

# CLC UPDATE

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California Legislative Conference of the Plumbing, Heating and Piping Industry

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## **State Budget -Industry Impact**

The construction industry may be impacted more than ever as the Legislature and the Governor continue their budget impasse. Political games, the size of the deficit, and the State's reduced ability to borrow all create the real possibility that if the budget is not approved soon, contractors working on state funded projects will not be paid in a timely manner. Payments should be made through August, but after that, it is difficult to predict if and when payments will be made.

We are meeting with Cal Trans, General Services, and other public agencies in an effort to ensure that you do not experience unnecessary delays in payment. It would be a good idea for you to contact any public agency that you are working for to determine what they plan to do should the budget crisis continue. Be prepared, this year's budget gridlock could be one of the most lengthy in California history.

## **Board of Equalization "USE TAX" Registration**

We have received inquiries regarding Board of Equalization (BOE) use tax registration notices that some of our contractors have received via mail recently. It's important to be aware that the "use tax" has been part of the tax code since 1935 but as the use of catalogs and online purchasing has increased so has the State's interest in collecting taxes on items purchased from out-of-state vendors for use, storage or consumption in California.

In an attempt to raise compliance for use tax payments on business purchases of goods and equipment from out-of-state sources, last year's special session budget package contained a requirement for non-retailing businesses with receipts of more than \$100,000 to register with the Board of Equalization and file annual use tax returns. The annual use tax return applies to purchases on which sales tax was not collected from out-of-state sellers excluding vehicles, vessels and aircrafts.

The registration is a onetime requirement and if your business does not make purchases from out-of-state vendors who do not charge CA state sales tax, then you will simply be required to file that no use taxes apply on your annual form.

During the process, our office raised concerns regarding the "increased paper work and hassle" that this new requirement will cause but as the State continues to look for any and all revenue streams to help ease its financial woes, the use tax registration was approved by the legislature and signed into law by Governor Schwarzenegger.

Below are links from the BOE regarding the use tax registration. If you have any additional questions please contact our office.

LINK 1: <http://www.boe.ca.gov/news/2010/15-10-G.pdf>

LINK 2: <http://www.boe.ca.gov/news/pdf/l232.pdf>

### **CSLB Reports License Renewal Fraud**

The California Contractors State License Board (CSLB) is reporting that some states are experiencing incidents of license renewal fraud. Under the scam, licensees receive notices in the mail that instruct the contractor to send their renewal fee to a name and address that is different from the regulating government agency. Do not be fooled if you receive this type of notice. In California, all renewal forms and fees should only be sent to:

Registrar of Contractors  
Contractors State License Board  
Department of Consumer Affairs  
P.O. Box 26999  
Sacramento, CA 95826-0999

Every two years, CSLB mails a courtesy reminder notice to active licensees approximately 60 days before their expiration date. The notice includes the renewal application that must be completed, signed, and returned to CSLB with the appropriate fees. Inactive licenses are renewed every four years.

If you believe you have been a victim of license renewal fraud, please contact CSLB at 1-800-321-2752.