
**SENATE COMMITTEE ON
BUSINESS, PROFESSIONS AND ECONOMIC DEVELOPMENT**
Senator Angelique Ashby, Chair
2025 - 2026 Regular

Bill No:	AB 1002	Hearing Date:	July 7, 2025
Author:	Gabriel		
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Urgency:	No	Fiscal:	Yes
Consultant:	Yeaphana La Marr		

Subject: Contractors: failure to pay wages: discipline

SUMMARY: Authorizes the Attorney General (AG) to bring a civil action to impose disciplinary action against a licensee or deny the application for a license with, the Contractors State License Board (CSLB) on the grounds that the licensee or applicant has failed to pay its workers in compliance with state law, has not fulfilled a wage judgement, or has violated an injunction or court order regarding wage payment. Specifies that the court may issue an order to the CSLB Registrar to suspend or revoke a license or deny an application for a license.

NOTE: This bill is double-referred to the Senate Committee on Judiciary, second.

Existing law:

- 1) Establishes, until January 1, 2029, the CSLB under the Department of Consumer Affairs (DCA) to implement and enforce the Contractors State License Law (License Law), which includes the licensing and regulation of contractors and home improvement salespersons. (Business and Professions Code (BPC) §§ 7000 et seq.)
- 2) Authorizes the board to appoint a registrar of contractors to be the executive officer and secretary of the CSLB. (BPC § 7011)
- 3) Requires all licensees to notify the registrar in writing of any unsatisfied final judgment imposed on the licensee that is substantially related to the construction activities of a licensee, or to the qualifications, functions, or duties of the license. (BPC § 7071.17(b)(1), (h))
- 4) Specifies that if a licensee fails to notify the registrar in writing of any unsatisfied final judgment imposed on the licensee within 90 days, the license must be automatically suspended, as specified. (BPC § 7071.17(b)(1))
- 5) Requires the board to suspend a license upon notification by any party having knowledge of the outstanding judgment upon a showing of proof of the judgment. (BPC § 7071.17(h))
- 6) Asserts that the failure of a licensee to notify the registrar of an unsatisfied final judgment, as specified, is cause for disciplinary action. (BPC § 7071.17(l))

- 7) Requires the registrar to initiate disciplinary action against a licensee within 18 months from the date of the registrar's receipt of a certified copy of the Labor Commissioner's finding of a willful or deliberate violation of the Labor Code by a licensee or upon transmission to the CSLB of copies of any citations or other actions taken by the Division of Occupational Safety and Health, as specified. (BPC § 7110.5)
- 8) Asserts that the doing of any willful or fraudulent act by the licensee as a contractor in consequence of which another is substantially injured constitutes a cause for disciplinary action. (BPC § 7116)
- 9) Specifies that willful or deliberate failure by any licensee or agent or officer thereof, to pay any moneys, when due for any materials or services rendered in connection with their operations as a contractor, when they have the capacity to pay or when they received sufficient funds therefor as payment for the particular construction work, project, or operation for which the services or materials were rendered or purchased constitutes a cause for disciplinary action, as does the false denial of any such amount due or the validity of the claim thereof with intent to secure for themselves, their employer, or other person, any discount upon such indebtedness or with intent to hinder, delay, or defraud the person to whom such indebtedness is due. (BPC § 7120)
- 10) Requires a licensee to report to the registrar in writing within 90 days after the licensee has knowledge of any civil action resulting in a final judgment, executed settlement agreement, or final arbitration award in which the licensee is named as a defendant or cross defendant that meets specified criteria. (BPC § 7071.20)
- 11) Establishes the Division of Labor Standards Enforcement, under the direction of the Labor Commissioner, within the Department of Industrial Relations and sets forth its powers and duties regarding the enforcement of labor laws. (Labor Code (LAB) §§ 79 et seq.)
- 12) Authorizes the Labor Commissioner to investigate employee complaints and to provide for a hearing in any action to recover wages, penalties, and other demands for compensation, as specified. (LAB § 98)
- 13) Requires the Labor Commissioner to immediately, upon expiration of the period for review, as specified, deliver a certified copy of the finding of the violation to the Registrar of the CSLB upon a finding by the Labor Commissioner that a willful or deliberate violation of any of the provisions of the Labor Code within the jurisdiction of the Labor Commissioner has been committed by a person licensed as a contractor in the course of such licensed activity. (LAB § 98.9)
- 14) Requires an employer to discontinue business in this state, unless the employer has obtained a bond from a surety company admitted to do business in this state and has filed a copy of that bond with the Labor Commissioner, if a final judgment against an employer arising from the employer's nonpayment of wages for work performed in this state remains unsatisfied after a period of 30 days after the time to appeal therefrom has expired and no appeal therefrom is pending. (LAB § 238)

