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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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### AB 1002 (Gabriel) - Contractors: failure to pay wages: discipline

**Version:** June 26, 2025

**Policy Vote:** B., P. & E.D. 10 - 1, JUD. 11  
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**Urgency:** No

**Mandate:** No

**Hearing Date:** August 18, 2025

**Consultant:** Janelle Miyashiro

**Bill Summary:** AB 1002 authorizes the Attorney General (AG) to bring a civil action to impose discipline on a contractor's license, deny application for a new license, or deny a renewal of a license for violations of the Labor Code related to withholding workers' wages, as specified.

#### **Fiscal Impact:**

- Unknown, potentially significant workload cost pressures to the state funded trial court system for any additional civil actions filed as a result of this bill (Trial Court Trust Fund, General Fund).
- The Contractors State License Board (CSLB) notes it already has the authority to take disciplinary action against wage theft and other labor violations, so anticipate any additional enforcement workload to be minor and absorbable.
- The Department of Justice (DOJ) notes that any workload resulting from this bill would be for client agency-driven workload on behalf of CSLB. It is unknown if or to what extent CSLB may opt to use the enforcement mechanism authorized in this bill, however DOJ's Worker Rights and & Fair Labor Section report that it already brings civil wage theft enforcement actions under existing law so does not anticipate additional costs resulting from this bill.

**Background:** The CSLB is responsible for the administration of the Contractors License Law, which governs the licensure, practice, and discipline of contractors in California. Although CSLB does not independently investigate wage and hour violations, it is a member of the Labor Enforcement Task Force (LETF). LETF is 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. Upon receipt, CSLB

has 18 months during which it must initiate disciplinary action against a licensee for those violations.

**Proposed Law:**

- Authorizes the AG to bring a civil action to impose discipline upon, deny an application for, or deny continued maintenance of, a contractor's license. Provides that the civil action be brought on the grounds that a person has failed to pay its workers the full amount of wages that the workers are entitled to under state law, has not fulfilled a wage judgment, or is in violation of an injunction or court order regarding the payment of wages to its workers.
- Requires the AG to notify the CSLB Registrar at least 30 days prior to filing a civil complaint pursuant to the provisions of this bill. Provides that a failure by the AG to provide this notice shall not constitute a defense to the action.
- Authorizes CSLB to intervene in any court proceedings pursuant to the provisions of this bill within 60 days of the filing of the initial complaint.
- Specifies that the CSLB Registrar is not precluded from independently or concurrently proceeding with administrative discipline against the contractor for any violations not alleged in the AG's complaint.
- Specifies that a court order in response to the AG's cause of action may include an order directing the CSLB 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 CSLB Registrar to determine when a license may be issued or reinstated.
- Clarifies that a good faith mistake regarding which wage rate applies in a project subject to prevailing wage does not constitute a violation under the provisions of this bill.

**Staff Comments:** The fiscal impact of this bill to the courts will depend on many unknown factors, including the number of cases filed and the factors unique to each case. An eight-hour court day costs approximately \$10,500 in staff in workload. If court days exceed 10, costs to the trial courts could reach hundreds of thousands of dollars. In 2023–24, over 4.8 million cases were filed statewide in the superior courts. Filings increased over the past year, driven mostly by misdemeanors and infractions, and civil limited cases. The increase in filings from the previous year is greater than 5% for civil limited and unlimited, appellate division appeals, juvenile delinquency, misdemeanors and infractions, and probate. While the courts are not funded on a workload basis, an increase in workload could result in delayed court services and would put pressure on the General Fund to fund additional staff and resources and to increase the amount appropriated to backfill for trial court operations.

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