or filling materials to another for the purpose of resale, but does not include an affiliate or subsidiary where the ownership and name are identical, and that is the exclusive sales outlet of a manufacturer. (156 Licensees)
- Appliance Service Dealer: Repairs, services or maintains major appliances. (2,555 licensees)
- Combination Service Dealer: Repairs, services, or maintain electronics and major appliances. (261 licensees)
- Electronic Service Dealer: Installs, repairs, services, or maintains electronics. (3,357 licensees)
- Service Contract Administrator: Facilitates the compensation of parties for claims or repairs under service contracts and other activities on behalf of service contract sellers. (69 licensees)
- Service Contract Seller: Sells service contracts. (11,703 licensees)
- Household Movers: Transports household goods and personal effects. (1,097)

The current mission statement of the Bureau as noted in its recent 2022 Sunset Review Report is as follows:

*To protect and serve consumers while ensuring a fair and competitive market.*

### **Advisory Council**

The Bureau has a volunteer-based advisory council (Council) that makes recommendations and provides policy guidance to the Bureau Chief. The Director of the DCA appoints members to the Council and appointments are usually for two-year terms. Council members represent the various industries regulated under the Bureau’s jurisdiction along with public members. Notices of meeting agendas and materials are on the Bureau’s website at least 10 days prior to each meeting. Because the Council serves in an advisory role only and no official votes occur, a quorum is not required for the Council to take action. As noted in the Bureau’s 2022 Sunset Review Report, the purpose of the Council is to provide:

- perspective and advice on consumer and market issues, trends, and business practices;
- creative solutions to consumer and industry problems; and,
- recommendations on a broad range of policy issues including consumer education, industry outreach, and regulatory compliance.

The Council is currently comprised of eight members, six professional and two public members. There is no statutory minimum for the number of members. During the Bureau’s previous sunset review, the Council had 12 members. The most recent appointments include one representative of the HHM industry and one representative of the service contract industry. The Council aims to meet twice a year, at a minimum, and met three times in 2022 and has three meetings scheduled in 2023. The following is a listing of the Council members and their backgrounds:

Name and Short Bio	Appointment Date	Term Expiration Date	Appointing Authority
<p><b>Pascal Benyamini, Public Member</b> Mr. Benyamini is an attorney and partner at Faegre Drinker Biddle &amp; Reath LLP. Since October 2009, Mr. Benyamini has served on the Board of Directors for the California Furniture Manufacturers Association, and since July 2015, he has served on the Board of Directors for the Los Angeles Chapter of the National Tooling and Machining Association.</p>	10/1/2017	04/01/2024	Director of DCA
<p><b>Tom Keepers, Industry Member-Service Contract Industry Council</b> As Executive Director of the Service Contract Industry Council (SCIC), Mr. Keepers is accountable for the advocacy and insight services delivered to the membership at the federal and state levels. Prior to this role, he successfully led the Consumer Credit Industry Association for almost seven years and spent more than two and a half decades in industry successfully leading almost every facet of the member product suite.</p>	10/01/2022	10/01/2024	Director of DCA
<p><b>Burt Grimes, Industry Member-HIFI Manufacturer</b> Mr. Grimes started his company, Pacific West Furniture Manufacturing, in 1979 and continues to successfully grow his business, including acquisition of Royal Mattress Manufacturing in 2010. Mr. Grimes currently serves on the Board of Directors of the California Furniture Manufacturers Association, and has served as president.</p>	10/1/215	04/01/2024	Director of DCA
<p><b>Sara Oakley Industry Member – Household Movers</b> Sara Oakley works directly with the Co-Presidents of Atlas Transfer &amp; Storage Co. and Oakley Relocation LLC to implement strategic initiatives and risk mitigation programs for their family-owned and operated moving and storage business.</p>	09/01/2022	09/01/2024	Director of DCA
<p><b>Dr. Donald Lucas, Public Member</b> Dr. Lucas currently works as a Combustion Scientist at the Lawrence Berkeley National Laboratory and the University of California, Berkeley. His research focuses on combustion byproducts and has led to the development of diagnostic methods for the measuring of toxic combustion.</p>	10/01/2015	04/01/2024	Director of DCA
<p><b>Dan Rhodes Industry Member – EAR Ignition Interlock Device</b> Dan Rhodes has launched, expanded, and co-founded a variety of successful ventures both in the US and Canada, primarily in the Ignition Interlock, Probationary Monitoring, and Evidentiary Testing industries, aimed at the effort of reducing DUIs. Mr. Rhodes is also a BAIID and DUI Policy Expert and was the Legislative and Public Policy Chair for the MADD Arizona Operations Council 06-12, assisting and guiding in the creation of some of the highest regarded and effective DUI Legislation in the Country today</p>	04/01/2020	04/01/2024	Director of DCA
<p><b>Toby Taylor Industry Member – EAR Ignition Interlock Device</b> Mr. Taylor is the Vice President of Regulatory Compliance for Smart Start, a worldwide leader in breath alcohol testing and monitoring. His career began as a municipal police officer and he has spent the last 27 years in the breath alcohol testing/public safety field. He has worked in both the public and private sectors and created a national not for profit association providing sustained education and training programs to governmental entities who manage statewide breath alcohol testing</p>	04/01/2020	04/01/2024	Director of DCA

programs.			
<b>Stephen Weitekamp, Industry Member-Household Mover</b> Mr. Weitekamp has been involved with the moving and storage industry since 1980. He has held several leadership positions and has served as President of the California Moving and Storage Association (CMSA) since 2006. He is also engaged with national and international moving and storage issues and serves as a member of the board of directors for the American Moving and Storage Association (AMSA).	12/01/2017	04/01/2024	Director of DCA

In response to COVID-19, the Bureau implemented virtual Council meetings, held via the WebEx platform. Prior to 2020, all Council meetings were held in-person and by conference call. Going forward, the Bureau reports that it will hold meetings in a hybrid format allowing for both in-person and remote participation. Under current law, the Bureau is not required to follow the Bagley-Keene Open Meeting Act but voluntarily adheres to its requirements to ensure transparency and consistency.

**Fiscal, Fee, and Fund Analysis**

The Bureau is a special fund agency whose regulatory activities rely on funds collected through license, renewal, enforcement, and specified quarterly fees. The Bureau does not receive monetary support from the General Fund (GF).

Because of the merger of the HFTI, the EAR, and the HHM programs, the Bureau currently oversees three separate funds: HFTI Fund, EAR Fund and the HHM Fund. The service contract program is included in the EAR fund.

All licenses under the EAR program renew annually, and all licenses under the HFTI program renew biennially and all licenses expire on the last day of the month of expiration. Licensees under the HHM program are slightly different. When HHMs were under the PUC, HHM permits did not expire. Once issued, they were valid in perpetuity if the permit holder continued to meet insurance, quarterly report, and payment requirements. SB 19 (Hill, Chapter 421, Statutes of 2017) maintained the permit and quarterly fee requirements under the HHM act, and required the Bureau to maintain the fee structure as administered by the PUC until regulations are adopted. There have been no changes to regulatory fees for HHMs since the transfer of the program in July 2018 from the PUC to the Bureau. In addition, the Bureau continues the authorization for HHM permits to be issued without a renewal requirement pursuant to BPC § 19228. The Bureau reports that when it adopts new licensing regulations, it will reevaluate fees for the HHM program. The quarterly revenue fee structure for HHMs is unique within DCA for licensing programs, which typically use a standard renewal fee for licensees on an annual or biennial basis. HHMs pay quarterly fees, but licensure renewal is not subject to payment of those fees. However, the continuity of a license is dependent upon paying the required fees and maintaining the appropriate insurance.

The Bureau reports in its 2022 Sunset Review Report the following reserve levels for each program. By the end of FY 2021/22, the HFTI fund is anticipated to have \$6.7 million (12.8 months in reserve), the EAR fund is anticipated to have \$3.5 million (10.8 months in reserve), and the HHM fund is anticipated to have \$7.1 million (22.2 months in reserve). According to the Bureau, the current reserves relate to the Bureau’s efforts to reduce unnecessary spending where possible, such as eliminating maintenance agreements for outdated office equipment, and purchasing hybrid vehicles to

reduce fuel expenses. The Bureau’s three programs do not incur expenditures related to education or diversion.

There is not a statutory mandate, which would require the Bureau to maintain a certain reserve level in each fund. However, BPC § 128.5 requires the Bureau to reduce fees when reserve levels reach 24 months or more.

According to the Bureau, the HFTI fund projects to remain healthy through FY 2023/24, but it anticipates only 2.5 months in reserve by FY 2025/26. *(FY 2025/26 projections are not included in the table below.)*

<b>Fund Condition – HFTI (Table provided in the Bureau’s 2022 Sunset Review Report)</b>						
<b>(Dollars in Thousands)</b>	<b>FY 2018/19</b>	<b>FY 2019/20</b>	<b>FY 2020/21</b>	<b>FY 2021/22</b>	<b>FY 2022/23</b>	<b>FY 2023/24</b>
Beginning Balance	\$3,721	\$4,424	\$5,243	\$6,058	\$6,779	\$5,595
Revenues and Transfers	\$5,237	\$5,217	5,085	\$5,655	\$5,183	\$5,203
<b>Total Resources</b>	\$8,958	\$9,641	\$10,328	\$11,713	\$11,962	\$10,798
Budget Authority	\$5,035	\$5,521	\$5,244	\$6,268	\$5,895	\$5,939
Expenditures	\$4,363	\$4,027	\$3,898	\$4,475	\$5,895	\$5,939
Loans to General Fund	N/A	N/A	N/A	N/A	N/A	N/A
Accrued Interest, Loans to General Fund	N/A	N/A	N/A	N/A	N/A	N/A
Loans Repaid From General Fund	N/A	N/A	N/A	N/A	N/A	N/A
<b>Fund Balance*</b>	\$4,331	\$5,213	\$6,058	\$6,778	\$5,594	\$4,386
<b>Months in Reserve</b>	11.7	14.7	14.7	12.8	10.5	8.0

The EAR fund projects to have (2.8 months in reserve) in FY 2023/24 and projects to be in a deficit in FY 2024/25. *(FY 2025/26 projections are not included in the table below.)*

<b>Fund Condition – EAR (Table provided in the Bureau’s 2022 Sunset Review Report)</b>						
<b>(Dollars in Thousands)</b>	<b>FY 2018/19</b>	<b>FY 2019/20</b>	<b>FY 2020/21</b>	<b>FY 2021/22</b>	<b>FY 2022/23</b>	<b>FY 2023/24</b>
Beginning Balance	\$3,745	\$4,046	\$3,953	\$3,773	\$3,546	\$2,203

Revenues and Transfers	\$3,077	\$2,748	\$2,521	\$2,625	\$2,614	\$2,626
<b>Total Resources</b>	\$6,822	\$6,794	\$6,474	\$6,298	\$6,160	\$4,829
Budget Authority	\$2,802	\$2,978	\$2,817	\$4,264	\$3,722	\$3,700
Expenditures	\$2,594	\$2,659	\$2,526	\$2,620	\$3,722	\$3,700
Loans to General Fund	N/A	N/A	N/A	N/A	N/A	N/A
Accrued Interest, Loans to General Fund	N/A	N/A	N/A	N/A	N/A	N/A
Loans Repaid From General Fund	N/A	N/A	N/A	N/A	N/A	N/A
<b>Fund Balance*</b>	\$4,072	\$3,939	\$3,773	\$3,545	\$2,202	\$894
<b>Months in Reserve</b>	17.1	17.5	15.9	10.8	6.7	2.8

According to projections from the DCA budget analysts for the Bureau, it is anticipated that the HHM fund will reach the statutory maximum as specified in BPC § 128.5, of 24 months in reserve by the end of FY 2023/24. However, the Bureau notes that it does not anticipate the funds will actually reach the statutory maximum but will closely monitor the fund and consider alternatives should the fund reach 24 months in reserves. *(FY 2025/26 projections are not included in the table below.)*

<b>Fund Condition – HHM (Table provided in the Bureau’s 2022 Sunset Review Report)</b>						
<b>(Dollars in Thousands)</b>	<b>FY 2018/19</b>	<b>FY 2019/20</b>	<b>FY 2020/21</b>	<b>FY 2021/22</b>	<b>FY 2022/23</b>	<b>FY 2023/24</b>
Beginning Balance	\$0	\$2,335	\$3,415	\$5,062	\$7,132	\$7,109
Revenues and Transfers	\$3,553	\$2,952	\$3,648	\$3,782	\$3,839	\$3,830
<b>Total Resources</b>	\$3,553	\$5,287	\$7,063	\$8,844	\$10,971	\$10,949
Budget Authority	\$2,502	\$2,373	\$2,850	\$2,121	\$3,651	\$3,531
Expenditures	\$1,139	\$1,971	\$1,720	\$1,804	\$3,651	\$3,531
Loans to General Fund	N/A	N/A	N/A	N/A	N/A	N/A
Accrued Interest, Loans to General Fund	N/A	N/A	N/A	N/A	N/A	N/A
Loans Repaid From General Fund	N/A	N/A	N/A	N/A	N/A	N/A

<b>Fund Balance*</b>	\$2,414	\$3,316	\$5,062	\$7,133	\$7,110	\$7,198
<b>Months in Reserve</b>	14.7	19.9	29.1	22.2	22.8	24.3

\* Fund Balance includes the impact of statewide pro rata and supplemental pension payments against the fund, which are not listed on the tables.

