



Capitol Connection Q&A for Contractors

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By Shauna Krause, President, Capitol Services, Inc.

When one's wrong, it doesn't necessarily mean the other one is right. You might both be off the beam. Hang in there the first couple question suggest how rumor and mistaken conclusions can derail more than one contractor's plan....

Q: The owners of my Company are going to be purchasing a Contracting business the first part of January 2022. They will be forming a new corporation which will purchase the Contracting entity. In doing some research I found on one of our competitor's license they show a Corporation as the "member" of the license holder. The only other individual shown on the license is the Responsible Managing Employee (RME). This tells me there is a way for us to purchase the license holder entity (which is a Corporation), remove the individuals currently associated with the license (Officers), and instead list the new "Buyer" Corporation as the only member shown on the personnel list. Do I have this correct?

A: Not quite. A Limited Liability Company (LLC) is authorized to list another entity as its sole member, as is the case with your competitor. However, a *Corporation* has "Officers" instead of "Members/Managers", and therefore an entity is not authorized to be an *Officer*. A corporate license must list the President, Secretary, and Treasurer as reflected on the SOS records and those titles must be held by *individuals*.

Q: My company has a license in CA. We are based in Texas and our licensing rules are much different. Our qualifying party for the CA license left the company and my Company wants me to replace him. I have never taken a Contractor's test before, but was told the first step is receiving approval to sit for the exams based on my work experience. I mostly have worked on the sales side for the past several years. I do most of our bidding and materials supply for our railroad construction work. Back in 2006 until about 2012, I was more involved in the hands-on aspect of our work. Does it sound (based on this very limited amount of information I'm providing you) like I will qualify to sit for the exams?

A: No, unfortunately it doesn't. First of all, the CSLB only considers work experience gained within the last ten years, anything prior to that will be irrelevant. Bidding and material supply will not count towards experience related to testing and becoming the Qualifying Individual.

Q: I have been a General Contractor for 42 years. I have used your company many times in the past and I have a pretty simple question that I'm getting conflicting answers about, and I figured you would be able to set it straight. I want to add the "A" license to expand my services. When I called the CSLB, the person I spoke with told me I would be required to sit for the exams and go through the entire paperwork process as if I was applying for a brand-new license. I called a "Contractor School" and they told me I shouldn't have to go through the same licensing paperwork process, and I also shouldn't be required to take any exams. Can you tell me what I should expect?

A: Sounds like they were both somewhat incorrect! You will not be required to go through the same paperwork process as you do when you applied for a license for the first time. For adding a classification, you will still need to complete an application process, but it doesn't require bonding, insurance proof, etc. since those items are already in place. As far as testing, you absolutely will be required to take the Trade exam and show your experience in the General Engineering classification, but you will not have to re-take the Law portion of the exam. Let me know if you would like our assistance!

While knowledge is power, knowing where to go for the answers is half the battle. Get expert assistance immediately when you call 866-443-0657, email info@cutredtape.com, or write us at Capitol Services, Inc., 3609 Bradshaw Rd, Ste H, #343, Sacramento, CA 95827. Search past columns at www.cutredtape.com.