

**Court Reporters Board
Department of Consumer Affairs**

INITIAL STATEMENT OF REASONS

Hearing Date: No hearing has been scheduled for the proposed action.

Subject Matter of Proposed Regulations: Firm Registration Fee Schedule

Section(s) Affected: Title 16, Section 2450

Specific purpose of each adoption, amendment, or repeal:

1. Background and Statement of the Problem

The Court Reporters Board (Board) enforces the Shorthand Reporters Practice Act and oversees the court reporting industry. The CRB carries out its regulatory authority through administering a minimum level competency test to determine entry level abilities, regulating the minimum curriculum court reporting schools and programs must offer, and disciplining licensees when necessary. The Board certifies individual court reporters, and beginning July 1, 2022, it is required to register firms that offer court reporting services. The Board is authorized to charge fees to accomplish its mandates pursuant to Business and Professions Code (BPC) 8008(c).

In 2021, the Legislature passed Senate Bill (SB) 241 (Umberg, Chapter 214, Statutes of 2021). BPC section 8051 provides that, on and after July 1, 2022, an entity that is not a shorthand reporting corporation may, wherever incorporated in the United States, engage in court reporting and other conduct described in BPC section 8050(b) if the Board approves it for registration. Section 8050 requires the Board to register firms offering court reporting services in California, including setting the fee for application and renewal. BPC section 8051(l) authorizes the Board to adopt regulations to implement section 8051. Section 8051(a)(1) requires the registering entity to pay an annual registration fee to the board, in an amount determined by the board, not to exceed five hundred dollars (\$500). The Board has adopted a fee in the maximum authorized amount of \$500 for the initial registration and annual renewal. This proposal will add subdivision (g) to Title 16, section 2450 to establish the amount in regulation.

At its January 26, 2022, meeting, this regulatory proposal was presented to the Board for its review and approval. (See Underlying Data, January 26, 2022, Meeting Agenda, Meeting Materials, and Meeting Minutes.) The Board approved the proposed language

and delegated authority to the executive officer to make any technical, non-substantive changes if necessary.

2. Anticipated benefits from this regulatory action:

The proposed addition of subdivision (g) to section 2450 will set the fee for application and renewal of firm registration as required by SB 241. Registration of firms will ensure consumers will be protected by hiring firms under the direct jurisdiction of the Board.

Factual Basis/Rationale

Amend Section 2450, Fee Schedule.

Subdivision (g)

The purpose of adding subdivision (g) to section 2450 is to establish an initial registration and annual renewal fee for the registration of firms offering court reporting services in California.

The amendment is necessary to establish the fee to reimburse the Board for costs associated with the processing of initial registration applications and renewals. As described in more detail under Fiscal Impact Assessment, below, the Board is anticipating workload similar to the Shorthand Reporting Corporation Registration and has based this fee commensurate with that fee analysis. While there is not currently an application form for a business entity to complete, the entity will still be required to comply with BPC 8051 in submitting required information and documentation that the Board will need to review for approval. (See Underlying Data, Shorthand Reporting Corporation Registration (Initial) Fee Analysis.)

Underlying Data

- Senate Bill 241 (Umberg, Chapter 214, Statutes of 2021)
- January 26, 2022, Board Meeting Agenda
- January 26, 2022, Board Meeting Materials
- January 26, 2022, Board Meeting Minutes (draft)
- Shorthand Reporting Corporation Registration (Initial) Fee Analysis
- Average Deposition Costs from TRF Claims

Business Impact

The Board has determined that this regulatory action will not have a significant statewide adverse economic impact affecting business. This determination is based on the fact that the proposal will not create or eliminate jobs, will not create new business or eliminate existing businesses, and will not affect the expansion of businesses currently doing business within the California because the proposed regulations require businesses currently operating in the state to register with the Board and pay an annual \$500 registration fee. As these business entities are already operating in the state, no additional businesses and/or jobs are anticipated to be created, and these existing businesses will be able to absorb the costs of the registration and renewal fees.

The Board estimates 10 entities will register in year one and year two of implementation and estimates 5 registrants per year thereafter. The Board estimates revenues ranging from \$5,000 to \$30,000 and up to \$185,000 over a ten-year period as follows:

Court Reporters Board Corporate Registration (SB 241) - Economic Impact												
		Years Ongoing										
Applications	Costs	1	2	3	4	5	6	7	8	9	10	Total
		10	10	5	60							
Initial	\$500	\$5,000	\$5,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Annual Renewal	\$500	-	\$5,000	\$10,000	\$12,500	\$15,000	\$17,500	\$20,000	\$22,500	\$25,000	\$27,500	\$155,000
Total Costs:		\$5,000	\$10,000	\$12,500	\$15,000	\$17,500	\$20,000	\$22,500	\$25,000	\$27,500	\$30,000	\$185,000

Economic Impact Assessment

In the Board's experience, the average cost of a deposition over the past two years is just over one thousand dollars, and a business that engages in multiple depositions or other court reporting activities over a year will be able to absorb the annual registration fee as a minimal impact. (See Underling Data, Average Deposition Costs from TRF Claims.)