The Bureau has not provided a loan to the GF since FY 2011/12. That loan has since been paid in full in FY 2013/14.

*Expenditures by Program*

**HFTI Program**

The Bureau attributes the overall decrease in personnel services and operating expenditures for the HFTI program to the Bureau’s high vacancy rate. For the last four FYs, the HFTI program has expended approximately 58% on enforcement, 6% on licensing, 15% on administration, and 21% on DCA pro rata. The breakdown of HFTI expenditures by program component are as follows:

<b>Expenditures by Program Component – HFTI</b> (list dollars in thousands)								
	FY 2018/19		FY 2019/20		FY 2020/21		FY 2021/22	
	Personnel Services	OE&E	Personnel Services	OE&E	Personnel Services	OE&E	Personnel Services	OE&E
Enforcement	\$1,894	\$682	\$1,683	\$562	\$1,824	\$439	\$2,084	\$482
Examination	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Licensing	\$262	\$93	\$145	\$48	\$151	\$36	\$172	\$40
Administration *	\$451	\$161	\$536	\$178	\$476	\$114	\$544	\$125
DCA Pro Rata	\$0	\$837	\$0	\$875	\$0	\$858	\$0	\$1,028
Diversion (if applicable)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>TOTALS</b>	\$2,607	\$1,773	\$2,364	\$1,663	\$2,451	\$1,447	\$2,800	\$1,675

\*Administration includes costs for executive staff, bureau, administrative support, and fiscal services.

**EAR Program**

Expenditures related to the EAR program have seen a decrease in personnel services and operating expenditures due to the Bureau’s high vacancy rate. For the last four FYs, the EAR program has expended approximately 44% on enforcement, 21% on licensing, 10% on administration, and 25% on DCA pro rata. The breakdown of EAR expenditures by program component is as follows:

<b>Expenditures by Program Component – EAR</b> (list dollars in thousands)								
	FY 2018/19		FY 2019/20		FY 2020/21		FY 2021/22	
	Personnel Services	OE&E	Personnel Services	OE&E	Personnel Services	OE&E	Personnel Services	OE&E

Enforcement	\$1,108	\$212	\$1,024	\$135	\$918	\$125	\$891	\$120
Examination	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Licensing	\$341	\$57	\$558	\$53	\$501	\$56	\$520	\$59
Administration *	\$170	\$28	\$279	\$26	\$250	\$28	\$223	\$25
DCA Pro Rata	\$0	\$642	\$0	\$584	\$0	\$648	\$0	\$782
Diversions (if applicable)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>TOTALS</b>	<b>\$1,619</b>	<b>\$939</b>	<b>\$1,861</b>	<b>\$798</b>	<b>\$1,669</b>	<b>\$857</b>	<b>\$1,634</b>	<b>\$986</b>

\*Administration includes costs for executive staff, bureau, administrative support, and fiscal services.

### ***HHM Program***

Expenditures related to personnel services and operating expenses increased since the Bureau assumed the transfer of the HHM program in FY 2018/19. This is due to the staff recruitments to assist with the implementation of the HHM program. For the last four FYs, the HHM program has expended approximately 52% on enforcement, 15% on licensing, 14% on administration, and 19% on DCA pro rata. The breakdown of HHM expenditures by program component is as follows:

<b>Expenditures by Program Component – HHM</b> (list dollars in thousands)								
	FY 2018/19		FY 2019/20		FY 2020/21		FY 2021/22	
	Personnel Services	OE&E	Personnel Services	OE&E	Personnel Services	OE&E	Personnel Services	OE&E
Enforcement	\$379	\$158	\$721	\$341	\$655	\$245	\$656	\$282
Examination	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Licensing	\$108	\$46	\$206	\$97	\$187	\$91	\$188	\$79
Administration *	\$108	\$45	\$206	\$96	\$187	\$59	\$188	\$61
DCA Pro Rata	\$0	\$295	\$0	\$304	\$0	\$296	\$0	\$350
Diversions (if applicable)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>TOTALS</b>	<b>\$595</b>	<b>\$544</b>	<b>\$1,133</b>	<b>\$838</b>	<b>\$1,029</b>	<b>\$691</b>	<b>\$1,032</b>	<b>\$772</b>

\*Administration includes costs for executive staff, bureau, administrative support, and fiscal services.

### ***Technology Update and Cost of BreEZe Project***

The BreEZe project was a system enhancement intended for use by all boards and bureaus at the DCA. In September 2011, DCA awarded Accenture LLC with a contract to develop and implement a commercial off-the-shelf IT system, commonly referred to as BreEZe. BreEZe was intended to provide applicant tracking, licensing, renewals, enforcement, monitoring, cashiering, and data management capabilities. In addition, BreEZe was designed to allow licensees to complete and submit applications, apply for renewals, and pay the necessary fees through the Internet. The public would be able to file complaints, access complaint status, and check licensee information. BreEZe was to be a one-stop-shop for all IT needs for each board and bureau. The project plan called for BreEZe implementation to occur in three releases. The first release was scheduled for July 2012. The Bureau was originally scheduled for inclusion in Release 3 of the project. Unfortunately, due to project delays, project issues and serious funding concerns, under Special Project Report 3.1, which outlined the changing scope and

cost of the BreEZe project, Release 3 entities were removed from the project entirely in 2015. Unfortunately, the Bureau had invested significant resources in the BreEZe project, although it was ultimately removed from the program. The Bureau reports that it has not contributed to the BreEZe program since FY 2017/18. To date, the Bureau has not received any refund for payments made to the BreEZe project. Due to the timing of the Bureau acquiring the HHM program, the HHM program did not contribute to BreEZe costs.

BreEZe Costs										
	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	Total
HFTI	\$3,019	\$0	\$50,746	\$4,620	\$86,479	\$46,073	\$44,605	\$107,581	\$80,428	\$423,551
EAR	\$4,202	\$29,480	\$36,875	\$2,739	\$60,955	\$29,305	\$28,173	\$70,404	\$52,414	\$314,547

Once the Bureau departed from the BreEZe program, the Bureau transitioned to a new IT project called the *Business Modernization* project as part of Cohort 2 (BMC2), which is currently in development. There were 19 boards and bureaus that ultimately never joined the BreEZe system as originally intended. All of those 19 programs paid into the BreEZe system, and also contribute additional funding to the new Business Modernization project.

Although still in the development phase, the new IT system is projected to include online application submission (initial and renewal), online payments, back office functionality for application and enforcement, and data reporting. The project will also incorporate HHM applications and will replace a PUC-supported platform that the Bureau has been using under a Memorandum of Understanding (MOU) pursuant to BPC section 19288(e). Because the Bureau is currently using a separate IT platform that is under the PUC, the Bureau reports that it is working on a data-conversion project with the PUC to ensure historic licensing information is retained at the Bureau. Additionally, because the Bureau relies on a non-DCA supported system and the MOU for that system expires at the end of 2023, the Bureau reports that it identified HHM as a top priority to go live on the updated IT platform. In the last three FYs, the Bureau has paid the PUC \$40,000 annually to utilize their IT system and is authorized to expend up to \$150,000 annually.

Until all license types are upgraded to the new IT platform, they will remain on the Bureau's old Legacy IT systems. The Bureau has made the following contributions to the new IT project:

Business Modernization Costs			
	FY 2021/22	FY 2022/23*	Total
HFTI	\$13,364	\$404	\$13,768
EAR	\$40,092	\$1,211	\$41,303
HHM	\$88,464	\$5,779	\$94,243
Bureau Total	\$141,920	\$7,394	\$149,314

\* Through July 2022

**Program Fees**

All license classifications under EAR and HFTI programs pay initial and renewal fees, with the exception of HHM permits, which do not expire.

Fee authority for EAR registration, renewal, and delinquency fees is specified in BPC § 9873 and California Code of Regulations (CCR) Title 16, section 2760.

<b>Fee Schedule and Revenue – HFTI</b>							
(list revenue dollars in thousands)							
Initial License Fee	Current Fee Amount	Statutory Limit	FY 2018/19 Revenue	FY 2019/20 Revenue	FY 2020/21 Revenue	FY 2021/22 Revenue	% of Total Revenue
Bedding Retailer	\$140	\$150	\$44	\$40	\$17	\$14	<1%
Custom Upholsterer	\$420	\$450	\$10	\$8	\$20	\$21	<1%
Furniture and Bedding Manufacturer	\$750	\$940	\$94	\$57	\$102	\$67	1%
Furniture and Bedding Retailer	\$280	\$300	\$146	\$155	\$140	\$133	2%
Furniture and Bedding Wholesaler	\$625	\$675	\$13	\$11	\$10	\$7	<1%
Furniture Retailer	\$140	\$150	\$15	\$13	\$57	\$20	<1%
Importer	\$750	\$940	\$688	\$589	\$683	\$665	12%
Sanitizer	\$420	\$450	\$5	\$0	\$0	\$3	<1%
Supply Dealer	\$625	\$675	\$0	\$1	\$2	\$3	<1%
Thermal Insulation Manufacturer	\$2,000	\$2,500	\$22	\$14	\$10	\$10	<1%
Certified Directory Fee	Current Fee Amount	Statutory Limit	FY 2018/19 Revenue	FY 2019/20 Revenue	FY 2020/21 Revenue	FY 2021/22 Revenue	% of Total Revenue
Thermal Insulation Manufacturer	\$50	\$5,000	\$84	\$89	\$77	\$77	1%
Renewal Fee	Current Fee Amount	Statutory Limit	FY 2018/19 Revenue	FY 2019/20 Revenue	FY 2020/21 Revenue	FY 2021/22 Revenue	% of Total Revenue
Bedding Retailer	\$140	\$150	\$127	\$110	\$136	\$128	2%
Custom Upholsterer	\$420	\$450	\$88	\$85	\$84	\$75	1%
Furniture and Bedding Manufacturer	\$750	\$940	\$484	\$437	\$459	\$424	7%
Furniture and	\$280	\$300	\$1,210	\$1,551	\$1,058	\$1,717	30%

