
THIRD READING

Bill No: AB 1002
Author: Gabriel (D), et al.
Amended: 6/26/25 in Senate
Vote: 21

SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 10-1, 7/7/25
AYES: Ashby, Choi, Archuleta, Arreguín, Grayson, Menjivar, Smallwood-
Cuevas, Strickland, Umberg, Weber Pierson
NOES: Niello

SENATE JUDICIARY COMMITTEE: 11-2, 7/15/25
AYES: Umberg, Allen, Arreguín, Ashby, Caballero, Durazo, Laird, Stern, Wahab,
Weber Pierson, Wiener
NOES: Niello, Valladares

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/29/25
AYES: Caballero, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 74-1, 6/2/25 - See last page for vote

SUBJECT: Contractors: failure to pay wages: discipline

SOURCE: Attorney General Rob Bonta

DIGEST: This bill authorizes the Attorney General (AG) to bring civil action to impose discipline against a Contractors State License Board (CSLB) licensee or to deny the application for a license on grounds that the licensee or applicant 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. This bill 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.

ANALYSIS:

Existing law:

- 1) Establishes the CSLB to implement and enforce the Contractors State License Law (License Law). (Business and Professions Code (BPC) §§ 7000 et seq.)
- 2) Authorizes CLSB to appoint a Registrar of Contractors to be the executive officer and secretary of the CSLB. (BPC § 7011)
- 3) Requires CSLB licensees to notify the Registrar of any unsatisfied final judgment 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 CSLB to suspend a license upon notification by any party having knowledge and proof of an outstanding judgement. (BPC § 7071.17(h))
- 6) Provides that 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 of receipt of Labor Commissioner's finding of a willful or deliberate violation of the Labor Code, as specified. (BPC § 7110.5)
- 8) Provides that any willful or fraudulent act by a contractor in which another is substantially injured constitutes cause for disciplinary action. (BPC § 7116)
- 9) Specifies that willful or deliberate failure by any licensee to pay any moneys due for materials or services rendered, as specified, in connection with their operations as a contractor is cause for disciplinary action. (BPC § 7120)
- 10) Requires a licensee to report to the registrar in writing within 90 days after the licensee knows 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 direction of the Labor Commissioner, 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 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 licensee 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 and filed a copy of the 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 30 days after the appeal period expires and no appeal 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 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. Requires the AG to notify the Registrar at least 30 days prior to filing a civil complaint.
- 2) Prohibits CSLB from intervening in any court proceedings within 60 days of the initial complaint filing and 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.
- 3) Specifies that a court order in response to the AG'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 or authorize the Registrar to determine when a license may be issued or reinstated.
- 4) 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.

Background

The CSLB is responsible for the administration of the License Law, which governs the licensure, practice, and discipline of contractors in California. The CSLB is authorized to take disciplinary action against licensed contractors who have violated the License Law and 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, a stayed revocation with probationary conditions, a letter of admonishment, or a citation.

CSLB does not independently investigate wage and hour violations, but is a member of the Labor Enforcement Task Force (LETf), a coalition of state agencies, including CSLB, DIR, the Division of Labor Standards Enforcement (DLSE), and the DOJ, among others, and 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. According to the May 2023 LETf Report, 112 businesses were inspected in 2021 and 2022 and 41% were found to be out of compliance.

The Labor Commissioner is responsible for investigating Labor Code violations, including wage and hour laws. Upon any finding of willful or deliberate violation of the Labor Code within the Labor Commissioner's jurisdiction, the Labor Commissioner is required to deliver a certified copy of any findings to CSLB (LAB § 98.9). CSLB then has 18 months to 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 AG 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.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Committee on Appropriations, the bill will result in 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. The 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. 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.

SUPPORT: (Verified 8/29/25)

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

OPPOSITION: (Verified 8/29/25)

None received

ARGUMENTS IN SUPPORT: Attorney General Rob Bonta (Sponsor) writes, "While California has strong worker protection statutes, these laws are only as effective to the extent that they are applied and enforced. CSLB has existing license suspension and revocation authority over its licensees in the construction industry where consumer protection is an important enforcement priority, and AB 1002 would extend this enforcement authority to DOJ to combat serious and repeat wage theft and other wage and hour violations as well."

Multiple supporters state, "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.”

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, “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 City of Los Angeles writes, “Enhancing enforcement mechanisms to combat employer misconduct would help improve the lives of workers across Los Angeles and level the playing field for businesses that comply with labor laws.”

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.”

California Teamsters writes, “Companies that repeatedly steal from their employees do not deserve to continue operation without consequence. California has worked hard to afford workers strong rights, but we need AB 1002 to ensure those rights are adequately protected.”

ASSEMBLY FLOOR: 74-1, 6/2/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Fariás, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Chen, Connolly, Davies, Dixon, Elhawary, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: DeMaio

NO VOTE RECORDED: Castillo, Ellis, Macedo, Tangipa

Prepared by: Yeaphana La Marr / B., P. & E.D. /
8/30/25 12:32:26

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