



California Corporate & Securities Law

LLC Contractor Bill Is Held At Desk

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On September 3, 2010, I wrote that [SB 392](#) (Florez) had made it to enrollment. This bill authorizes the State Contractors' License Board to issue a contractor's license to a limited liability company. Normally, a bill is sent to the Governor after enrollment. Cal. Const. Art. IV, § 10(a) ("Each bill passed by the Legislature shall be presented to the Governor.") SB 392, however, is "being held at desk". The reason is Rule 57 of the Joint Rules of the Senate and Assembly that provides as follows:

Appropriation bills that may not be sent to the Governor shall be held, after enrollment, by the Chief Clerk of the Assembly or Secretary of the Senate, respectively. The bills shall be sent to the Governor immediately after the Budget Bill has been enacted.

According to the Legislative Counsel's digest, SB 392 is an appropriations bill because the bill "would increase the amount of revenue deposited in the Contractors' License Fund". Stripped of the technicalities, it now appears that SB 392 is another victim of California's continuing budget crisis. Assuming that a Budget Bill is eventually enacted, SB 392 will be sent to the Governor.

Because this is the second year of the legislative biennium, the time limit on gubernatorial action is less than clear. Cal. Const. Art. IV, § 10(b)(2) provides that any bill passed before September 1 (SB 392 was passed on August 30) and in the possession of the Governor on or after September 1 (this will necessarily be the case with respect to SB 392) will become law if it is not returned on or before September 30. This makes sense if a bill is sent to the Governor sometime in September. However, a bill delivered on September 29 would leave the Governor very little time to return the bill if the Governor so desired. It doesn't make a lot of sense if a bill is delivered to the Governor after September 30. That situation is conceivably covered by Art. IV, § 10(b)(3) which provides that any other bill that is presented to the Governor that is not returned within 12 days becomes law. However, it is not entirely clear (at least, to me) that the section literally applies.

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