This regulatory proposal will have the following effects:

- It will not create jobs within the state of California because the court reporting firms anticipated to apply for registration are currently operating and employing staff in the state.
- It will not create new businesses within the state of California because the court reporting firms anticipated to apply for registration are currently operating in the state.
- It will not affect the expansion of businesses currently doing business within the

state of California because the court reporting firms anticipated to apply for registration are currently operating in the state.

- This regulatory proposal benefits the health and welfare of California residents because it helps to ensure registrants are in compliance with currently law and regulations, as specified.
- This regulatory proposal makes no changes to the actual practice of court reporting and, therefore, will not impact worker safety.

This regulatory proposal does not affect the state's environment because it applies to court reporting firms solely. It has no impact on the environment.

Fiscal Impact Assessment

The regulations establish a \$500 initial registration fee and a \$500 annual renewal registration fee to be paid to the Board, as specified. The Board estimates 10 entities will register in year one and year two of implementation and estimates 5 registrants per year thereafter.

Pursuant to BPC 8051, an entity seeking registration is required to submit certain information and documentation to the Board. The Board indicates an initial application will require approximately 310 minutes (Office Technician – 115 minutes and Associate Governmental Program Analyst – 195 minutes) to process each initial application with costs of approximately \$513 each.

The Board proposes to collect only the information set forth in BPC section 8051(b)(1)-(3). This will include the firm name; firm street address, city, state, zip code; telephone number; federal tax identification number; the name of designated certified reporter in charge; the license number of designated certified reporter in charge; whether the entity, controlling officer or parent corporation of the entity, the entity's reporter in charge or any of its officers, employees, or independent contractors, has been subject to any enforcement action, relating to the provision of court reporting services, by a state or federal agency within five years before submitting the initial registration and if so the entity shall provide the board a copy of the operative complaint with the initial registration; and whether the entity, within five years before submitting the registration, has settled, or been adjudged to have liability for, a civil complaint alleging the entity or the entity's reporter in charge engaged in misconduct relating to the provision of court reporting services for more than fifty thousand dollars (\$50,000).

Renewals will require approximately 110 minutes (Office Technician – 40 minutes and Associate Governmental Program Analyst – 30 minutes) to process, plus a \$532

estimated enforcement-related cost allocation, which results in total Board costs of \$632 per renewal registration. Enforcement costs are estimated based on the time needed to process complaints against individual licensees. (See Underlying Data Shorthand Reporting Corporation Registration (Initial) Fee Analysis

Total workload costs are estimated to range from \$5,130 to \$37,875 and up to \$229,800 over a ten-year period as follows:

Court Reporters Board												
Corporate Registration (SB 241) - Fiscal Impact (Expenditures)												
		Years Ongoing										
Applications	Costs	1	2	3	4	5	6	7	8	9	10	Total
		10	10	5								
Initial	\$513	\$5,130	\$5,130	\$2,565	\$2,565	\$2,565	\$2,565	\$2,565	\$2,565	\$2,565	\$2,565	\$30,780
Annual Renewal	\$642	-	\$6,420	\$12,840	\$16,050	\$19,260	\$22,470	\$25,680	\$28,890	\$32,100	\$35,310	\$199,020
Total Costs:		\$5,130	\$11,550	\$15,405	\$18,615	\$21,825	\$25,035	\$28,245	\$31,455	\$34,665	\$37,875	\$229,800

BPC 8051(k) requires the Board to create and make available on its internet website a directory of registered entities. The Board will also need to update its information technology systems with estimated one-time costs of \$55,000.

The Board estimates revenues ranging from \$5,000 to \$30,000 and up to \$185,000 over a ten year period as follows:

Court Reporters Board												
Corporate Registration (SB 241) - Fiscal Impact (Revenues)												
		Years Ongoing										
Applications	Fees	1	2	3	4	5	6	7	8	9	10	Total
		10	10	5								
Initial	\$500	\$5,000	\$5,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Annual Renewal	\$500	-	\$5,000	\$10,000	\$12,500	\$15,000	\$17,500	\$20,000	\$22,500	\$25,000	\$27,500	\$155,000
Total Costs:		\$5,000	\$10,000	\$12,500	\$15,000	\$17,500	\$20,000	\$22,500	\$25,000	\$27,500	\$30,000	\$185,000

Specific Technologies or Equipment

This regulatory proposal does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

This rulemaking proposal is necessary to establish the initial registration and annual renewal fee for firms registering with the Board.

Set forth below are the alternatives the Board considered and the reasons it rejected each alternative:

- Option 1: To implement firm registration establishing no initial registration and renewal fees. This option would require the Board to absorb the information services costs of updating the current database to allow for a new license type. It would increase staff workload with the additional time required to process applications and cashier payments. Expending Board resources and personnel under this option would result in longer license processing times and reduce work on the Board's strategic initiatives. For these reasons, the Board rejected this option.
- Option 2: Do nothing, meaning the Board would not adopt the amendment to section 2450. The Board opted not to pursue this option because under SB 241, the Board is required to implement firm registration by July 1, 2022.