This bill:

- 1) Authorizes the Attorney General to bring a civil action to impose discipline upon, deny continued maintenance of, or deny an application for a license when a CSLB licensee's or applicant for a license fails to pay wages according to state law, has not fulfilled a wage judgement, or is in violation of an injunction or court order regarding payment of wages.
- 2) Requires the Attorney General to notify the Registrar at least 30 days prior to filing a civil complaint.
- 3) Prohibits CSLB from intervening in any court proceedings within 60 days of the initial complaint filing.
- 4) Specifies that the Registrar is not precluded from independently or concurrently proceeding with administrative discipline against the contractor for any violations not alleged in the Attorney General's complaint.
- 5) Specifies that a court order in response to the Attorney General's cause of action may include an order directing the Registrar to exercise authority to suspend or revoke a license, or deny continued maintenance or issuance of a license and may include the length of time prior to reinstatement. In a case where the order does not order a length of time, authorizes the Registrar to determine when a license may be issued or reinstated.
- 6) Clarifies that a good faith mistake regarding which wage rate applies in a project subject to prevailing wage does not constitute a violation under this bill.

FISCAL EFFECT: According to the Assembly Committee on Appropriations, this bill would result in negligible costs to the CSLB and possible costs to the Department of Justice, which will depend on whether the AG pursues enforcement actions, and if so, the level of additional staffing DOJ needs to handle the related workload.

COMMENTS:

1. **Purpose.** This bill is sponsored by Attorney General Rob Bonta. The Author states, "This bill is essential to protecting workers' wages and the economic security and dignity of every Californian. Bad faith efforts to repeatedly exploit our workforce and withhold hard-earned wages from Californians are unacceptable. We must take decisive action to keep our industries accountable and ensure that every worker in California receives the full pay they've earned. AB 1002 sends a clear message that wage theft is not a tolerated business practice in the construction industry."
2. **Background.** The CSLB is responsible for the administration of the License Law, which governs the licensure, practice, and discipline of contractors in California. A license is required for construction projects valued at \$1,000 or more, including labor and materials. The CSLB issues licenses to business entities and sole proprietors. Each license requires a qualifying individual (a "qualifier") who satisfies the experience and examination requirements for licensure and directly supervises and controls construction work performed under the license.

The CSLB is authorized to take disciplinary action against licensed contractors who have violated the License Law and is empowered to use an escalating scale of penalties, ranging from citations and fines (referred to as civil penalties) to license suspension and revocation. Current law authorizes the board to take disciplinary action against a licensee for violations of specified laws that fall outside the scope of the License Law. Disciplinary action may include license suspension, revocation, stayed revocation with probationary conditions, letter of admonishment, and a citation that may include a fine and/or order of abatement.

Labor Law and Contractors. Although CSLB does not independently investigate wage and hour violations, it is a member of the Labor Enforcement Task Force (LETf), a coalition led by the Department of Industrial Relations (DIR) that works with local and state agencies to ensure employees are paid according to labor law, have safe working conditions, and that businesses engage in fair competition through enforcing licensing and tax laws. LETf membership includes CSLB, DIR, the Division of Labor Standards Enforcement (DLSE), and the DOJ, among other statewide agencies. According to CSLB, LETf members conduct weekly sweeps at active job sites to verify employee wages and compliance with licensing, insurance, tax, and job safety requirements. According to the May 2023 Labor Enforcement Task Force Report, LETf inspected 112 businesses in 2021 and 2022, during which time, approximately 41% of businesses were found to be out of compliance.

Additionally, the DLSE (also known as the Labor Commissioner) is responsible for investigating labor violations, including wage and hour laws. The Labor Commissioner is required to deliver a certified copy to CSLB of any finding of willful or deliberate violation of the Labor Code within the Labor Commissioner's jurisdiction (LAB § 98.9). Upon receipt, CSLB has 18 months during which it must initiate disciplinary action against a licensee for those violations (BPC § 7110.5).

This bill would create an additional method of enforcing wage theft in construction by authorizing the Attorney General to file a civil suit against a licensed contractor and seek discipline, including license suspension, revocation, or denial of a license, as a remedy for the violations. This bill would also require the Attorney General to notify the Registrar 30 days before filing a civil complaint, authorize CSLB to intervene in any court proceedings within 60 days of initial filing, and require the court to issue an order directing CSLB to suspend a license or bar licensure if the Attorney General establishes that the contractor failed to pay its workers the full amount of wages to which they are entitled.

