

THIRD READING

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Bill No: SB 1185

Author: Cortese (D), et al.

Amended: 5/14/26

Vote: 21

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SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 4-1, 4/15/26

AYES: Smallwood-Cuevas, Cortese, Durazo, Laird

NOES: Strickland

SENATE APPROPRIATIONS COMMITTEE: 6-1, 5/14/26

AYES: Cervantes, Cabaldon, Dahle, Grayson, Richardson, Wahab

NOES: Seyarto

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**SUBJECT:** Pharmaceutical facilities: skilled and trained workforce

**SOURCE:** State Building and Construction Trades Council of California

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**DIGEST:** This bill requires 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 (STW), as specified.

**ANALYSIS:**

Existing law:

- 1) Establishes within the Department of Industrial Relations (DIR), the Division of Labor Standards Enforcement under the direction of the Labor Commissioner (LC) and empowers the LC to ensure a just day's pay in every workplace and to promote justice through robust enforcement of labor laws. (Labor Code §79-107)

- 2) Establishes within DIR, the Division of Apprenticeship Standards (DAS) to oversee apprenticeship programs and requires the Chief of the Division (Chief) to perform various functions to promote the welfare of apprentices. (Labor Code §3070 et seq.)
- 3) Defines “public works” as, among other things, construction, alteration, demolition, installation, or repair work done under contract and paid for, in whole or in part, out of public funds, except work done directly by a public utility company pursuant to order of the California Public Utilities Commission (CPUC) or other public authority. (Labor Code §1720(a))
- 4) Requires the body awarding any contract for public work, or otherwise undertaking any public work, to obtain the general prevailing rate of per diem wages and the general rate for holiday and overtime work in the locality in which the public work is to be performed for each craft, classification, or type of worker needed to execute the contract from the Director of DIR. (Labor Code §1773)
- 5) Requires the LC to, with reasonable promptness, issue a civil wage and penalty assessment to the contractor or subcontractor, or both, if the LC or their designee determines after an investigation that there has been a violation of public works law. (Labor Code §1741(a))
- 6) Defines a “skilled journeyman” as a worker who either:
  - a) Graduated from an apprenticeship program for the applicable occupation that was approved by the chief or located outside California and approved for federal purposes pursuant to the apprenticeship regulations adopted by the federal Secretary of Labor.
  - b) Has at least as many hours of on-the-job experience in the applicable occupation as would be required to graduate from an apprenticeship program for the applicable occupation that is approved by the Chief. (Public Contract Code §2601(e))
- 7) Defines a “skilled and trained” workforce (STW) as a workforce that meets both of the following conditions:
  - a) All the workers performing work in an apprenticeable occupation in the building and construction trades are either skilled journeymen or apprentices registered in an apprenticeship program approved by DAS.
  - b) At least 60% of the skilled journeymen employed to perform work on the contract or project by every contractor and each of its subcontractors at

every tier are graduates of an apprenticeship program for the applicable occupation, as specified. (Public Contract Code §2601)

- 8) Authorizes a public entity to require a bidder, contractor, or other entity to use a STW to complete a contract or project regardless of whether the public entity is required to do so by statute or regulation. (Public Contract Code §2600)
- 9) Requires a contractor, bidder, or other entity to provide to the public entity or other awarding body, on a monthly basis while the project or contract is being performed, a report demonstrating compliance with skilled and trained workforce requirements. (Public Contract Code §2602)
- 10) Provides that a contractor or subcontractor that fails to use a STW shall forfeit, as a civil penalty to the state, not more than \$5,000 per month of work performed in violation of STW requirements. A contractor or subcontractor that commits a second or subsequent violation within a three-year period shall forfeit as a civil penalty to the state the sum of not more than \$10,000 per month of work performed in violation of STW requirements. (Public Contract Code §2603(a))
- 11) Directs the LC to consider the following criteria when assessing penalties for STW violations:
  - a) Whether the violation was intentional
  - b) Whether the contractor or subcontractor has committed other violations of STW requirements or of the Labor Code.
  - c) Whether, upon notice of the violation, the contractor or subcontractor took steps to voluntarily remedy the violation.
  - d) The extent or severity of the violation.
  - e) Whether a contractor or subcontractor submitted and followed a plan to achieve substantial compliance with this chapter. (Public Contract Code §2603(c))
- 12) Requires an owner or operator of a stationary source that is engaged in petroleum-related activities, engaged in manufacturing hydrogen, biofuels, or specified chemicals, or engaged in capturing, sequestering, or using carbon dioxide, when contracting for the performance of construction, alteration, demolition, installation, repair, or maintenance work at the stationary source, to require that its contractors and any subcontractors use a STW, as specified. (Health and Safety Code §§25536.7 and 25536.8)

