

**TITLE 16. PROFESSIONAL AND VOCATIONAL REGULATIONS
DIVISION 27. BUREAU OF HOUSEHOLD GOODS AND SERVICES**

FINAL STATEMENT OF REASONS

Subject Matter of Proposed Regulations: Household Movers Enforcement Regulations

Sections Affected: Amend and Retitle Division 27, Adopt new Chapter 1 with title, Adopt new Chapter 2 with title, Adopt Section 2800 in Article 1 with titles, Sections 2940, 2941, 2942, and 2943 in Article 2 with titles, and Sections 2970, 2971, and 2972 in Article 3 with titles in Chapter 2 of Division 27 of Title 16 of the California Code of Regulations.

Updated Information

The Initial Statement of Reasons is included in the file; the information contained therein is updated as follows:

The Bureau noticed the regulation proposal on October 11, 2024, and gave the public forty-five (45) days to provide public comment ending on November 25, 2024.

During the 45-day comment period, there was no request for a public hearing and the Bureau received no public comments. Since no adverse comments were received and no further modifications to the text were made, the Bureau filed the proposed text as noticed on October 11, 2024 and accompanying rulemaking package with the Office of Administrative Law on .

Based on comments from the Office of Administrative Law, the Bureau is making the following non-substantive changes to the Proposed Text:

Proposed Text

1. In each of the proposed regulations, the Bureau removes references in the reference “Note” section of the regulations to Stats. 2017, Ch. 421, Section 8 (SB 19) as not related to implementation of the Bureau’s proposed changes.
2. In section 2940(c)(5), the Bureau deletes the word “informal” and adds the words “citation review” for consistency with changes in CCR section 2941 as described below. This change clarifies that the “conference” described in section 2940(c)(5) means the “citation review conference” described in section 2941. This ensures consistency in the use of the terms for this type of informal appeal process.

3. In section 2941(b), the Bureau deletes the words “informal office” and “informal” and adds the words “citation review.” This change creates consistency within section 2941(b) because the terms “informal office conference” and “informal conference” have the same meaning as the term “citation review conference” but the Bureau prefers to use “citation review conference”, which is a term more commonly used by the Bureau in conducting reviews for its other licensing programs.
4. In section 2970(d), the Bureau deletes the word “subdivision,” which was included in error.

In addition, the Bureau adds the following additional rationale to explain the maximum \$5,000 amount that may be charged for a BPC section 19279.3 violation as set forth in the table proposed at subsection (a) of Section 2943:

BPC section 19279.3 provides as follows:

Every corporation or person who knowingly and willfully issues, publishes, or affixes, or causes or permits the issuance, publishing, or affixing, of any oral or written advertisement, broadcast, or other holding out to the public, or any portion thereof, that the corporation or person is in operation as a household mover without having a valid permit issued under this chapter is **guilty of a misdemeanor punishable by a fine of not more than two thousand five hundred dollars (\$2,500).** (Emphasis added.)

The cap, therefore, for a criminal misdemeanor penalty is punishable by a fine up to \$2,500. However, the cap on the fine amount citation and fine that may be issued by the Bureau is set forth in BPC section 19279.1, in pertinent part, as follows:

Whenever the bureau finds that any person or corporation is operating as a household mover without a valid permit, or is holding itself out as such a household mover without a valid permit **in contravention of Section 19279.3**, the bureau may issue **a citation and fine of not more than five thousand dollars (\$5,000)** for each violation.

Consequently, to provide notice of the subject matter of the prescribed violation in Section 19279.3 and to accurately convey the Bureau’s authority to fine up to \$5,000 for such violations, the Bureau has added this reference to the fourth row of the table of additional fine authority listed in proposed CCR section 2943(a).

Local Mandate Determination

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

Small Business Impact:

The Bureau has determined that the proposed regulations will not have a significant effect on small businesses. Although small businesses owned by licensees of the Bureau may be impacted, the Bureau does not maintain data relating to the number or percentage of licensees who own a small business. However, in the event a licensee violates the laws and regulations of the Bureau that warrants a citation, the citation and fine issued is not sufficient to eliminate a particular job or household mover's business. The fine issued is also avoidable, should the licensee comply with the laws and regulations of the Bureau.