Bedding Retailer							
Furniture and Bedding Wholesaler	\$625	\$675	\$55	\$37	\$52	\$35	1%
Furniture Retailer	\$140	\$150	\$172	\$90	\$68	\$115	2%
Importer	\$750	\$940	\$1,455	\$1,407	\$1,616	\$1,592	28%
Sanitizer	\$420	\$450	<\$1	\$5	\$2	\$8	<1%
Supply Dealer	\$625	\$675	\$30	\$24	\$27	\$27	<1%
Thermal Insulation Manufacturer	\$2,000	\$2,500	\$211	\$220	\$218	\$202	4%
<b>Delinquency Fee</b>	<b>Current Fee Amount</b>	<b>Statutory Limit</b>	<b>FY 2018/19 Revenue</b>	<b>FY 2019/20 Revenue</b>	<b>FY 2020/21 Revenue</b>	<b>FY 2021/22 Revenue</b>	<b>% of Total Revenue</b>
Bedding Retailer	\$28	\$28	\$1	\$4	\$2	\$5	<1%
Custom Upholsterer	\$84	\$84	\$4	\$3	\$4	\$2	<1%
Furniture and Bedding Manufacturer	\$100	\$100	\$9	\$9	\$11	\$7	<1%
Furniture and Bedding Retailer	\$56	\$56	\$15	\$22	\$26	\$38	1%
Furniture and Bedding Wholesaler	\$100	\$100	\$2	\$1	\$2	\$1	<1%
Furniture Retailer	\$28	\$28	\$1	\$1	\$2	\$12	<1%
Importer	\$100	\$100	\$34	\$36	\$49	\$49	1%
Sanitizer	\$84	\$84	\$0	\$0	\$0	\$0	0%
Supply Dealer	\$100	\$100	<\$1	<\$1	<\$1	\$1	<1%
Thermal Insulation Manufacturer	\$100	\$100	\$2	\$2	\$4	\$3	<1%
<b>Penalty Fee</b>	<b>Current Fee Amount</b>	<b>Statutory Limit</b>	<b>FY 2018/19 Revenue</b>	<b>FY 2019/20 Revenue</b>	<b>FY 2020/21 Revenue</b>	<b>FY 2021/22 Revenue</b>	<b>% of Total Revenue</b>
All Home Furnishings License Types	N/A	N/A	\$53	\$43	\$52	\$115	2%
Thermal Insulation Manufacturer	\$600	\$750	\$2	\$0	\$3	\$5	<1%

<b>Fee Schedule and Revenue – EAR</b>							
<b>(list revenue dollars in thousands)</b>							
<b>Initial Registration Fee</b>	<b>Current Fee Amount</b>	<b>Statutory Limit</b>	<b>FY 2018/19 Revenue</b>	<b>FY 2019/20 Revenue</b>	<b>FY 2020/21 Revenue</b>	<b>FY 2021/22 Revenue</b>	<b>% of Total Revenue</b>
Appliance	\$190	\$205	\$94	\$61	\$74	\$67	3%

Combination Service Dealer	\$375	\$405	\$24	\$9	\$6	\$5	<1%
Electronic	\$190	\$205	\$72	\$59	\$37	\$65	2%
Service Contract Administrator	\$95	\$95	\$2	\$1	\$1	\$31	1%
Service Contract	\$95	\$95	\$69	\$85	\$156	\$266	10%
<b>Renewal Fee</b>	<b>Current Fee Amount</b>	<b>Statutory Limit</b>	<b>FY 2018/19 Revenue</b>	<b>FY 2019/20 Revenue</b>	<b>FY 2020/21 Revenue</b>	<b>FY 2021/22 Revenue</b>	<b>% of Total Revenue</b>
Appliance	\$190	\$205	\$455	\$452	\$420	\$425	16%
Combination Service Dealer	\$375	\$400	\$190	\$159	\$94	\$94	4%
Electronic	\$190	\$205	\$806	\$714	\$668	\$606	23%
Service Contract Administrator	\$95	\$95	\$4	\$12	\$5	\$29	1%
Service	\$95	\$95	\$1,124	\$1,047	\$913	\$920	35%
<b>Delinquency Fee</b>	<b>Current Fee Amount</b>	<b>Statutory Limit</b>	<b>FY 2018/19 Revenue</b>	<b>FY 2019/20 Revenue</b>	<b>FY 2020/21 Revenue</b>	<b>FY 2021/22 Revenue</b>	<b>% of Total Revenue</b>
Appliance	\$95	\$95	\$33	\$30	\$32	\$23	1%
Combination Service Dealer	\$150	\$150	\$4	\$3	\$2	\$6	<1%
Electronic	\$95	\$95	\$52	\$40	\$50	\$46	2%
Service Contract Administrator	\$47.50	\$47.50	\$0	\$0	\$0	\$0	<1%
Service	\$47.50	\$47.50	\$18	\$6	\$21	\$34	1%

<b>Fee Schedule and Revenue – HHM</b>								(list revenue dollars in thousands)
Permit Fee	Current Fee Amount	Statutory Limit	FY 2018/19 Revenue	FY 2019/20 Revenue	FY 2020/21 Revenue	FY 2021/22 Revenue	% of Total Revenue	
Household Mover	\$500	\$500	\$57	\$109	\$101	\$84	2%	
Permit Transfer Fee	\$150	\$150	\$2	\$2	\$3	\$2	<1%	
Quarterly Filing Fee	\$10	\$10	\$43	\$58	\$44	\$45	1%	
Quarterly Fee for CHP	\$5	\$5	\$0	\$0	\$22	\$22	<1%	
Quarterly Gross Operating Revenue Permit Fee	Various	Various	\$2,049	\$2,676	\$3,301	\$3,846	92%	
Quarterly Gross Operating Revenue	25%	25%	\$36	\$90	\$125	\$119	3%	

Penalty Fee							
Underpayment of Quarterly Filing Fee Collected	Various	Various	\$30	\$41	\$65	\$52	1%

*Staffing*

For FY 2022/23, the Bureau’s current personnel authorization is 69.9 positions. Although staff are designated to the EAR, HFTI or HHM program separately, the Bureau notes that many staff work across all three programs, with the exception of an inspector who is dedicated to the HFTI program. In addition, any personnel who is a textile technician, environmental scientist, or flammability engineer is dedicated to the HFTI program. The Bureau reports that as of January 2023, there are approximately 20 staffing vacancies throughout all of its programs (EAR, HFTI, and HHM). The Bureau’s enforcement program has seen a high turnover, especially in its northern California Investigations and Compliance Units.

**Licensing**

The Bureau reports that it has an internal performance target of 30 days from receipt of a complete application to processing for both HFTI and EAR applications. This means that once the Bureau receives a complete application, the Bureau will issue a license to those entities without cause for denial. The application process for HHMs is slightly different than for the EAR and HFTI programs and therefore the timeframes are different. In the HFTI and EAR programs, typical causes for licensure denial pertain to issues with past criminal history. Additionally, the Bureau reports that often times, deficiencies on applications are not corrected and those applications are eventually abandoned.

As noted in the Bureau’s 2022 Sunset Review Report, the Bureau was able to meet internal processing times in FY 2019/20 and FY 2020/21; however, processing times in FY 2021/22 have exceeded the performance target as the cycle times ranged from 17 to 120 days. The Bureau attributes this delay to vacancies at the Bureau, along with the impact of the COVID-19 pandemic. The Bureau reports that it has hired additional staff to fill vacancies and anticipates improvements within the next year.

Processing times for EAR and HFTI programs have significantly increased since the last sunset review of the Bureau in 2018. At that time, the Bureau reported that it had met its internal timeframes by processing applications within 5-16 days. However, those processing times were prior to the Bureau’s implementation and regulation of the HHM program.

The Bureau notes in its 2022 Sunset Review Report, that with respect to the EAR processing timeframes, the Bureau received an influx of over 3,000 service contract seller applications in FY 2021/22. The Bureau attributes the increase in service contract seller applications to the implementation of AB 1221 (Flora, Chapter 452, Statutes of 2021) which now allows service contracts to be offered month-by-month or continuous until canceled.

Regarding the HHM program, the application processing timelines and performance targets are different as there are more permit requirements for an HHM applicant. The Bureau reports that it provides licensing workshops for HHMs to discuss the specific permit requirements. The Bureau’s

performance target for HHM applications is 120 days from receipt of a complete application, although the Bureau reports that all applications received are technically “incomplete”. In order to obtain a permit, a HHM applicant must submit fingerprints to the Department of Justice (BPC § 19239), acquire workers’ compensation insurance (BPC § 19239.1), cargo liability, public liability, and property damage insurance (BPC § 19248), and must take and pass an examination (BPC § 19239). HHM applications are not complete upon receipt and are not processed until all these requirements are met. Obtaining the appropriate insurance is typically acquired upon passage of the required examination, instead of prior to taking the examination, in order to avoid unnecessary expenses for potential registrants before the insurance is needed. Although the application process for HHMs is lengthy, the insurance requirements and background check timeframes are outside the Bureau’s control, the Bureau’s average days to issue a permit in FY 2021/22 was 125 days, compared to the prior FY, which averaged 176 days.

*License Application Denials Due to Conviction*

For the previous four FYs, the Bureau reports that it has denied three applicants across the EAR, HFTI and HHM programs (*See table 7b below*).

<b>License Denial</b>			
	FY 2019/20	FY 2020/21	FY 2021/22
License Applications Denied (no hearing requested)	2	0	0
SOIs Filed	1	0	0
Average Days to File SOI (from request for hearing to SOI filed)	108	N/A	N/A
SOIs Declined	0	0	0
SOIs Withdrawn	0	0	0
SOIs Dismissed (license granted)	0	0	0
License Issued with Probation / Probationary License Issued	0	0	0
Average Days to Complete (from SOI filing to outcome)	81	N/A	N/A

*Criminal or Disciplinary History*

The Bureau does not have authority to require fingerprints for purposes of conducting criminal record inquires for HFTI and EAR program applicants. EAR and HFTI applicants must self-disclose applicable criminal history. BPC § 19239(d) requires each applicant under the HHM program to submit fingerprint images to Department of Justice (DOJ) for each owner, partner, officer, and director as a prerequisite to the issuance of a permit. The Bureau receives criminal records from the DOJ, including subsequent arrest and conviction records.

All three programs’ applications for licensure include a section that inquires whether the applicant held a license that had been subject to disciplinary action from the Bureau or any other state agency. The applicant must provide all information regarding another state agency’s action, including the name of the agency, date and type of action taken against the license, etc. In addition, the Bureau reports that all applications for licensure are reviewed against Bureau records for prior criminal or administrative

cases, citations, consumer complaints, or other actions related to the applicant.

The Bureau notes that it has not denied any licenses due to the applicant's failure to disclose information on the application in the last four years.

### *National Databanks*

Unlike the majority of healing arts licensees, there is not a national databank, which provides history or records of disciplinary actions, related to HFTI or EAR licensees. Incidents that occur when licensed in another state must be disclosed on any application for licensure in California.

Related to the HHM program, the Bureau reports that it entered into a memorandum of agreement with the U.S. Department of Transportation in October 2020, which provides the Bureau access to the Federal Motor Carrier Safety Administrator (FMCSA) portal. The Bureau has access to databases with HHM complaint history filed with FMCSA and its other state partners. The portal allows the Bureau to validate the applicant's response to the inquiry regarding disciplinary actions and allows the Bureau to consult with other states to determine the extent of the disciplinary actions, specifically related to HHMs.

### *Out-of-State/Out-of-Country Applicants*

Licensing/registration requirements for out-of-state applicants under the EAR and HFTI programs are the same as for in-state applicants. HFTI and EAR applicants are not subject to education or experience requirements for licensure and the physical location of the applicant does not hinder their ability to obtain and maintain licensure. All of the Bureau's programs (EAR, HFTI, and HHM) may have out-of-state or out-of-country licensees. However, the Importer license under HFTI and Service Contract Sellers under EAR have the highest population of out-of-state licensees. Out of 5,947 Importer licensees, 664 reside out-of-state, and 4,727 reside out-of-country, respectively.