This bill:

- 1) Requires 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 STW to perform all onsite work within an apprenticeable occupation in the building and construction trades.
- 2) Provides that a facility covered by these provisions shall be considered in determining whether existing apprenticeship programs do not have the capacity, or have neglected or refused, to dispatch sufficient apprentices to qualified employers who are willing to abide by the applicable apprenticeship standards.
- 3) Provides that these provisions do not apply to the employees of the owner or operator of the facility or prevent the owner or operator from using its own employees to perform any work that has not been assigned to contractors while the employees of the contractor are present and working.
- 4) Authorizes an apprenticeship program approved by the Chief to enroll, with advanced standing, applicants with prior work experience at a facility that is subject to these provisions, in accordance with the approved apprenticeship standards of the program.
- 5) Provides that specified provisions of the bill related to the qualifications of a skilled journeyman and the use of a STW do not apply to either of the following:
  - a) To the extent that the contractor has requested qualified workers from the local hiring halls that dispatch workers in the apprenticeable occupation and, due to workforce shortages, the contractor is unable to obtain sufficient qualified workers within 48 hours of the request, Saturdays, Sundays, and holidays excepted. These provisions do not prevent contractors from obtaining workers from any source.
  - b) To the extent that compliance is impracticable because an emergency requires immediate action to prevent harm to public health or safety or to the environment, but the criteria applies as soon as the emergency is over or it becomes practicable for contractors to obtain a qualified workforce.

- 6) Provides that the requirement specified in 1) for a STW applies to each individual contractor's and subcontractor's onsite workforce.
- 7) Provides that these provisions do not make the construction, alteration, demolition, installation, repair, or maintenance work at a facility that is subject to these provisions a public work, as specified. These provisions do not preclude the use of an alternative workweek schedule, as specified.
- 8) Requires the owner, operator, or developer of the facility to provide to the LC on a monthly basis a report demonstrating compliance with these provisions. The required monthly report shall include the full name of, and identify the apprenticeship program name, location, and graduation date of, each worker relied upon to satisfy the apprenticeship graduation percentage requirements of these provisions. A monthly report shall be a public record under the California Public Records Act and shall be open to public inspection.
- 9) Provides that if the LC, or the LC's designee, determines after an investigation that a contractor or subcontractor failed to use a STW, the contractor or subcontractor responsible for the violation shall forfeit, as a civil penalty to the state, not more than \$5,000 per month of work performed in violation of these provisions. A contractor or subcontractor that commits a second or subsequent violation within a three-year period shall forfeit as a civil penalty to the state not more than \$10,000 per month of work performed in violation of these provisions.
- 10) Authorizes the LC to reduce or waive any monetary penalty if the amount of the penalty would be disproportionate to the severity of the violation.
- 11) Directs the LC to consider, in setting the amount of a monetary penalty, all of the following circumstances:
  - a) Whether the violation was intentional.
  - b) Whether the contractor or subcontractor has committed other violations of this section or of the Labor Code.
  - c) Whether, upon notice of the violation, the contractor or subcontractor took steps to voluntarily remedy the violation.
  - d) The extent or severity of the violation.
- 12) Requires the LC, or the LC's designee, to issue a civil wage and penalty assessment, in accordance with Section 1741 of the Labor Code. Review of a civil wage and penalty assessment may be requested in accordance with

Section 1742 of the Labor Code. The regulations of DIR, which govern proceedings for review of civil wage and penalty assessments and the withholding of contract payments, as specified, shall apply.

