
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1185 (Cortese) - Pharmaceutical facilities: skilled and trained workforce

Version: April 20, 2026

Urgency: No

Hearing Date: May 4, 2026

Policy Vote: L., P.E. & R. 4 - 1

Mandate: No

Consultant: Robert Ingenito

Bill Summary: SB 1185 would require an owner, operator, or developer of a facility that will be used for the research, development, or production of pharmaceutical products, when contracting for the performance of initial and subsequent construction, alteration, demolition, installation, repair, or maintenance work on the facility, to require that its contractors and any subcontractors use a skilled and trained workforce, as specified.

Fiscal Impact:

- The Department of Industrial Relations (DIR) has yet to determine its administrative impacts that would result from this bill. However, these costs would likely total, at a minimum, in the hundreds of thousands of dollars annually (special fund).
- This bill could result in increased penalty revenue to the State. The magnitude is unknown.

Background: When a state or local agency completes any construction or similar work through the use of public funds, it is considered a “public works” project. Contractors and subcontractors that bid on or engage in the performance of a public works contract must register with the DIR by paying an initial application and an annual renewal fee. Registration covers one fiscal year regardless of the date on which the fee is paid. Currently, the fee is set at \$400 and can be renewed for up to three years at a time. All fees are deposited in the State Public Works Enforcement Fund to be used for enforcement. The prevailing wage rate is the basic hourly rate paid on public works projects to a majority of workers engaged in a particular craft, classification or type of work within the locality and in the nearest labor market area. DIR issues wage determinations semiannually.

Skilled and Trained Workforce (STW) requirements are qualifications for the building and construction workforce that California requires on certain projects. A “skilled and trained” workforce is one in which all workers performing work in an apprenticeable occupation in the building and construction trades are either skilled journeypersons or apprentices registered in a Division of Apprentice Standards (DAS) approved apprenticeship program. Additionally, at least 60 percent of the skilled journeypersons employed to perform work on the contract or project are graduates of either an in-state, DAS-approved apprenticeship program or an out-of-state, federally-approved apprenticeship program. Individuals who qualify as skilled journeypersons based on

their on-the-job experience do not count towards the 60 percent minimum graduation requirement.

Contractors required to use an STW commit to doing so in an enforceable agreement with the public entity or awarding body. As part of this agreement, a contractor submits monthly reports to the public entity that demonstrate their compliance and their subcontractors' compliance at every tier. Reports include the full name of each worker and the name, location, and graduation date of their completed apprenticeship program.

If a contractor fails to provide a monthly report or provides an incomplete one, the public entity will (1) withhold payments until compliance is achieved, and (2) notify DIR's Division of Labor Standards Enforcement (DLSE), headed by the Labor Commissioner (LC), for issuance of a civil penalty. For the public entity to resume payments, a contractor must submit a substantial compliance plan. Current law does not specify the format of a substantial compliance plan, nor does it specify the information that should be included. This vagueness can be problematic, because public entities are required to immediately resume payments unless they reject the plan as insufficient and explain the reason for the rejection. Without clear guidelines, public entities can accept any compliance plan so that work on their project can continue.

Under current law, the LC can issue civil penalties and debar contractors that violate STW obligations. Initial violations carry a maximum penalty of \$5,000 per month of work performed in violation. Second or subsequent violations within a three-year period carry a maximum penalty of \$10,000 per month of work performed. When assessing penalties, the LC considers specified criteria, including whether the violation was intentional and whether a contractor submitted and followed a substantial compliance plan.

A contractor can be debarred for any violation of STW obligations committed with intent to defraud. Generally, intent to defraud requires the intent to deceive another person or entity, and to induce such person or entity, in reliance upon such deception, to assume, create, transfer, alter or terminate a right, obligation, or power with reference to property of any kind.

Proposed Law: This bill, among other things, would do the following:

- Require an owner, operator, or developer of a facility that will be used for the research, development, or production of pharmaceutical products to, when contracting for the performance of construction, alteration, demolition, installation, repair, or maintenance work on the facility, require that its contractors and subcontractors use a skilled and trained workforce to perform all onsite work within an apprenticeable occupation in the building and construction trades, and would require all contractors and subcontractors performing the work to use a skilled and trained workforce.
- Require the owner, operator, or developer of the facility to provide to the Labor Commissioner a monthly report demonstrating compliance with the bill's provisions that includes, among other things, the full name and other identifying information relating to each worker relied on to satisfy the apprenticeship graduation percentage requirements. If the Labor Commissioner determines that

a contractor or subcontractor failed to use a skilled and trained workforce, the bill would require the contractor or subcontractor to forfeit, as a civil penalty to the state, up to \$5,000 per month of work performed for a first violation, and, for a second or subsequent violation, up to \$10,000 per month of work performed.

- Authorize the Labor Commissioner to reduce or waive the penalty under specified circumstances

Related Legislation:

- SB 978 (Perez) would, among other things, require a contractor who enters a contract to perform work on a data center facility to abide by specified public works requirements and use a STW. The bill is currently pending in this Committee.
- SB 1241 (Smallwood-Cuevas) would, among other things, (1) expand the circumstances under which a public entity can be required to obtain an enforceable commitment to use a STW, (2) define “substantial compliance plan” and “material misrepresentation,” (3) modify the criteria the LC uses to assess penalties for STW violations, and (4) require the LC to impose the maximum allowable penalty for a contractor’s failure to submit a monthly report or continued failure to use a STW after notice of a violation, as specified. The bill is currently pending in this Committee.
- SB 740 (Cortese, Chapter 293, Statutes of 2023) expanded STW requirements, applicable to an owner or operator of a stationary source that is engaged in certain petroleum-related activities, to also include contracts awarded, extended, or renewed on or after January 1, 2024, by an owner or operator of a stationary source that is engaged in manufacturing hydrogen, biofuels, or certain specified chemicals, or in capturing, sequestering, or using carbon dioxide in specified conditions.
- SB 1775 (Ward, Chapter 759, Statutes of 2022) required a contracting entity, as defined, to require an entertainment events vendor to certify for their employees and employees of their subcontractors that those individuals have completed specified workplace safety training, certification, and meet STW requirements.
- SB 288 (Wiener, Chapter 200, Statutes of 2020) required, among other things, the use of a STW for certain transit-related projects conducted by public agencies.
- AB 805 (Gonzalez Fletcher, Chapter 658, Statutes of 2017) among other things, prohibited the San Diego Association of Governments, the San Diego Metropolitan Transit Development Board, and the North County Transit District from entering into a construction contract over \$1 million unless the entity provides to that Board an enforceable commitment to use a STW, as specified.

- SB 693 (Hueso, Chapter 774, Statutes of 2016) consolidated STW requirements in various provisions of existing law related to alternative construction delivery methods and defined key terms related to STW requirements.
- AB 566 (O'Donnell, Chapter 214, Statutes of 2015) required school districts using the "lease/leaseback" construction method to use a STW.
- SB 54 (Hancock, Chapter 795, Statutes of 2013) required an owner or operator of specified stationary sources (petroleum refineries and petrochemical manufacturing facilities), when contracting for the performance of construction, alteration, demolition, installation, repair, or maintenance work to require that its contractors and any subcontractors use a STW to perform all onsite work within an apprenticeable occupation in the building and construction trades. SB 1185 contains language substantially similar to the language used in SB 54.

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