Out-of-state applicants for HHM permits must meet the same application requirements as those operating within the state, such as meeting examination and insurance requirements including cargo liability, public liability, and property damage and worker's compensation. Similar to movers operating within California, out-of-state movers structured as individuals or partnerships are required to provide evidence of residing in California for not less than 90 days preceding the filing of their application. Out-of-state corporations are not required to meet this residence requirement, nor are they required to meet worker's compensation insurance requirements. The Bureau does not permit out-of-country movers.

### *Military Applicants*

Per BPC § 114.5, the Bureau is to inquire of every applicant for licensure if the individual is serving in, or has previously served in, the military. Further, the statute requires that if a board's governing law authorizes veterans to apply military experience and training towards licensure requirements, that board shall post information on the board's website about the ability of veteran applicants to apply military experience and training towards licensure requirements.

Regarding military experience as described in BPC § 35, no formal training or experience is required for licensure. The Bureau has not received a fee waiver request from licensees called to active duty pursuant to BPC § 114.3, nor has the Bureau received a request for an expedited military spouse application pursuant to BPC §115.5.

### *No Longer Interested (NLI)*

The Bureau has not sent NLI notifications to the DOJ and reports that it will establish a process to submit NLIs on a monthly basis. The Bureau reports that as of January 1, 2023, it has a backlog of 166 notifications based on applications withdrawn or businesses that are no longer in business. The Bureau notes that it aims to clear the existing backlog and ensure all NLI notifications are current before the end of this year. Because the EAR and HFTI programs do not require fingerprints for licensure, the Bureau has not had needed to send NLIs prior to the HHM program oversight.

### *Examination*

The only examination required for licensure, for any program under the Bureau’s jurisdiction, is for the HHM programs. HHM applicants are required to take and pass a California-specific examination that tests applicants on their knowledge and ability to abide by the rates and rules of the Maximum Rate Tariff 4 (Tariff). The examination is specific to California’s tariff and no national examination is required.

The current examination was developed by the Bureau in consultation with the Office of Professional Examination Services at the DCA. The examination is offered in English only; however, applicants can select an interpreter (aged 18 or older) to accompany them on examination day. The examination is available at PSI testing centers, of which 20 sites are available throughout California and 22 others nationwide. After an applicant submits an application to the Bureau, they are provided the appropriate testing access information. The test is computer based and is open book and results are provided immediately.

### **Enforcement**

Between FYs 2019/20 and 2021/22, the Bureau reports approximately 56% increase in the number of complaints it has received. The majority of complaints are received from the public and close to 50% of cases are closed without a referral for an investigation. The increase in complaints likely stems from the addition of the HHM program at the Bureau, which increased its regulatory footprint.

The Bureau’s established performance target for its investigation process is 180 days or less. According to the Bureau, cases are prioritized based on the level of consumer harm and business practices. Average completion times range between 127-169 days, which is an increase from the Bureau’s last sunset review when cases were averaging completion between 90 to 100 days. The Bureau attributes the increase in processing times to staff shortages and the new investigation process for HHMs.

The Bureau uses the applicable criteria in the DCA’s *Complaint Prioritization Guidelines for Health Care Agencies* for complaint prioritization. The Bureau’s highest priority is complaints that jeopardize consumers’ health or safety, those that pose a threat of severe fraud or financial harm, and unlicensed

activity. The Bureau analyzes trends of complaints that show a pattern of illegal activity, which are acted upon immediately to mitigate losses.

Cases identified as a high priority are assigned to field staff to investigate, while the Compliance Unit handles routine complaints in-house. Among the Bureau's highest priorities are HHM "hold hostage cases". These are cases in which a mover takes possession of the consumer's belongings, and then uses those belongings to extort money from the consumer. In almost all hold hostage cases, the mover is unpermitted, the move is most likely inter-state, and the job is likely to have involved a broker so there are multiple elements that make these cases more complex than others. However, time is essential in these cases and priority is placed on recovering the consumer's belongings. The Bureau also prioritizes cases involving elder abuse or when another state agency is participating in the investigation. Currently, the Bureau does not have a standard number of businesses that it investigates to determine whether they comply with the law.

The Bureau acknowledges in its Sunset Review Report 2022, that it is in the process of rebuilding the enforcement program as the overall statistics show a decrease in disciplinary actions. While there have been citations issued and investigations conducted, the Bureau has not taken any formal disciplinary actions. The Bureau reports that it is working to improve its disciplinary process.

The Department of Industrial Relations is required to report to the Bureau when a stop order is issued to a HHM for failing to pay wages due to its employees and when a judgment has been entered against a HHM for failing to pay wages. The Bureau has not received any notices, but also is not aware of any issues relating to these reports indicating they have not been reported.

### *Cite and Fine*

The fine schedule for violations of EAR laws are specified under Title 16, California Code of Regulations (CCR) § 2771, and the fines for service contract violations are specified in BPC §9855.8. Fines are levied depending on the severity of the violation, repeat violations, and can range anywhere between \$50 and \$2000. The fine schedule for violations of the HFTI laws are specified under 4 CCR §§ 1383.2, 1383.6 and BPC §§19094, 19103. The various fine amounts for specified violations of the HHM act are specified in BPC §§ 19277-19284.

Fines are assessed based on the violation as specified under each program's authority. For example, a violation of labeling requirements can result in a fine between \$100 and \$1000. The highest fines levied under HFTI can be up to \$2500 and are predominately assessed for violations of the flammability regulations. The average fine under the EAR program is \$250 and \$500 under the HFTI program. As reported by the Bureau, the most common reasons for issuing citations are:

- Unlicensed activity (BPC §§ 9840, 19049, 19237).
- Failure to make deliveries within a reasonable time or provide a refund (HFTI, 4 CCR 1304.1(g)).
- Thermal insulation standards failure (BPC § 19165).

According to the DCA 2021, annual report to the Legislature, the Bureau assessed \$219,951 in fines, reduced \$420, and collected \$11,150.

The Bureau has not recently participated in the Franchise Tax Board (FTB) intercept program because the Bureau’s licensees are businesses, not individuals. The intercept program is not available for corporations or limited liability companies, only sole proprietors. The Bureau reports it is in the discussion phase to develop a process for cost recovery, which will be applicable to licensees for which the intercept program is not applicable.

The Bureau seeks cost recovery in most administrative cases for costs associated with the enforcement process. The Bureau’s collection rate is poor. The Bureau notes that it recently updated procedures on collecting outstanding fees and fines and will be working with the DCA and the FTB’s intercept program, as well as leveraging a DCA contract with a third-party collection agency. The Bureau is currently in the process of hiring two positions where collection will be among their duties.

Since the last sunset review, the Bureau has not taken action such as revocations, surrenders, or placed a licensee on probation. In addition, the Bureau does not seek costs when the matter relates to denying an applicant licensure. The Bureau has requested cost recovery in all cases for which it was authorized to do so since 2020.

<b>Cost Recovery</b>				(list dollars in thousands)
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Total Enforcement Expenditures	0	0	0	0
Potential Cases for Recovery *	0	0	0	0
Cases Recovery Ordered	0	0	1	1
Amount of Cost Recovery Ordered	0	0	\$1,610	\$1,040
Amount Collected	0	0	0	0

\* “Potential Cases for Recovery” are those cases in which disciplinary action has been taken based on violation of the license practice act.

The Bureau does not have the authority to order restitution for EAR and HFTI consumers, however, the Bureau can recommend settlements for refunds, reworks, and adjustments to the transaction. For HHM, the Tariff sets rates that may be charged to consumers and requires those charges to be set according to weight and distance of the move. Any mover that bases its rate on a volumetric unit of measurement rather than weight is required to pay restitution to the consumer (BPC § 19253.1).

<b>Restitution</b>				(list dollars in thousands)
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Amount Ordered	\$0	\$0	\$0	\$0
Amount Collected	\$0	\$0	\$0	\$0

### *Laboratory/Product Testing*

California is one of two states in the nation that conducts laboratory testing and establishes classifications for filling materials contained in furniture and bedding products. Laboratory testing is conducted for products under the HFTI program. The rest of the country has looked to California for technical expertise in determining the industry standards. California's licensees in these industries typically produce products that meet California's high standards and distribute those products to the rest of the nation.

The Bureau developed and implemented the performance standard for upholstered furniture, Technical Bulletin (TB) 117-2013, in 2015. The intent of the standard is to slow the propagation of upholstered furniture fires and reduce the probability of death or injury by providing an opportunity for escape. California was the only state with a mandatory flammability standard for upholstered furniture until December 2020 when Congress signed H.R. 133, "COVID-19 Regulatory Relief and Work from Home Safety Act." The Act adopted the Bureau's flammability standard as the national standard and requires the U.S. Consumer Product Safety Commission to promulgate regulations for the implementation and enforcement of TB 117-2013. This has resulted in a collaborative effort to gain insight into the Bureau's experience with testing efforts and guidelines.

The Bureau has access to, and may inspect and test, any article of upholstered furniture, bedding, or insulation, and may condemn, seize, or destroy any of those products that are in violation of the law. While companies do not need to have their products tested to receive a license, staff may randomly select items for testing to determine if products are in compliance. BPC § 19200.5 authorizes the Bureau to open and inspect any article of upholstered furniture or bedding, including pillows or cushions for inspection purposes to ensure the materials comply with California's product standards.

Under current law, the Bureau is required to reimburse the manufacturer, distributor, or retailer for the actual cost of any article or sample of filling material or insulation taken for testing. However, if the product fails the test, then the Bureau is not required to provide reimbursement.

The Bureau continues to conduct inspections and compliance testing to ensure the industry is compliant with testing standards. The Bureau averaged approximately \$1,231 in reimbursement costs for product sampling between 2019 and 2022. During those same years, the Bureau tested approximately 479 total samples of upholstered furniture products (adult and juvenile), mattresses (crib and twin, etc.), bedding products (pillows, mattress pads, plumage products, among others), and thermal insulation products (i.e. boards, battings, reflective barriers, etc.). Upholstered furniture continues to make up the largest share of those samples. In 2023, the Bureau's goal is to sample approximately 240 samples, including 100 upholstered furniture samples and approximately 20 insulation samples. These samples do include products tested by the Department of Toxics and Substance Control (DTSC), as part of SB 1019 (Leno, Chapter 862, Statutes of 2014) labeling and product compliance for flame retardant chemicals.

The Bureau has tested an average of 70 samples per year since FY 2018/19. The majority of businesses meet TB 117-2013 as test results indicate a minimum passing rate of 92 percent over the last four years.

<b>TB 117-2013 Test</b>	<b>Completed</b>	<b>Pass</b>	<b>Fail</b>	<b>Pass Rate</b>
FY 2018/19	72	66	6	92%
FY 2019/20	64	61	3	95%
FY 2020/21	81	80	1	99%
FY 2021/22	62	59	3	95%

**Consumer Awareness and Education**

The Bureau’s website, <https://bhgs.dca.ca.gov> provides a variety of information of interest to consumers, industry members, and regulators. The Bureau’s website includes information on the advisory committee including agendas, minutes, and a calendar of meetings. Through the website, there is access to licensing and renewal applications, both online and downloadable complaint forms, and a licensee look-up. There are publications of EAR, HFTI, and HHM laws and regulations, along with access to the Max 4 Tariff. There is access to enforcement actions; however, the citation information does not appear to be up to date. The Bureau webcasts advisory committee meetings and past meetings are accessible on the DCA’s YouTube page and on the Bureau’s webpage: [https://bhgs.dca.ca.gov/about\\_us/meetings/index.shtml](https://bhgs.dca.ca.gov/about_us/meetings/index.shtml).

**Bureau Actions and Responses to COVID-19**

To the Bureau’s knowledge, there are not any emergency statutes that are applicable to the Bureau. Additionally, the Bureau did not work on waiver requests with the DCA.

The Bureau reported that in response to the COVID-19 pandemic, it reduced its in-office staff by approximately 70 percent. Staff were authorized to telework on a staggered schedule, some staff work from home full-time, and laboratory staff utilizing workstations in the laboratory as their primary workstations.