- 13) Provides that the determination of the LC as to the amount of the penalty imposed shall be reviewable by the Director of DIR only for an abuse of discretion.
- 14) Provides that the monthly report and penalty provisions in 8) through 13) shall not apply if all work on the project is covered by a project labor agreement that requires the use of a STW and provides for the enforcement of that obligation through an arbitration procedure, and includes provisions to address community benefits. A project labor agreement means a prehire collective bargaining agreement that establishes terms and conditions of employment for a specific construction project or projects and is an agreement described in Section 158(f) of Title 29 of the United States Code.
- 15) Defines several terms, including:
  - a) “Apprenticeable occupation” means an occupation for which the Chief has approved an apprenticeship program, as specified.
  - b) “Facility that will be used for the research, development, or production of pharmaceutical products” includes a facility that will conduct activities described in Code 325411 or 325412 of the North American Classification System (NAICS), as that code read on January 1, 2025, and that involve the production of a pharmaceutical product, including starting materials, intermediaries, and active pharmaceutical intermediates.
  - c) “Graduate of an apprenticeship program” means either of the following:
    - i. An individual that has been issued a certificate of completion under the authority of the California Apprenticeship Council or the Chief for completing an apprenticeship program approved by the Chief pursuant to Section 3075 of the Labor Code.
    - ii. An individual that has completed an apprenticeship program located outside California and approved for federal purposes pursuant to the apprenticeship regulations adopted by the United States Secretary of Labor.
  - d) “Onsite work” shall not include catalyst handling and loading, chemical cleaning, or inspection and testing that was not within the scope of a prevailing wage determination issued by the Director of Industrial Relations as of January 1, 2025.

- e) “Prevailing hourly wage rate” means the general prevailing rate of per diem wages, as determined by the Director of DIR, as specified, but does not include shift differentials, travel and subsistence, or holiday pay.  
Notwithstanding subdivision (c) of Section 1773.1 of the Labor Code, the requirement that employer payments not reduce the obligation to pay the hourly straight time or overtime wages found to be prevailing does not apply if otherwise provided in a bona fide collective bargaining agreement covering the worker.
- f) “Registered apprentice” means an apprentice registered in an apprenticeship program approved by the Chief pursuant to Section 3075 of the Labor Code who is performing work covered by the standards of that apprenticeship program and receiving the supervision required by the standards of that apprenticeship program.
- g) “Skilled journeyman” means a worker who meets both of the following criteria:
  - i. The worker either graduated from an apprenticeship program for the applicable occupation that was approved by the Chief, or has at least as many hours of on-the-job experience in the applicable occupation that would be required to graduate from an apprenticeship program for the applicable occupation that is approved by the Chief.
  - ii. The worker is being paid at least a rate equivalent to the prevailing hourly wage rate for a journeyman in the applicable occupation and geographic area.
- h) “Skilled and trained workforce” means a workforce that meets both of the following criteria:
  - i. All of the workers are either registered apprentices or skilled journeymen.
  - ii. At least 60 percent of the skilled journeymen are graduates of an apprenticeship program for the applicable occupation.

## **Background**

*Prevailing Wages.* 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. The Director of DIR (Director) issues wage determinations semiannually, on February 22 and August 22. In determining the rates, the Director ascertains and considers the applicable wage rates established by collective bargaining agreements and the rates that may have been predetermined for federal public works. This bill would require an owner, operator, or developer of a facility that will be used for the

research, development, or production of pharmaceutical products to pay “skilled journeypersons” at least the prevailing hourly wage rate.

*What is a Skilled and Trained Workforce (STW)?* 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 DAS-approved apprenticeship program. Additionally, at least 60% 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% minimum graduation requirement. STW requirements ensure high-quality construction projects and invest in the state’s apprenticeship programs by increasing demand for graduates.

A public entity can be required, by statute or regulation, to obtain an enforceable commitment that a bidder, contractor, or other entity will use a STW to complete a contract or project. Even in the absence of a statute or regulation, a public entity can mandate the use of a STW. When a contractor is required to use a STW, they 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.

This bill would require the use of a STW for the *initial and subsequent* construction, alteration, demolition, installation, repair, or maintenance work on a facility that will be used for the research, development, or production of pharmaceutical products. Please see *Committee Comments* for an explanation of how this bill’s STW provisions differ from other extensions of STW provisions.

