



Can An RME Qualify More Than One License?

In most cases, a responsible managing employee (RME) can only act as a qualifying individual for one active license at a time. The reasoning is explained by the definition in Business and Professions Code 7068 (c) “A responsible managing employee for the purpose of this chapter shall mean an individual who is a bona fide employee of the applicant and is actively engaged in the classification of work for which that responsible managing employee is the qualifying person on behalf of the applicant.”

It is further explained in a recent letter from the CSLB: “There are limited circumstances under which an RME could qualify two licenses for related partnership or corporate California contractor licenses. However, it would not be feasible for an RME to qualify three licenses, as explained below.

First, to clarify the relationship between the two firms and document the provisions of Business and Professions Code section 7068.1(a) is met, an organizational chart that accurately depicts the corporate relationships between the licensed parent and subsidiaries is required as follows: Indicate the license number and business name, the current officers, and the percentage of ownership / equity held by each licensed firm. Under the penalty of perjury, the common officers must attest to the accuracy of the information provided in the organizational chart and provide their signature(s) and the current date on the chart itself.

While Section 7068.1(a) of the Business and Professions Code does permit an individual to act in the capacity of a responsible managing employee/qualifier for two licenses if there is common ownership of at least 20% of the equity of each firm for which the individual is qualifying, the provisions of California Code of Regulations section 823 must also be met.

Section 823 outlines the most fundamental aspect of the RME’s duties is to exercise direct supervision and control of his employer’s construction operations. This obligation can only be properly fulfilled when the RME is present (32 hours or 80% of the total hours per week); on the construction project(s) for the entity the RME qualifies. Section 823 further defines “direct supervision and control” as supervising the construction, managing construction activities by making technical and administrative decisions, checking jobs for proper workmanship, and direct supervision on construction job sites.

To remain in compliance with Contractor’s License Law and provide the assurance of public protection, each entity is required to submit a letter signed under the penalty of perjury that specifically states the following: qualifier (named) is actively engaged in each of the businesses (named) separately, for at least 32 hours or 80 percent of the total hours per week each business (named) is in operation. The RME and two officers / two general partners from both licensed entities must date and provide their legal signatures on this document.

While the board concedes an RME could possibly meet the provisions of Section 823 while listed as the qualifier on two licenses, it would be impossible to comply and qualify any additional licenses. Therefore, an RME cannot qualify three licenses at the same time.

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