In the initial stages of the pandemic (March – June of 2020), the Bureau’s enforcement staff was unable to conduct field operations. During this time, staff used several internet search tools to identify unlicensed movers, issue cease and desist letters, which the Bureau maintains on file. In the event the mover continues to not obtain a permit, these letters are used as evidence the mover is aware of their violations. In FY 2019/20, the Bureau sent 151 cease and desist letters. Once field operations resumed in June 2020 as part of the Governor’s COVID-19 Enforcement Task Force efforts, this activity ebbed. In FY 2020/21, the Bureau issued 72 cease and desist letters and in FY 2021/22, the Bureau issued just four letters.

The Bureau’s field personnel were members of the Governor’s COVID-19 Enforcement Task Force from July 2020 to June 2021. Task force members educated businesses in Bureau-regulated industries about best practices to avoid the spread of COVID-19. While providing education as part of the Task Force, the Bureau also continued site visits to support investigations and enforcement actions of the Bureau.

## **CURRENT SUNSET REVIEW ISSUES FOR THE BUREAU OF HOUSEHOLD GOODS AND SERVICES**

The Senate Committee on Business, Professions and Economic Development and the Assembly Committee on Business and Professions (the Committees) last reviewed the Bureau through the sunset review oversight process in 2018; the Bureau was originally scheduled to be reviewed again in 2022. Due to the COVID-19 pandemic and strains on the Legislature in 2019 and 2020, the Bureau was granted an additional one-year extension to balance workload and ensure an appropriate and thoughtful legislative review of the program. During the Bureau's previous sunset review, the Committees raised 14 issues related to the administration and operations of the Bureau including its licensing, enforcement, and operations. In December 2022, the Bureau submitted its required sunset report to the Committees. In this report, the Bureau described actions it has taken since its prior review to address the recommendations made, among other changes resulting from changing economies, the recent COVID-19 pandemics and other issues to address issues.

The following are unresolved issues pertaining to the Bureau and other areas of concern that should be considered, along with background information for each issue. There are also recommendations the Committees' staff have made regarding particular issues or problem areas the Bureau needs to address. The Bureau and other interested parties have been provided with this Background Paper and the Bureau will respond to the issues presented and the recommendations of staff.

### **ADMINISTRATIVE ISSUES**

#### **ISSUE #1: (HHM FEE STRUCTURE AND PROJECTED FUND RESERVE LEVEL) *Are HHM permit fees appropriate?***

**Background:** The fee structure for HHMs is unique. HHMs pay an initial licensing fee, currently set at \$500, but are not required to pay any renewal fees. Licenses last in perpetuity as long as other designated fees are paid and insurance and ownership is maintained. As specified in BPC § 19288, HHMs must pay quarterly fees and gross operating fees to the Bureau. Specifically, BPC § 19288(b)(2) requires every HHM to pay the Bureau a permit fee equal to 1/10 of 1 percent of gross operating revenue. The quarterly gross operating revenue permit fee provides 92% of the HHMs fund's annual revenue. Given that fees for HHMs licensees are fluid, based on revenue that can fluctuate, it likely makes annual budgeting for the Bureau a challenge. SB 19 (Hill, Chapter, 421, Statutes of 2018) which transferred the licensing and regulation of HHMs from the PUC to the Bureau also requires the Bureau to engage in public workshops and a formal rulemaking process to potentially revise the fee structure for HHM.

BPC § 19288, requires the Bureau to complete a review and possible restructure of the fee structure specifically related to the HHM program. The current fee schedule for HHMs was a carryover from prior regulation under the PUC, until such time the Bureau could review and revise the fee structure. The current fees for HHMs are set to sunset at such time the Bureau establishes a new fee schedule, if it determines necessary. The HHM act requires the Bureau to engage in stakeholder workshops and a formal rulemaking process to adopt a fee structure for HHM permit holders by January 1, 2023 (BPC §

19288). That fee structure may change the fees or impose an alternate fee structure. The Bureau reports that this is currently in process.

The Bureau seeks to have the HHM permit application costs solely cover the Bureau’s workload associated with the application. Moving forward, the applicant would pay separate fees to commercial entities that fingerprint applicants and a separate fee to the Bureau’s test administrator vendor – at this time the vendor is PSI Exams. This is not a large departure from the current fee structure, but the Bureau believes more time administering the program and workload analysis is necessary to determine whether fee changes are warranted.

There is no statutory requirement under the HHM act for the Bureau to maintain a designated fund reserve. BPC § 128.8 requires any entity with more than 24 months in reserve to lower the licensing fees or other fees during the following fiscal year in an amount that will reduce any surplus funds of the agency to an amount less than the agency’s operating budget for the next two fiscal years. This is to help ensure that licensing and regulatory entities under the DCA are not overcharging fees for licensure and regulation,

With respect to the HHM fund, the Bureau’s 2022 sunset review report projects the fund to have 24.3 months in reserve, which is more than the operating budget for two years. However, the Bureau notes that although the DCA budget office is projecting the reserve balance to reach slightly above the 24 months, the Bureau does not anticipate the reserve level to ultimately reach 24-months. The Bureau notes that after filling staff vacancies and completing the data migration from the PUC to the Bureau, the fund condition outlook will likely decrease. Given the unique structure of fees under the HHM program, it is unclear what the Bureau’s plan is for reducing fees if there are more than 24 months in reserve for this program. The other funds (HFTI and EAR) are projected to have many less months in reserve, at 8 months and 2.8 months respectively.

<b>Fund Condition – HHM</b>						
<b>(Dollars in Thousands)</b>	<b>FY 2018/19</b>	<b>FY 2019/20</b>	<b>FY 2020/21</b>	<b>FY 2021/22</b>	<b>FY 2022/23</b>	<b>FY 2023/24</b>
Beginning Balance	\$0	\$2,335	\$3,415	\$5,062	\$7,132	\$7,109
Revenues and Transfers	\$3,553	\$2,952	\$3,648	\$3,782	\$3,839	\$3,830
<b>Total Resources</b>	\$3,553	\$5,287	\$7,063	\$8,844	\$10,971	\$10,949
Budget Authority	\$2,502	\$2,373	\$2,850	\$2,121	\$3,651	\$3,531
Expenditures	\$1,139	\$1,971	\$1,720	\$1,804	\$3,651	\$3,531
Loans to General Fund	N/A	N/A	N/A	N/A	N/A	N/A
Accrued Interest, Loans to General Fund	N/A	N/A	N/A	N/A	N/A	N/A
Loans Repaid From General Fund	N/A	N/A	N/A	N/A	N/A	N/A
<b>Fund Balance*</b>	\$2,414	\$3,316	\$5,062	\$7,133	\$7,110	\$7,198
<b>Months in Reserve</b>	14.7	19.9	29.1	22.2	22.8	24.3

\* Fund Balance includes the impact of statewide pro rata and supplemental pension payments against the fund, which are not listed on the tables.

**Staff Recommendation:** *The Bureau should inform the Committees on the progress of establishing a new fee structure for the HHM program and share its plan for reducing fees if the HHM fund maintains a reserve level of greater than two years operating expenses.*

**ISSUE #2: (FUND MERGER AND FEES)** *Should the three separate program funds be merged into one fund that the Bureau administers? Do the EAR and HFTI programs need a fee increase?*

**Background:** The Bureau reports in its 2022 Sunset Review Report two fiscal concerns: 1) the oversight of three separate program funds; and 2), the projected reserve levels and fees under the EAR and HFTI programs. Although the fiscal outlook for HHMs, described in issue 1) above, appears to be healthy. The Bureau notes that annual reserve projections for the EAR and HFTI funds are concerning. The Bureau projects a reserve balance of 2.8 months at the end of the next FY (a significant decline from 17.1 months in FY 2018/19) for the EAR program, and projects a reserve balance of 8 months at the end of the next FY (a slight decline from 11.7 months in FY 2018/19) for the HFTI program. The Bureau is requesting to consolidate the separate funds of the three programs (EAR, HFTI and HHM) into one fund.

Because the Bureau administers three separate funds, there may be duplicate administrative work, such as reviewing separate fund expenditure and revenue reports, and separating each application, audit report, or fine to make sure it was charged to the appropriate fund. With the recent addition of the HHM fund, performing budget, accounting, and administrative Bureau functions is becoming increasingly onerous on staff time and resources.

Each year, the Bureau must conduct a reconciliation between the three funds to ensure proper billing occurs. Reconciliation is exceedingly difficult because it is hard to determine workload and equipment devoted to a specific practice area. The Bureau currently administers three separate funds, and the majority of Bureau staff time and equipment are devoted to multiple practice acts, making fund reconciliation challenging. It is not uncommon for staff to perform their duties throughout their day in all three acts although their positions are allocated to only one of the three funds. One example noted by the Bureau of existing challenges with having three separate funds is employee compensation. The Bureau Chief and all other staff are compensated from one specific fund but often work in all three practice areas. It is difficult to allocate time in the absence of a periodic workload analysis. Vehicle use is another example. A Special Investigator may start their day interviewing a household mover, then visit three EAR establishments and finish their day with several inspections of furniture retailers and suppliers. Without a workload analysis, it is difficult to divide the cost of the vehicle's use into the three funds.

The Bureau is in the process of finalizing a fee study and reviewing potential efficiencies. Based on preliminary findings in a fee study and review of Bureau internal operations (e.g., fleet operations and supply ordering), the Bureau is recommending the three operating funds be consolidated into one fund, the "Household Goods and Services Fund." The Bureau further recommends that licensing fees be augmented based on the recommendations in the study to ensure all license types pay in accordance with the Bureau's identified operational workload.

Fund consolidation may enable allocation of Bureau staff and resources more efficiently. In addition, the Bureau is seeking a fee increase for the EAR and HFTI programs, and is currently working on a revised fee structure for HHMs, which may require statutory changes and increased fee assessments.

A workload analysis conducted by the Bureau found that the administration of the HHM program requires more resources of the Bureau, than the 11 personnel originally provided to implement the transition of the HHM program. The workload study found HHM requires the workload equivalent of 8.1 more PYs than is budgeted to license and enforce while HFTI requires 3.4 fewer PY and EAR requires 4.3 fewer PY.

According to the Bureau, although the EAR and HFTI programs require less workload than budgeted, these funds do not support the activities required to administer the programs. The Bureau's forthcoming fee study evaluated appropriate fee levels to recover actual costs to the Bureau associated with administering each practice act. Based on that preliminary report, the following are proposed increases that could assist the Bureau in effectively continuing to undertake its work.

Program	License Type	Initial or Renewal Fee	Current Fee	Proposed Fee	Percent Increase
<b>HFTI</b>	Furniture or Bedding Retailer	Initial	\$140	\$300	114
	Furniture and Bedding Retailer	Initial	\$280	\$300	7
	Wholesaler	Initial	\$625	\$1,000	60
	Furniture or Bedding Retailer	Renewal	\$70*	\$150	114
	Furniture and Bedding Retailer	Renewal	\$140*	\$150	7
	Wholesaler	Renewal	\$312.50*	\$500	60
	Costs associated with product noncompliance	N/A	\$0	Actual Cost	N/A
<b>EAR</b>	Appliance Service Dealer	Initial	\$190	\$220	16
	Electronic Service Dealer	Initial	\$190	\$220	16
	Combination Service Dealer	Initial	\$375	\$400	7
	Service Contract Seller	Initial	\$95	\$120	26
	Service Contract Administrator	Initial	\$95	\$500	426
	Appliance Service Dealer	Renewal	\$190	\$220	16
	Electronic Service Dealer	Renewal	\$190	\$220	16
	Combination Service Dealer	Renewal	\$375	\$400	7
	Service Contract Seller	Renewal	\$95	\$120	26
	Service Contract Administrator	Renewal	\$95	\$200	110
<b>HHM</b>	Permit	Initial	\$500	\$500	0
<b>New Fees All</b>	Change Business Name	N/A	\$0	\$110	N/A

<b>Programs</b>	Returned Check Fee	N/A	\$0	Actual Cost	N/A
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\* Existing fees are charged biennially but this shows the cost if they were charged annually.