Anticipated Benefits

The proposed regulatory language will implement the California Public Utilities Commission Governance, Accountability, Training, and Transportation Oversight Act of 2017 ("CPUC Oversight Act" -- Stats. 2017, Ch. 421, § 8) and help empower the Bureau to exercise its licensing, regulatory, and disciplinary functions under the Household Movers Act ("Act"). The benefits of proposed amendments to Division 27 to adopt new chapters, articles and regulatory sections include:

- Proposed Article 1, "General Provisions," will clarify the meaning of certain terms and provide how they will be construed universally among various authorities that govern the household mover industry. This will create uniformity among those sources and promote greater compliance by the industry. A "General Provisions" article will also support Chapter 2 of Division 27's overall organization to promote easy identification of the Bureau's regulations. Specifically, by housing regulations that are general in nature, other articles that serve a specific purpose can be labeled and arranged accordingly, allowing for information to be easily found.
- Proposed Article 2, "Enforcement," will clarify the Bureau's authority to enforce the Act and implement the Bureau's enforcement program for violations of the Act—significant steps toward helping curtail illegal activity within the household mover industry and advancing the Bureau's mission to make "the protection of the public . . . paramount." The proposed regulations will create an incentive to comply by: establishing the Bureau's citation program; specifying what a cited party must do after receiving a citation; and making clear the consequences of a violation. A household mover will either elect to follow regulations or be subject to fines, permit suspension or revocation, or more severe penalties, including criminal prosecution. The establishment of an informal citation conference review process will add a second layer of review for citations, allowing cited parties to pursue a simpler and more expeditious way to challenge citations and potentially eliminate unnecessary administrative appeals. Finally, many of the procedures

proposed in Article 2 mirror and substantially replicate procedures the Bureau uses for its other programs, thus promoting uniformity, consistency, and fairness among all programs.

- Proposed Article 3, “Miscellaneous,” will be used to place regulations that do not fit in other articles that serve specific purposes and, thus, will function similarly to other “Miscellaneous” articles the Bureau uses for its other programs. This will promote uniformity, consistency, and fairness among all the Bureau’s programs and will likewise support the organization of proposed Chapter 2 of Division 27, to allow for the easy identification of regulations. For this regulatory package, the Bureau is proposing to include sections that will clarify the Bureau’s statutory authority to deny, suspend, or revoke a household mover permit based on a conviction of a crime, professional misconduct, or an act that resulted in disciplinary action. More importantly, as mandated by AB 2138, these proposed sections will establish the “Substantial Relationship Criteria” and the “Rehabilitation Criteria” the Bureau must consider when making these decisions. By implementing these criteria, the Bureau will advance AB 2138’s goal to reduce barriers to licensing, promote reduction of recidivism, and provide economic opportunity to individuals otherwise disadvantaged by past misconduct.

Proposed Article 3 will also include a section specifying “Advertising” requirements, including that a household mover’s advertisements must include the household mover’s name and Bureau-issued permit number, advertisements by brokers must include a disclaimer that brokers do not take possession of or participate in the transportation of consumers’ belongings and vehicles used by household movers who engage in transportation of household goods or personal effects must display certain information as specified. The Board anticipates that consumers will benefit from the proposal, including by being better informed of who is and who is not a licensed household mover and making more informed decisions about with whom they choose to do business and thereby enabling consumers to be better protected from fraudulent or misleading claims about a household mover’s license status.

Finally, in its entirety, proposed changes to Division 27 will provide greater clarity to the household mover industry about its rights and responsibilities. It will also inform the larger community of the same, including consumers, representatives for the household mover industry, such as business associations, business leaders, and attorneys, and government actors involved in an enforcement or judicial action, including Deputy Attorneys General and Administrative Law Judges.

This regulatory proposal will have a positive impact on the health and welfare of California citizens to the extent the prospect of being cited for violations promotes

compliance by the household mover industry, thereby strengthening consumer protection. This regulatory proposal would also increase access to licensed businesses, which will allow for greater consumer choice and create a more competitive market.

Consideration of Alternatives

No public comments were received during the public comment period and the Bureau did not identify any alternatives, therefore, 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 the regulation is 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

There were no objections or recommendations regarding the proposed action.

45 Day Comment Period

No comments received.