*SB 54 (Hancock, Chapter 795, Statutes of 2013) and SB 740 (Cortese, Chapter 293, Statutes of 2023).* A 2012 chemical release and fire at the Chevron U.S.A. Inc. Refinery in Richmond led the Legislature to adopt stricter refinery safety standards. Following the incident, Governor Brown commissioned an interagency working group to make recommendations about the safety of California’s oil refineries. The working group found that workers involved in maintenance received inadequate training and that refineries used mostly out-of-state contract workers during planned refinery shutdowns. To address these concerns, the Legislature passed SB 54 which requires 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, as specified. SB 54 contains one of the earliest extensions of STW requirements to privately funded work. Its provisions were drafted before STW requirements were consolidated into one comprehensive section of law. For example, SB 54 uses a definition of “journey person” that requires prevailing wages. This definition is inconsistent with the definition of “journey person” used in recent STW extensions.

The Legislature expanded the STW requirements in SB 54 when it passed SB 740. SB 740 applies to an owner or operator of a stationary source that is engaged in manufacturing hydrogen, biofuels, or certain chemicals or engaged in capturing, sequestering, or using carbon dioxide, as specified. Although this bill was passed after STW requirements were consolidated, SB 740 references the STW requirements established in SB 54.

The STW provisions in this bill are modeled after, but not an exact replica of SB 54 and SB 740. Please see *Committee Comments* for more information.

## Comments

In 2016, the Legislature established one comprehensive section of law for STW requirements. These requirements are found in Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code. Since then, several bills have expanded these requirements. Chapter 2.9 includes, among other things, the definition of STW, apprenticeable occupation, and skilled journey person, as well as enforcement mechanisms and penalties. By consolidating various STW statutes, the Legislature sought to ease compliance and limit implementation issues.

The Education Code, Government Code, and Public Utilities Code all contain references to Chapter 2.9 of the Public Contract Code when STW requirements are extended to specified projects. Rather than reference Chapter 2.9, SB 1185 would create a distinct STW extension for the *initial and subsequent* construction, alteration, demolition, installation, repair, or maintenance work on a facility that will be used for the research, development, or production of pharmaceutical products. The committee notes the following:

- STW requirements and prevailing wages typically apply to publicly funded projects, not privately funded ones. Recently, the Legislature has extended these

requirements to certain privately funded projects to prevent worker exploitation and promote the creation of a skilled workforce. This bill would continue this practice by requiring privately funded facilities used for the research, development, or production of pharmaceutical products to use a STW and pay prevailing wages, as specified.

- STW extensions that reference Chapter 2.9 of the Public Contract Code generally require a contractor, bidder, or other entity and its subcontractors to use a STW to perform all work on the project or contract that falls within an apprenticeable occupation in the building and construction trades. This bill, which is modeled after SB 54, would require a STW for the performance of *initial and subsequent* construction, alteration, demolition, installation, repair, or maintenance work.
- This bill would require a STW for the performance of *initial and subsequent* construction, alteration, demolition, installation, repair, or maintenance work. Essentially, the bill would require the use of a STW in perpetuity. This requirement *is not found* in SB 54 or SB 740, the two bills most similar to this bill. The committee is unaware of any other STW requirements that apply to subsequent construction, alteration, demolition, installation, repair, or maintenance work.
- This bill would use a definition of “skilled journeyman<sup>1</sup>” that differs from the one used in Chapter 2.9 of the Public Contract Code.<sup>2</sup> The definition used in this bill requires the payment of at least a rate equivalent to the prevailing hourly wage rate for a journeyman in the applicable occupation and geographic area. It is not uncommon for STW and prevailing wage requirements to be extended to the same project. However, the requirement to pay a prevailing wage is separate from the requirement to use a STW. Furthermore, when the Legislature extends prevailing wages to non-public works projects, it also usually extends certified payroll recordkeeping requirements.

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<sup>1</sup> SB 1185 defines a “skilled journeyman” as a worker who meets both of the following requirements: 1) Graduated from an apprenticeship program for the applicable occupation that was approved by the Chief or located outside California and approved for federal purposes pursuant to the apprenticeship regulations adopted by the federal Secretary of Labor; and 2) has at least as many hours of on-the-job experience in the applicable occupation as would be required to graduate from an apprenticeship program for the applicable occupation that is approved by the chief.