**Staff Recommendation:** *The Bureau should provide the Committees and interested parties the fee study when available. Should a fund merger or the required update to the HHM fee structure occur prior to any fee changes?*

**ISSUE #3: (FLAME RETARDANT CHEMICAL DOCUMENT REQUIREMENTS) *Should the documentation requirements be revised?***

**Background:** BPC § 19094(c) requires furniture manufacturers to maintain documentation to show whether flame-retardant chemicals were added to their furniture materials. Statute permits a written statement by the supplier of each component covered by TB 117-2013 attesting that flame retardant chemicals are either contained or not contained in the item, to be sufficient documentation. However, the Bureau notes that under current practice, the ways in which manufacturers obtain raw materials, makes complying with the requirements specified in BPC § 19094(c) difficult for the Bureau to enforce.

As noted by the Bureau, licensees are not able to compel suppliers to provide such documentation in a manner consistent with statutes, and additionally have shifting suppliers for cover fabrics, foams, and other materials that are often overseas. In addition, these purchases are often transacted through other companies so that a furniture manufacturer never has a direct relationship with the producer of a product. This, along with the fact that the Bureau has no jurisdiction over the makers of these materials, makes enforcement of this provision difficult and often needlessly punitive.

The Bureau recommends removing the documentation requirement as specified in BPC § 19094(c), and instead allowing the Bureau to issue a citation to a licensee if they receive notice that one of their products contains added chemicals. Eliminating the requirement for documentation would not prohibit a licensee from inquiring whether the product has certain chemicals, to ensure they are in compliance.

**Staff Recommendation:** *The Bureau should advise the Committees on any potential problems it foresees with eliminating the flame retardant chemical documentation requirement.*

**ISSUE #4: (IT SYSTEM UPDATE) *When will the Bureau’s new IT system be operational?***

**Background:** Because the Bureau is currently using a separate IT platform for HHMs only, which is a carryover from the PUC’s oversight, and currently operated by the PUC, the Bureau reports that it is working on a data-conversion project with the PUC to ensure historic licensing information is retained. Additionally, because the Bureau relies on a non-DCA supported system and the MOU for that system expires at the end of 2023, the Bureau identified HHM as its top priority to transition to a new updated IT platform. Currently, the Bureau is under a five-year agreement with the PUC for remote access to

the PUC’s specific database. That agreement authorizes the PUC to charge the Bureau up to \$150,000, annually. Below is a table of amount paid by the Bureau to the PUC:

Fiscal Year	Paid to PUC
FY 2018-19	\$60,000
FY 2019-20	\$40,000
FY 2020-21	\$40,000
FY 2021-22	\$40,000
FY 2022-23	TBD

TOTAL \$180,000\*

Although the Bureau notes that updating the IT infrastructure is a priority, there is not a clear timeline for when the Bureau will migrate to its new IT system. As noted earlier, the Bureau was originally included in the project to transition to the BreEZe system, as part of the Release 3, along with 19 other boards and bureaus under the DCA. However, after expending approximately \$730,000 between the HFTI and EAR funds, the Bureau will never join the BreEZe system. As a result, the Bureau is part of the Business Modernization project, which is a revised IT system plan. As of July 2022, the Bureau reports that it has expended approximately \$149,000 on the new system. The new IT platform and timeline is still unclear.

**Staff Recommendation:** *Because there is an urgency for the Bureau to transition the HHM program to an IT platform operated by the Bureau under the DCA, the Bureau should provide the Committees an update on its transition plan for migrating to a new IT system, including the EAR and HFTI programs as well. Additionally, the Bureau should inform the Committee of the process to transition prior regulatory history from the PUC to the Bureau.*

### **LICENSING ISSUES**

**ISSUE #5:** (LICENSURE FOR OUT-OF-STATE HOUSEHOLD MOVERS). *Are updates to the HHM act necessary to ensure movers located outside of CA are able to easily obtain licensure in CA?*

**Background:** HHMs may perform two different types of moving services. 1) Intrastate moves, where the mover moves used household goods and personal effects from one location in California to another location in California, and, 2) Interstate moves, where the mover moves individuals across state lines from one state to another to or from or through California. Under existing law, HHMs who reside in California and perform defined moves, must secure a license issued by the Bureau (or hold a license issued under PUC prior to 2018, as specified), in order to conduct intrastate moves.

Specifically, BPC § 19237(a) specifies that a household mover shall not engage, or attempt to engage, in the business of the transportation of used household goods and personal effects by motor vehicle over any public highway in this state, including by any means or media, advertising, soliciting, offering, arranging as a broker, or entering into an agreement regarding the transportation of used household goods and personal effects, unless both of the following are satisfied:

(1) For transportation of household goods and personal effects entirely within this state, there is in force a permit issued by the bureau authorizing those operations. Permits issued by the Public Utilities Commission pursuant to the former Chapter 7 (commencing with Section 5101) of Division 2 of the Public Utilities Code, that are valid and effective on the operative date of this chapter, shall remain in effect, subject to the provisions of this chapter, for a period of not more than two years after the operative date of this chapter, or until the time the bureau issues, reissues, renews, suspends, revokes, or otherwise alters or amends the permit, whichever occurs earlier.

(2) For transportation of household goods and personal effects from this state to another state or from another state to this state, there is in force a valid operating authority issued by the FMCSA.

In addition, BPC § 19239(h)(1)(2) requires HHM applicants to have resided in California for at least 90 days preceding the issuance of a license. For applicants as a corporation, the applicant must be a domestic corporation or be qualified to transact business in California as a foreign corporation at the time of filing the application.

To be eligible to provide “interstate” moves, movers are required to be registered with FMCSA, which is the lead federal agency responsible for regulating and providing safety oversight of commercial motor vehicles. However, as noted by the Bureau, FMCSA is not a licensing body, and does not submit registrants to enforcement actions for violations of state licensure or registration requirements.

As defined in BPC 19225.5(h), a HHM includes every corporation or person, their lessees, trustee, receivers, or trustees appointed by any court whatsoever, engaged in the permitted or unpermitted transportation for compensation or hire as a business by means of a motor vehicle or motor vehicles being used in the transportation of used household goods and personal effects over any public highway in this state.

Further, BPC § 19235 prohibits a HHM from engaging in the business of transporting used household goods and personal effects for compensation by motor vehicle over any public highway in this state, except in accordance with the provisions of the HHM act.

The Bureau raised the issue of licensing for out-of-state movers in California. As part of that issue, the Bureau notes that the current licensing requirements for HHMs are not feasible for those businesses that are not primarily housed in California, but provide interstate moves into and out of California. Because of this, there are out-of-state HHM businesses that may not be compliant with features of California law.

According to the Bureau’s 2022 Sunset Review Report, “Although existing law requires inter-state movers to obtain permits to operate in California, there are several unnecessary barriers to an out-of-state-company obtaining a permit. For example, the Household Movers Act requires sole proprietor and partnership applicants to meet residency requirements (BPC section 19239, subd. (h)(1) and (2), respectively). Consequently, this requirement can deny affected businesses a path to licensure. The Household Movers Act also requires applicants to pass an examination to demonstrate possessing the requisite knowledge to operate as a household mover; however, the examination content is based wholly on the Tariff, which is not applicable to interstate moves. These permit requirements also do not allow the Bureau to recognize household movers that are permitted in their home state through reciprocity.”

Additionally, the Bureau reports when the regulatory structure for HHMs transferred to the Bureau from the PUC, there was an Act within the Public Utilities Code pertaining to the regulation of interstate movers that was not included in the transfer of the program. PUC §§ 3901-3950 is the Interstate and Foreign Motor Carriers of Household Goods and Passenger Act. The Bureau notes that a lack of clear statutory authority hinders the Bureau’s ability to regulate interstate movers and establish a registration program that is sufficient for businesses that are housed outside of California, but do moves into and out of California.

***Staff Recommendation:*** *The Bureau should advise the Committees on what statutory changes would be necessary to ensure the Bureau’s oversight of all HHM performing moves in California. In addition, the Bureau should advise the Committees on how it would implement a registration plan for interstate movers that would ensure easy compliance and how the Bureau would be able to take enforcement actions.*

**ISSUE #6: (LICENSURE FOR LIMITED LIABILITY COMPANIES (LLCS)) *Should LLCs be eligible for licensure for all of the Bureau’s regulatory programs?***

**Background:** The Bureau raised the issue of licensing LLCs in its 2022 Sunset Review Report. Currently, none of the licensees/registrants under the Bureau’s jurisdiction can obtain a license as an LLC. Current law (CORP § 17701.04(b)) prohibits an LLC from providing “professional services” unless it is expressly authorized to do so in the BPC. “Professional Services” is defined as any type of professional services that may be lawfully rendered only pursuant to a license, certification, as specified, (CORP) § 13401(a)). In order to allow for a thorough evaluation of the potential for consumer harm without recourse when LLCs are licensed, legislative authorization is necessary. As noted by the Bureau, several HHM permit holders were issued licenses to an LLC under the regulatory authority of the PUC. As the Bureau seeks to re-evaluate the fee and renewal structure for the HHMs, adding a pathway to issuing a license to an LLC may be necessary.

Since the early 2000s, there have been a number of bills passed by the Legislature, and signed into law, which have authorized a variety of professions to organize as LLCs and LLPs including, alarm companies, contractors, private investigators, engineers, land surveyors, and architects, among others. Historically, the authorizing or re-authorizing legislation has included a mechanism to ensure consumer protection and recourse for consumer harm through liability insurance and sunset dates.

In addition to requiring liability insurance coverage, previous legislation has also required the authority of LLC license to be subject to a “sunset” date, which is reflected in the history of previous legislation on this issue. Some examples include SB 904 (Wieckowski, Chapter 406, Statutes of 2018), which extended the authorization for the BSIS to issue an alarm company operator license to a LLC until January 1, 2024; SB 177 (Wieckowski, Chapter 140, Statutes of 2015) extended the authorization of the BSIS to issue an alarm company operator license to a LLC until January 1, 2019; SB 1077 (Price, Chapter 291, Statutes of 2012), authorized a licensed alarm company to be organized as a LLC until January 1, 2016; SB 559 (Morell, Chapter 569, Statutes of 2017); extended the BSIS’s authority to issue private investigator licenses to an LLC; AB 1608 (Olsen, Chapter 669, Statutes of 2014) authorized a licensed private investigator to be organized as a LLC until January 1, 2018.

**Staff Recommendation:** *The Bureau should update the Committees on which licensees/registrants should be eligible for a LLC license and further indicate how it would ensure consumer protection is not impacted and how claims paid would be reported to the Bureau.*

**ISSUE #7: (FINANCIAL REQUIREMENTS FOR HOUSEHOLD MOVERS) *Should permit requirements for HHMs be revised?***

**Background:** BPC § 19239(a) requires a HHM applicant to establish *ability and reasonable financial responsibility* to initiate the proposed operations. Further, BPC § 19239(g) specifies that *The bureau shall issue a permit only to those applicants who it finds have demonstrated that they possess sufficient knowledge, ability, integrity, and financial resources and responsibility to perform the service within the scope of their application.* The Bureau reports that it is not currently equipped to adequately evaluate whether or not the applicant has the *financial resources* for operating as a HHM. Instead, the Bureau is more appropriately suited to evaluate whether or not the applicants have sufficient liability insurance, workers’ compensation coverage, as well as knowledge of their obligations to consumers during household moves, through an examination. The Bureau reports that it is not equipped to determine whether an applicant is financially responsible or has sufficient financial resources, and in order to do so would need to perform some form of credit check and/or financial audit of all applicants. To do so would increase Bureau costs and time to process applications. In addition, there is no clear direction or understanding from the Bureau as to what level of documentation would be necessary or what amount of resources would be deemed “sufficient.” As a result, the Bureau is requesting BPC § 19239(g) be deleted from statute entirely. The Bureau would still be required to ensure applicants meet appropriate insurance requirements.