Recent Amendments Address Implementation Concerns. The Author has worked with CSLB to address implementation concerns associated with the introduced version of this bill. The amendments require Attorney General notification to the Registrar 30 days in advance of filing a civil action; replaces suspension and permanent revocation as the only remedies available with all forms of discipline; and acknowledge the role of CSLB and the Registrar as the state entity charged with enforcement authority of the License Law by establishing that the court order direct the Registrar to exercise vested authority to take disciplinary action. These amendments resulted in CSLB changing its position to Support. Amendments were also taken to address stakeholder concerns that a good faith mistake regarding

which wage rate should be paid on projects subject to prevailing wage does not constitute a violation.

3. **Related Legislation.** AB 485 (Ortega of 2025) would require state agencies to deny a new license or permit, or the renewal of an existing license or permit, for employers with outstanding wage theft judgments and have not obtained a surety bond or reached an accord with the affected employee to satisfy the judgment. *This bill is pending in the Senate Committee on Labor, Public Employment and Retirement.*

AB 2210 (Aguiar Curry, Chapter 128, Statutes of 2020) extends from 180 days to 18 months the time that CSLB has to bring disciplinary action against a contractor for a contractor's willful or deliberate violation of the Labor Code assessed by the Labor Commissioner.

SB 315 (Lieu, Chapter 392, Statutes of 2014) extends the period from 30 days to 180 days during which the CSLB must initiate disciplinary action against a licensee upon a finding by the Labor Commissioner of a willful and deliberate labor code violation.

SB 588 (De León, Chapter 803, Statutes of 2015) requires an employer with an unsatisfied final judgment for non-payment of wages to cease business operations in California after 30 days unless the employer obtains a surety bond or reaches an accord with the unpaid worker.

4. **Arguments in Support.** Multiple supporters state, "While California has strong worker protection statutes, these laws are only as effective to the extent that they are enforced. CSLB has existing license suspension and revocation authority over its licensees in the construction industry, and the DOJ has the technical expertise to combat serious and repeat wage theft violations. However, the DOJ does not have independent authority to seek suspension a contractor license when suing a licensed contractor for repeated wage theft. AB 1002 will allow the DOJ to bring a civil action that would revoke or suspend an existing contractor license, or bar the licensure or deny the re-licensure of a contractor previously found to be illegally withholding wages. Contractors who may have otherwise repeatedly paid fines or avoided compliance will no longer be allowed to break the law and withhold wages from hardworking employees should they wish to continue doing business in California."

Asian Americans Advancing Justice, Southern California writes, "Too often, contractors with repeated violations continue operating with impunity, while workers remain unpaid, intimidated, or silenced. This bill creates a mechanism to hold the worst repeat offenders accountable by empowering the California Department of Justice to seek license suspension, revocation, or conditions when pursuing civil action."

The California Federation of Labor Unions AFL – CIO, writes "Wage theft ends up costing workers billions of dollars in stolen wages. It puts law-abiding employers at a disadvantage and costs taxpayers in lost revenue. Wage theft has a disproportionate impact on disadvantaged and immigrant communities, increasing

inequality. People of color, especially Black and Latino workers, are overrepresented in low-wage industries with higher rates of wage theft, including agriculture, construction, garment, and hospitality. Undocumented workers are three times more likely than U.S. born workers to experience wage violations.”

The California State Association of Electrical Workers, the California State Pipe Trades Council, and the Western States Council of Sheet Metal Workers write in support, “Wage theft is a critical issue for the skilled tradespeople our organizations represent, who are employed on numerous construction projects across California. These workers invest years in apprenticeship programs and continuous training to maintain the highest standards of safety and craftsmanship. When contractors engage in wage theft, it not only undermines workers’ livelihoods but also devalues the integrity of the entire skilled trades industry. Holding repeat offenders accountable is essential to protecting these workers and ensuring a level playing field for law-abiding contractors.”

The Contractors State License Board notes, “CSLB acknowledges the impact wage theft has on the construction industry and agrees that making license discipline a cause of civil action in wage violation cases could have a deterrent effect and help ensure workers are paid fairly.”

SUPPORT AND OPPOSITION:

Support:

Asian Americans Advancing Justice Southern California
California Federation of Labor Unions, AFL-CIO
California State Association of Electrical Workers
California State Pipe Trades Council
Contractors State License Board
State Building & Construction Trades Council of California
Ventura County Young Democrats
Western Center on Law & Poverty, INC.
Western States Council Sheet Metal, Air, Rail and Transportation

Opposition:

None received

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