

CONCURRENCE IN SENATE AMENDMENTS

AB 1002 (Gabriel)

As Amended June 26, 2025

Majority vote

SUMMARY

Authorizes the Attorney General (AG) to bring a civil action to impose discipline upon, to deny an application for, or to deny continued maintenance of, a contractor license, as specified.

Senate Amendments

- 1) Replace the contents of the bill with substantially similar provisions in a new section in the Business and Professions Code, Division 3, Chapter 9, relating to contractors.
- 2) Specify that any order for suspension, revocation, or application denial pursuant to this bill shall be considered disciplinary action and legal action, as specified, and, unless the court orders otherwise, the registrar shall determine the length of time prior to license reinstatement or reissuance, except that a license denied under this section is subject to the period prescribed in existing law.
- 3) Clarify that nothing in this bill precludes or requires the CSLB to investigate a license for violations of this bill or to afford notice or an administrative hearing.
- 4) Specify that a good-faith mistake regarding which wage rate applies to a particular category of work, including, but not limited to, for purposes of payment of prevailing wages, shall not constitute a violation under this bill.

COMMENTS

The Contractors State License Board (CSLB) is responsible for the implementation and enforcement 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 and unlicensed 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. As it relates to this bill, the willful or deliberate disregard and violation of this state's labor laws constitutes a cause of action for disciplinary action against a licensee.

Although the Board does not independently investigate wage and hour violations, the board is a member of the Labor Enforcement Task Force (LETf), a coalition of governmental agencies whose mission is "to combat the underground economy in order to ensure safe working conditions and proper payment of wages for workers; to create an environment in which legitimate businesses can thrive; and to support the collection of all California taxes, fees, and penalties due from employers." According to the Board, the LETf inspects construction sites weekly to investigate license, wage, tax, and workplace safety compliance. The Labor Commissioner's office, also known as the Division of Labor Standards Enforcement, and the Division of Occupational Safety and Health within the Department of Industrial Relations are responsible for investigating labor violations and workplace safety and health hazards. By law, the Labor Commissioner is required to notify the Board when a licensed contractor is found to

have willfully or deliberately violated any provision of the Labor Code within the jurisdiction of the Labor Commissioner. The CSLB must initiate disciplinary action within 18 months.

According to the proponents of this bill, "numerous companies in California have been the subject of multiple investigations that found violations of the Labor Code, including wage theft. Many of these have been settled through financial compensation but, for some companies, the penalty has apparently not proven to serve as a sufficient deterrent." For example, West Coast Drywall & Company, which the California Department of Justice sued in February 2024, had previously been investigated by the United States Department of Labor and required to pay \$9,000 in back wages for 101 employees. A subsequent investigation revealed that the company again failed to pay workers overtime, instructed employees to falsify timecards, and asked workers to sign untrue statements that they were fully compensated. The company settled and agreed to pay nearly \$1 million in back wages and damages for overtime violations.

This bill would authorize the AG to file a civil suit against a licensed contractor to seek as a remedy the suspension, revocation, or denial of a license. Currently, only the board may revoke, suspend, or otherwise discipline a contractor's license. This bill would require the AG to notify the board 30 days before filing a civil complaint, authorize the CSLB to intervene in any court proceedings within 60 days of initial filing, and require the court to issue an order directing the CSLB to exercise its authority to suspend a license or bar licensure if the AG establishes that the contractor failed to pay its workers the full amount of wages that they are entitled to.

According to the Author

"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. [This bill] sends a clear message that wage theft is not a tolerated business practice."

Arguments in Support

As the sponsor of this bill, the *Office of Attorney General Rob Bonta* writes in support:

CSLB has existing license suspension and revocation authority over its licensees in the construction industry where consumer protection is an important enforcement priority, and [this bill] would extend this enforcement authority to DOJ to combat serious and repeat wage theft and other wage and hour violations as well ... Currently, the DOJ does not have the independent authority to seek suspension or revocation of, or the attachment of conditions to, a defendant's contractor license when suing a licensed contractor for labor violations. Serious and repeat wage and hour violators like West Coast Drywall demonstrate that existing civil remedies are insufficient to deter illegal behavior that harms California's workers and the economy overall.[This bill] would allow DOJ to seek CSLB license, suspension or revocation, or the attachment of license conditions, and obtain these remedies, after giving the CSLB notice of the relevant complaint, and providing the CSLB the option of intervening in the action. [This bill] does not establish any new remedies; it merely permits DOJ, working with the CSLB, to obtain licensing remedies that only the CSLB can currently obtain. This bill also affirmatively retains judicial discretion over the final remedy.

Arguments in Opposition

There is no opposition on file.

FISCAL COMMENTS

According to the Senate Appropriations Committee:

- 1) 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).
- 2) 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.
- 3) 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.

VOTES:

ASM BUSINESS AND PROFESSIONS: 17-0-1

YES: Berman, Flora, Ahrens, Alanis, Bains, Bauer-Kahan, Caloza, Chen, Elhawary, Hadwick, Haney, Irwin, Jackson, Krell, Lowenthal, Nguyen, Pellerin

ABS, ABST OR NV: Macedo

ASM JUDICIARY: 10-0-2

YES: Kalra, Dixon, Bryan, Connolly, Harabedian, Pacheco, Papan, Sanchez, Stefani, Zbur

ABS, ABST OR NV: Bauer-Kahan, Macedo

ASM APPROPRIATIONS: 13-0-2

YES: Wicks, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache, Ta

ABS, ABST OR NV: Sanchez, Tangipa

ASSEMBLY FLOOR: 74-1-4

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, 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

NO: DeMaio

ABS, ABST OR NV: Castillo, Ellis, Macedo, Tangipa

UPDATED

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