

**BUREAU OF ELECTRONIC AND APPLIANCE REPAIR,
HOME FURNISHINGS AND THERMAL INSULATION**

FINAL STATEMENT OF REASONS

Hearing Date: August 8, 2016

Subject Matter of Proposed Regulations: License Fees

Section Affected: Section 1107 of Article 1 of Division 3 of Title 4 of the California Code of Regulations (CCR)

Updated Information

The Initial Statement of Reasons is included in the file. No changes have been made which would warrant a change to the information contained therein.

Local Mandate

A mandate is not imposed on local agencies or school districts.

Small Business Impact

This regulation will not have an adverse economic impact on small businesses. This initial determination is based on the fact that the license fee will be increased by \$20 to \$100 biennially, depending on the license type. An additional \$4 to \$12 delinquent fee and \$6 to \$30 penalty may be assessed only when a licensee fails to renew their license prior to expiration and after the renewal remains unpaid for 90 days.

This proposal benefits consumer protection as it is designed to enable the Bureau to maintain its licensing and oversight operations while also ensuring significant surpluses are not created. This proposal minimizes the economic impact of a fee increase by raising the fee approximately 15 percent, rather than to the statutory ceiling. The proposed fee increase ensures licensing revenues match expenditures, thereby protecting the Bureau's Fund from insolvency. In addition, this proposal has no effect on the current thermal insulation manufacturer's license fee.

Consideration of Alternatives

No reasonable alternative which was considered or that has otherwise been identified and brought to the attention of the bureau would be more effective in carrying out the purpose for which it was proposed or would be as effective and less burdensome to affected private persons than the adopted regulation or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Objections or Recommendations/Responses

The following comment was made regarding the proposed action:

Comment:

A comment was received on August 8, 2016, from Mr. Eric Childs of Infantino. Mr. Childs believes there have been no initiatives or further efforts added to the licensing process that would warrant a price increase and believes the increase should not be tied to the consumer price index. He asked if the Bureau intends to use the funds for another regulatory pursuit that would create a harmful environment for consumers as California Technical Bulletin 117 did. Additionally, Mr. Childs states that he and the majority of industry regards the increase as a “money-grabbing scheme” by the Bureau whereas Oklahoma charges \$5.

Response:

The Bureau partially accepts Mr. Childs’ comment. The Bureau is in agreement that the increase should not be tied to the consumer price index. The Bureau merely references the consumer price index to demonstrate how costs have steadily increased over time which includes the costs to operate the Bureau. As stated in the Initial Statement of Reasons, if the fees were tied to the consumer price index the increase to license fees would be much higher; however this is not the Bureau’s intent. The Bureau’s intent is to minimize the impact to its licensees while proposing an increase that would ensure it remains fiscally solvent.

The Bureau rejects Mr. Childs’ comment regarding the Bureau’s initiatives, efforts, and his reference to the proposed increase being a “money-grabbing scheme”. The license fees for importers and manufacturers were last increased in regulation in 2002 while all other license types have remained the same since 1994. Since this time, the Bureau has absorbed the costs of several legislative mandates that had an effect to its licensing functions, as well as, its enforcement functions.

As stated in the Initial Statement of Reasons, expenditures have increased by 59 percent while revenues have only increased by 29 percent since fiscal year 2002-2003. This has created the structural imbalance that impedes the Bureau from meeting its licensing and oversight mandates. Contrary to this being a “money-grabbing scheme”, this proposal is designed to enable the Bureau’s revenues to match expenditures in order to maintain its licensing and oversight operations while also ensuring significant surpluses are not created. In addition, there is no increase to the thermal insulation manufacturer’s license fee resulting from this proposal.

The Bureau rejects Mr. Childs’ comment regarding Oklahoma as it is irrelevant to this regulatory proposal.

Finding of Necessity

The Bureau hereby finds that this regulatory proposal is necessary for the public health, safety, and welfare of consumers. This proposal ensures sufficient resources are available to maintain current operations which allow the Bureau to meet its mandate of consumer protection. As specified in Business and Professions Code section 19004.1, protection of the public shall be the highest priority for the Bureau when exercising its regulatory function under this chapter. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.