



- 2) **Background.** CSLB is responsible for implementing and enforcing the Contractors State License Law and related regulations pertaining to the licensure, practice, and discipline of the construction industry in California. The law requires, in part, that any person or business that constructs or alters, or offers to construct or alter, any building, highway, road, parking facility, railroad, excavation, or other structure in California be licensed by CSLB if the total cost of labor and materials for one or more contracts on the project is \$500 or more

As a condition of initial licensure and to maintain an active license, an applicant or licensee in any classification is required to have on file with the CSLB, a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance in the applicant's or licensee's business name, unless they qualify for an exemption by certifying to the CSLB that they do not have any employees, and the applicant or licensee does not hold a C-39 designation.

Failure to maintain workers' compensation insurance coverage will result in a license being suspended and any work performed while the license is suspended is considered unlicensed and disciplinary action can be taken against a licensee.

The CSLB does not determine the coverage amount that is required for an entity to obtain workers' compensation insurance. As part of the licensure and renewal process, the CSLB simply verifies that the applicant or licensee has the required workers' compensation insurance on file. This bill requires licensed contractors to provide their workers' compensation insurance classification codes at the time of license renewal.

- 3) **Prior Legislation.** AB 2894 (Cooper), of the 2021-22 Legislative Session, was substantially similar to this bill. AB 2894 was held on the Senate Appropriations Committee suspense file.

SB 216 (Dodd), Chapter 978, Statutes of 2022, required, until January 1, 2026, asbestos abatement contractors; concrete contractors; heating, ventilation, and air conditioning (HVAC) contractors; and tree service contractors to have workers' compensation insurance regardless of whether they have employees. As of January 1, 2026, each contractor must have workers' compensation insurance regardless of whether they have employees.

**Analysis Prepared by:** Jennifer Swenson / APPR. / (916) 319-2081