**Staff Recommendation:** *The Bureau should advise about the challenges of including a financial assessment in the current application process.*

**ISSUE #8: (EAR AND HFTI LICENSURE EXPIRATION AND RENEWAL) *Should there be a cap on the timeframe in which an expired EAR license can be renewed?***

**Background:** Existing renewal requirements under the EAR program do not provide a timeframe for which a registration remains expired and is no longer accruing delinquency fees. By comparison, existing HFTI law prohibits an expired license from being renewed after six years of the license expiring (BPC § 19170.5). In order to obtain a new license after six years, the HFTI applicant must pay all renewal, delinquency and penalty fees that have accrued since the license was last renewed.

Since the provisions for a renewal timeframe under EAR's provisions fail to provide a cap on when a license can no longer be renewed after its expiration, businesses that unintentionally failed to cancel their registration, then attempt to reopen business after a period, must pay all accrued fees no matter the elapsed time. HFTI provisions provide a six-year cap of when a license may no longer be renewed, restored, reinstated, or reissued, although the business must apply for a new license and still pay any accrued fees from the last six years.

The Bureau recommends updating EAR provisions to be consistent with BPC § 19170.5 (HFTI program) to state that a registration not renewed within six years of expiration shall not be renewed, restored, reinstated, or reissued so that renewal and delinquency fees are not accrued indefinitely. The Bureau also recommends updating HFTI provisions, which require a business pay all renewal, delinquency, and penalty fees accrued for six years although the business is required to apply for a new license. The Bureau believes that this change would remove a barrier to licensure especially to those that were legitimately out of business during the six-year period and would be unable to pay accumulating fees.

**Staff Recommendation:** *The Bureau should advise the Committees on current issues with EAR registrations being expired and then renewing after an extended period. The Bureau should explain any impact this change may have on the Bureau's workload and any potential fiscal impacts.*

**ENFORCEMENT ISSUES**

**ISSUE #9: (CRIMINAL BACKGROUND CHECKS) *Should the Bureau be authorized to collect fingerprints for purposes of criminal history review for its EAR and HFTI programs?***

**Background:** The Bureau has statutory authority to require fingerprints for purposes of conducting criminal record background reviews for HHM applicants. The Bureau does not have statutory authority to require HFTI or EAR applicants to submit fingerprints. The Bureau notes concerns about the lack of criminal history review for service dealers (EAR program) as they frequently enter consumers' homes to provide services.

Per the Bureau, allowing the applicant to self-disclose criminal history pursuant to BPC § 480(f) creates a loophole for unscrupulous applicants to circumvent disclosure on their application. Although applicants certify under penalty of perjury that all statements made on the application are true and correct, the Bureau has found instances where registrations were granted to applicants who were

untruthful on the application regarding their criminal history. Because the Bureau does not have statutory authority under EAR and HFTI to require fingerprints, applicants who do not self-disclose are granted a registration or license and may operate for years without the Bureau having knowledge of the criminal history.

The Bureau provides the following example: a service dealer was granted a registration in March 2006, and falsely indicated that they did not have a criminal history. Later the service dealer was arrested on suspicion of using their customer's credit card information for their own personal use. In February 2011, the registrant was convicted after pleading guilty to violating Penal Code sections 459, (burglary); and 476, (forgery). The registrant was also convicted in November 2012 after pleading nolo contendere to four felony counts of violating Penal Code section 470, subdivision (d), (forgery) and one felony count of violating Penal Code section 487, subdivision (a), (grand theft). The Bureau became knowledgeable of these convictions only because the registrant applied for a secondary location and was partially truthful on the application for registration by disclosing one of four convictions.

If an applicant discloses prior convictions on an application, the Bureau will request records from the appropriate court to determine eligibility for registration. According to the Bureau, "it has no other reliable tool to truly validate and ensure applicants are truthful when responding to the Bureau's criminal history inquiry. This puts consumers at risk, as they may be unknowingly allowing dangerous criminals into their homes rendering themselves, their families, and their personal information susceptible to egregious and potentially violent acts."

Further, the Bureau notes that conducting criminal history background checks "would allow the Bureau to receive immediate notification of a registrant's criminal activity and would allow the Bureau to take action in determining whether the registrant's criminal acts warrant disciplinary action pursuant to BPC sections 480 and 9841... Such a change would provide consistency with the fingerprinting requirements for other professional licensing categories within the Department whose licensees also perform work in and around consumers' homes, such as household movers permitted by the Bureau and licensees of the Contractors State License Board and the Structural Pest Control Board."

**Staff Recommendation:** *The Bureau should advise the Committees on how including fingerprints and criminal background check requirements would improve consumer protection.*

**ISSUE #10:** (HFTI PROGRAM: STATEWIDE WITHHOLD FROM SALE) *Should the Bureau be authorized to withhold identical items from being sold if one of the same items does not meet Bureau standards and requirements?*

**Background:** Under the HFTI program, the Bureau is responsible for the licensure/registration of businesses that sell and provide consumer products in the state, many of which are manufactured outside of the United States. Per BPC § 19060.5, *Every person who, on his or her own account, sells either directly or indirectly to any person either at wholesale or retail any merchandise subject to this chapter by means of a car, catalog, office or in any other manner, shall obtain the proper license for each method of sale or distribution.* Through the regulation of the HFTI program, the Bureau seeks to

ensure that products are properly labeled with accurate information about the kinds and types of filling materials inside and that the items meet the Bureau's applicable flammability standards as specified in TB 117-2013.

Under current law, if the Bureau finds a product is in violation of the law, it can tag only that specific item and thus prevent the item from being offered for sale in the marketplace until compliance is achieved. However, the tag is specific to only that individual product and the Bureau does not have authorization under current law to withhold the sale of all identical items unless each item is tested and found to be in violation. If the Bureau had authority to withhold all products with the same Global Trade Item Number, Universal Product Code number, item number, or other identifier, it would be able to create something similar to a product recall until compliance is satisfied, and in the meantime, the Bureau would publicize the recall.

BPC § 19202 authorizes the Bureau to "condemn, withhold from sale, seize, or destroy any upholstered furniture or bedding or any filling material or insulation which is found to be in violation of this chapter." The Bureau previously withheld products from sale; but in July 2007, after discussions with legal counsel, the Bureau stopped withholding products statewide when compliance was established on an item at one location. At the time, the concern was the Bureau has no process for licensees to question the Bureau's determination (due process) since product withholds were carried out immediately upon finding a violation in an effort to protect consumers.

Although the Bureau may issue citations and fines and take disciplinary action against those who commit violations of the HFTI Act, the Bureau reports that traditional enforcement action is not effective when the business is in another country and offers products for sale throughout the state.

The Bureau is requesting a statutory change to reinstate a statewide withhold for items in violation of the HFTI act, and addresses licensee due process issues by allowing licensees a choice to comply with the withhold order immediately or after the appeal period has been exhausted. In addition, the Bureau's proposal recognizes that a withhold from sale is a severe penalty and is intended only to be used in response to the more egregious violations of the HFTI Act and unlicensed activity. The Bureau believes this solution is critical because a statewide withhold from sale capability is a stronger incentive than fines alone to gain compliance and would benefit consumers by removing potentially harmful products from the marketplace.

***Staff Recommendation:*** *The Bureau should advise the Committees on any discussions with industry about the proposed statutory change and how it would affect product availability in the State. The Bureau should advise the Committees on what the most serious violation is that should result in withholding a product from sale.*

**ISSUE #11: (LICENSURE SUSPENSION) *Should the Bureau be able to immediately suspend a HHM permit for Insurance Violations?***

**Background:** The Household Movers Act requires proof of insurance for liability, cargo, and Workers' Compensation (BPC §§ 19248 (a), 19248 (c), and 19239.1, respectively) in order to obtain a

permit. Maintaining each form of insurance is also necessary for a permit to remain valid and failure to do so is cause for permit suspension. BPC § 19239.4, subdivision (a), explicitly provides for suspension of a household mover permit for failing to obtain or maintain the required Workers' Compensation insurance. However, existing law does not permit the Bureau to suspend a permit holder for a violation of cargo and liability insurance. While permit holder is subject to discipline, it is not an immediate suspension. The Bureau notes that when the HHM program was under the regulatory authority of the PUC, the PUC had broader authority to suspend a license for any reason.

Because the HHM program was transferred almost verbatim from the PUC to the BPC, some of the regulatory structure under the PUC may not be operationally effective under the Bureau's regulatory landscape. As stated by the Bureau, "Consequently, the Bureau inherited a licensing system designed to process and issue HHM permits that recognizes the Commission's authority and has auto-suspend for all types of insurance built into the system. The Bureau is not exempt from the Administrative Procedures Act, and unless specifically authorized to automatically suspend by operation of law, must file an accusation to pursue disciplinary action, such as suspension or revocation, or pursue other appropriate action."

***Staff Recommendation:*** *The Bureau should advise the Committees on what statutory changes would be needed to permit an immediate suspension for violating insurance requirements. In addition, the Bureau should inform the Committees on the number of licensees that violate insurance requirements.*

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**ISSUE #12: (ENFORCEMENT ACTIONS) *What can the Bureau do to improve the enforcement program?***

**Background:** The Bureau is responsible for both the licensing and enforcement of the practice acts for which it regulates. Specifically BPC §§ 9810.1, 19004.1, 19234.1 states that protection of the public should be the highest priority for the Bureau in exercising its licensing, regulatory, and disciplinary functions. The Bureau may conduct routine inspections, investigate complaints, and take necessary disciplinary action to promote consumer protection, minimize substandard practices and maintain a fair and competitive marketplace.

According to information provided in the Bureau's 2022 Sunset Review Report, while the Bureau has issued citations, the data shows that the Bureau did not refer any enforcement cases to the Attorney General for formal prosecution in FY 2021/22, and between FYs 2019/20 and 2020/21 only referred nine cases. The Bureau does reference citations on its website, although there is no data for 2022. In addition, there is no citation history for HHMs on the Bureau's website.

Prior to FY 2020-21, instead of issuing citations and taking enforcement actions, the Bureau focused on education as a means to address deficiencies and provided licensees/registrants with an opportunity to correct and focused on education rather than citations and formal enforcement. In FY 2014/15, the Bureau implemented the \$0 citation program, which provides violators with 30 days to correct a violation before a monetary citation or fine is issued. The Bureau reports that it has recently moved

away from this program, and the Bureau acknowledges in its Sunset Review Report 2022, that it is in the process of rebuilding its enforcement program.

**Staff Recommendation:** *The Bureau should advise the Committee on efforts to enhance its enforcement program. The Bureau should advise the Committees on why the issuance of citations has been low and if cost recovery could improve the Bureau’s fiscal outlook.*

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**ISSUE #13: (UNDERGROUND ECONOMY) *What is the Bureau doing to address unlicensed activity?***

**Background:** Unlicensed activity and the underground economy continue to present challenges for the Bureau and the programs it regulates. The Bureau notes that it primarily struggles with making industry participants aware of the laws and regulations related to all of its licensing programs.

Due to limited data of the PUC’s licensing and enforcement activities, it is unclear how many non-compliant household movers were in business prior to the oversight of household movers transitioning to the Bureau. The Bureau reports a total of 180 “hold hostage” and recovery cases since it began regulating the household goods moving industry. Hold hostage cases pertain to goods that are being transported but are held hostage for ransom or additional fees from consumers beyond what was specified in the contract. Recoveries are cases when a mover has misplaced, lost or abandoned the household goods or a consumer has refused a delivery. If not registered with the Bureau, there would be no enforcement tools available to the Bureau to help retrieve a person’s property that has been taken and not returned or to hold those responsible accountable.

The Bureau reports it has created brochures, authored consumer articles, and plans to release a video in spring 2023 to YouTube to teach consumers how to select a mover and what to expect throughout the moving process. The release date will coincide with National Moving Month and the beginning of peak moving season.

The Bureau also recently resumed sting operations on unpermitted movers using tips, Craigslist, and other online ads to set up appointments at sting houses to refer cases and provide notices to appear to unpermitted movers to appear in court. This effort will continue to ramp up in 2023. The Bureau’s goal is to decrease unlicensed activity in California through sting operations and consumer outreach. The Bureau plans to evaluate this outcome by reviewing FY 2023/24 complaints and comparing the overall number of permitted mover complaints to unpermitted complaints, the goal being the ratio of unlicensed activity is significantly reduced.

With respect to the EAR program, the Bureau primarily relies on internet tools to find new businesses and educate them on licensure requirements. With electronic repair stores, business ownership changes hands frequently and new business owners do not typically realize that a registration on their wall is long expired nor are they aware that they need to apply for their own registration. Bureau field staff often visit stores with a delinquent registration and the new owners are not aware the Bureau existed. These conversations usually lead to compliance because staff provides brochures to the owner and

walks them through registration and business practice requirements, such as what is necessary in their estimates and invoices to consumers and their obligations to return parts.

Related to the HFTI program, according to the Bureau, while many store-based retailers are aware they need to register with the Bureau. It is more typical they let their registration lapse because these registrants are on a two-year renewal cycle. Many licensees prefer the Bureau cut the fee in half and send annual renewal notices, so they know once a year this is something they need to keep up to date.

**Staff Recommendation:** *The Bureau should advise the Committees on what, if any, statutory changes are necessary to help address the unlicensed network in California. The Bureau should advise the Committees about the most egregious cases it encounters and coordination efforts with local authorities to seek solutions and penalties, especially in hold-hostage cases by HHMs.*

### **OTHER ISSUES**

**ISSUE #14:** (COVID-19 RESPONSE AND OPERATIONS). *What were the impacts of the pandemic and did the Bureau achieve process improvements during this time?*

**Background:** As noted in the Bureau's 2022 Sunset Review Report, the Bureau was able to meet internal processing times in FY 2019/20 and FY 2020/21; however, processing times in FY 2021/22 reportedly exceeded the performance target as the cycle times ranged from 17 to 120 days. The Bureau attributes application process delays to vacancies at the Bureau, along with the impact of Covid-19 pandemic.

In addition, the Bureau notes that fifteen employees of the Bureau's Investigative Unit (13 Special Investigators, a Field Representative and an Inspector) were members of the Governor's COVID-19 Enforcement Task Force, which provided health and COVID-related safety guidance and education to California businesses regulated by the Bureau.

The Bureau's Investigations Unit served as members of the Governor's COVID-19 Task Force from June 2020 to May 2021, during which Bureau personnel contacted approximately 20 businesses each week to assist the businesses with coming into compliance with public health orders to protect California consumers, employees, and business owners.

Additionally, the Bureau moved its advisory committee meetings to on-line, and is transitioning to a hybrid meeting system, where advisory committee members, stakeholders, and the public can participate in-person or remotely. It is unclear if any statutory changes are necessary for the Bureau to continue with this format.

As the state of emergency ended on February 28, 2023, the opportunity to assess critical emergency responses and address the future needs of Bureaus and Boards under the DCA, during State of Emergency declarations is timely and important.

**Staff Recommendation:** *The Bureau should advise the Committees on any requested or necessary statutory changes based on experiences during the COVID-19 State of Emergency. In addition, the Bureau should explain the workload impact to the Bureau as a result of staff being re-directed and how the Bureau is adjusting to remote work systems and whether the Bureau has achieved any financial savings. The Bureau should advise the Committees on any potential issues with continuing advisory committee meetings in a hybrid capacity.*

**ISSUE #15: (SERVICE CONTRACTORS) *Does the Bureau Need a New Service Contractor Workgroup?***

**Background:** Products covered under service contracts were expanded in 2004 to include furniture, jewelry, lawn and garden products, and other items used in homes for personal use. In 2014, service contract authority was expanded again to include optical products, such as eyeglasses. On January 1, 2020, the products covered under service contracts were further expanded to include all consumer goods.

As part of the EAR program, the Bureau regulates registered service contractors who sell service contracts for the repair of a variety of consumer products in California. Retailers are required to hold a valid registration in order to act as a service contract seller and those retailers with multiple locations are required to have a separate registration for each location that sells service contracts. Further, companies offering a contract via the internet must also have a registration for contracts sold to California residents. Service contracts generally provide for the pre-paid repair or replacement of specified consumer products.

At the onset of regulation in California, service contracts were specific to consumer electronic equipment and home appliances. Since the early 1990's, the regulation of service contracts has evolved to keep pace with new technology. Today, there are a variety of consumer products for which service contracts are available, including furniture, electronics, appliances, home healthcare products, jewelry, fitness equipment, and most recently, eyewear, among many others. In California, the products that are included in the definition of service contracts have expanded overtime on a case-by-case basis. Most recently, SB 1483 (Hill, Chapter 578, Statutes of 2018) further amended the definition of service contracts to include all consumer goods. Moreover, AB 1221 (Flora, Chapter 452, Statutes of 2021) authorized a service contract to cover a class of products, and permitted service contracts to be offered on a continuous basis or month-by-month.

Laws pertaining to service contracts and warranties also fall under the jurisdiction of the Song-Beverly Act (Civil Code § 1790 et seq.) which was originally established to regulate warranty products which are separate from service contracts. A warranty is typically included in the price of the item, whereas a service contract comes at an additional cost. Service contracts are separate and apart from a manufacturer's warranty in that it is an additional item purchased separately from the product. Additionally, warranty products are regulated through the insurance code, while service contracts are regulated in BPC § 9855 et seq.

As a result of the Bureau's 2014 sunset review, AB 2740 (Bonilla, Chapter 428, Statutes of 2014), the committee staff background paper recommended Bureau conduct a market condition assessment: to

monitor the market and shifts in the market; to identify where the problems currently are for consumers and to determine where resources could be refocused or expanded; to make sure current statutes and regulations reflect the current needs of the market; and to determine whether regulation is still required for all industries or whether some level of self-regulation would be advisable in some cases.

Upon completion of the market condition assessment required by AB 2740, the Bureau determined that it needed to conduct an additional assessment of the service contract industry. In order to provide an appropriate review of the industry, the Bureau established a “Service Contract Working Group” comprised of stakeholders and industry members to help determine which areas of law need updates, clarifications, or revisions, if any. The workgroup concluded its duties in 2016 and released a report with recommendations based on the report at that time. In the meantime, both SB 1483 and AB 1221 have resulted in significant changes to the service contract industry, but the Bureau’s last workgroup on service contracts ended prior to implementation and enactment of both of these bills which significantly expanded the service contract industry and market in California.

As noted by the Bureau in its 2022 Sunset Review Report, “as discussed in the legislative process for SB 1483 (Hill, Chapter 578, Statutes of 2018) and AB 1221 (Flora, Chapter 452, Statutes of 2021), the service contract industry is evolving and the no longer clear lines between a “warranty” a “service agreement” and “insurance” often lead to confusion. For example, the Bureau reviewed an agreement to “protect” the electronic devices in a consumer’s home that could include appliances, cellphones and tablets, and elements of an HVAC system. This could arguably be considered a home warranty, a service contract, or a form of limited homeowner’s or renter’s insurance. Further discussion on which entities regulate these agreements, including the licensees that oversee the work is appropriate. The Bureau has no recommendations at this time, but it would be beneficial as a first step to clarify what aspects of these industries should fall into the purview of the California Department of Insurance and which should be within the Bureau’s jurisdiction.” In addition, the Bureau notes an uptick in unlicensed activity from online sellers that are not aware of registration requirements to sell service contracts to a consumer in California.

***Staff Recommendation:*** *The Bureau should advise the Committees on whether a service contract workgroup would be beneficial, or if there are any statutory changes for service contract licensees/registrants that would enhance consumer protection and improve the program?*

**ISSUE #16: (TECHNICAL CLEANUP)** *Are there any technical changes necessary for any of the practice acts regulated by the Bureau which would improve operations and enhance efficiencies?*

**Background:** There may be a number of non-substantive, technical changes, or statutory updates which many improve operations and efficiencies of the Bureau. Since the Bureau’s last sunset review in 2018, there have been at least nine separate pieces of legislation that affect the Bureau and its operations, not including the transition and regulation of an entirely new licensing group. There may be a number of statutory revisions, which need to be made to ensure the Bureau’s three practice acts, and four regulatory landscapes are up-to-date.

For example, as provided by the Bureau, definitions describing the products covered within the scope of the Bureau’s jurisdiction are outdated. This causes stakeholders to question the Bureau’s authority over certain products, encourages unlicensed activity, and requires the Bureau to repeatedly respond to inquiries to provide clarification over the Bureau’s jurisdiction.

The terminology applicable to electronics and appliances mentioned in BPC § 9801 has not been updated since mid-1990s. New technology has come into existence since then making it unclear as to whether certain products are within the Bureau’s scope since definitions have not kept up with advancements over the years. The existing definitions within BPC § 9801 do not account for technology such as smart devices, including smart phones or smart watches, tablets, laptops, GPS devices, drones, or Bluetooth technology devices such as speakers or headphones. For example, instead of disk drives, more popular today are solid-state drives.

Definitions within the HFTI program have not been updated since the 1970s. Expanding definitions with terms that are commonly used within the industry would likely increase industry’s ability to meet flammability and labeling requirements as manufacturers are required to list filling material components for consumer review, e.g. many common components used as filling materials are not currently defined such as polyurethane foam.

The new federal requirements do not preempt or otherwise affect how the Bureau currently administers TB 117-2013 in California, nor does it change the Bureau’s current labeling requirements. However, there are slight differences in product classification and test application that will bring confusion to the industry due to differences in definitions. One example is CPSC considers a floor cushion or a seat cushion, which is intended to be sat on, as an upholstered furniture item that would be subject to the flammability testing and labeling requirements. Although the Bureau would have the same opinion, the existing definition of “Upholstered furniture” as established under BPC section 19006 implies that this same product would not be considered an upholstered furniture product since the cushion is not “together with the structural unit.” In this case, the product that is intended to only be used as a seat cushion would no longer be required to meet the TB 117-2013 standard, but it would be considered a “Bedding” product as defined in BPC section 19007. The Bureau intends to review and update definitions as some have not been updated in statute since the 1970s. This will ensure products are properly classified and test application is consistent with the intended use of the product.

**Staff Recommendation:** *The Bureau should provide the Committees with any proposals for technical statutory cleanup that may be necessary.*

## **CONTINUED REGULATION BY THE BUREAU OF HOUSEHOLD GOODS AND SERVICES**

**ISSUE #17:** (CONTINUED REGULATION BY THE BUREAU) *Should the Bureau be continued?*

**Background:** Although there are significant challenges and a lack of clear enforcement-related actions, there are still a substantial number of complaints received and investigated by the Bureau,

especially as the Bureau has begun to implement the HHM program, in addition to a number of enforcement activities with respect to out-of-country, out-of-state, and unlicensed activity that warrants the Bureau's continued regulation. The Bureau's role in ensuring flammability labeling standards, ensuring safe furniture and other consumer products, administering and enforcing service contract providers, along with its new role overseeing the HHM industry helps to maintain the health, safety and welfare of consumers. As noted above, the Bureau needs to continue to monitor its licensee population to ensure that only products, which necessitate continued regulation; the Bureau needs to focus on enhancing its enforcement program, consumer outreach, maintaining product safety and updating regulations as necessary.

To that end, the Bureau along with its licensing and registration programs should be continued and subject to legislative review once again, so the Legislature may continue to determine whether the issues and recommendations in this Background Paper have been addressed, and whether or not the licensed and registered entities within the Bureau should be reduced, expanded or remain the same in the future.

**Staff Recommendation:** *The Bureau maintain its current oversight of the regulated professions, while continuing to update and enhance its enforcement process and monitoring its licensing population to ensure that regulation is necessary, and be reviewed again at a date to be determined.*