<sup>2</sup> Public Contract Code Section 2601(e) defines a “skilled journeyman” as a worker who either: 1) graduated from an in-state apprenticeship program approved by DAS or an out-of-state apprenticeship program, approved by the federal Secretary of Labor; or 2) has at least as many hours of on-the-job experience as would be required to graduate from the applicable DAS-approved apprenticeship program.

- Because this bill does not reference Chapter 2.9 of the Public Contract Code, some of the STW enforcement mechanisms within the bill differ from other STW extensions. For example, under this bill the owner, operator, or developer of the facility would be required to provide the LC with monthly compliance reports. Typically, the requirement to provide monthly reports falls on the contractor who then provides those reports to the public entity or other awarding body.

When the Legislature enacted SB 54, STW were not consolidated. That is no longer the case. Why not model SB this bill's provisions after more recent STW extensions that reference Chapter 2.9 of the Public Contract Code rather than creating new and conflicting requirements? As the bill moves forward, the author may wish to consider amending the measure to be more consistent with existing law.

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

According to the Senate Appropriations Committee:

- The Department of Industrial Relations is still reviewing the bill but expects that costs will exceed \$300,000 annually for staff (enforcement deputies, support, and supervisory staff) to enforce the new requirements (Labor Enforcement and Compliance Fund).
- This bill could result in increased penalty revenue to the State. The magnitude is unknown.

**SUPPORT:** (Verified 5/14/26)

State Building and Construction Trades Council of California (Source)

Auto, Marine & Specialty Painters Local 1176

Boilermakers Local 92

Bricklayers and Allied Craftworkers Local 3

Building & Construction Trades Council of Alameda County

California Federation of Labor Unions

California Legislative Conference of the Plumbing, Heating and Piping Industry

California State Association of Electrical Workers

California State Pipe Trades Council

California-Nevada Conference of Operating Engineers

Carpet, Linoleum & Soft Tile Workers Local 12

Carpet, Linoleum & Soft Tile Workers Local 1237

Contra Costa Building and Construction Trades Council

Glaziers, Architectural Metal and Glass Workers Local 169  
Glaziers, Architectural Metal and Glass Workers Local 767  
Glaziers, Architectural Metal and Glass Workers Local 1621  
Inland Empire Labor Council  
International Brotherhood of Electrical Workers Local 11  
International Brotherhood of Electrical Workers Local 40  
International Brotherhood of Electrical Workers Local 100  
International Brotherhood of Electrical Workers Local 340  
International Brotherhood of Electrical Workers Local 428  
International Brotherhood of Electrical Workers Local 569  
International Brotherhood of Electrical Workers Local 617  
International Brotherhood of Electrical Workers Local 639  
International Brotherhood of Electrical Workers Local 684  
International Union of Elevator Constructors Local 8  
International Union of Painters and Allied Trades District Council 16  
International Union of Painters and Allied Trades Local 294  
Ironworkers Local 416  
Ironworkers Local 433  
Kern, Inyo, & Mono Counties Building and Construction Trades Council  
Los Angeles and Orange Counties Building and Construction Trades Council  
National Electrical Contractors Association  
Painters and Drywall Finishers Local 3  
Painters and Drywall Finishers Local 272  
Painters and Drywall Finishers Local 913  
Painters and Tapers Local 487  
Painters and Tapers Local 507  
Pipefitters Local 403  
Plumbers and Steamfitters Local 62  
Plumbers and Steamfitters Local 342  
Plumbers and Steamfitters UA Local 484  
Sacramento-Sierra's Building and Construction Trades Council  
San Diego County Building and Construction Trades Council  
San Mateo County Building and Construction Trades Council  
San Mateo County Central Labor Council  
Santa Clara and San Benito Counties Building and Construction Trades Council  
SMART, Sheet Metal, Air, Rail, and Transportation Workers Local 104  
SMART, Sheet Metal, Air, Rail, and Transportation Workers Local 105  
SMART, Sheet Metal, Air, Rail, and Transportation Workers Local 206  
Teamsters California  
Teamsters Joint Council 42

Teamsters Local 87  
UA Local 250  
United Association Plumbers & Pipefitters Local 78  
United Association Plumbers & Pipefitters Local 114  
United Association Plumbers & Pipefitters Local 343  
United Association Plumbers & Pipefitters Local 442  
United Association Plumbers & Pipefitters Local 447  
United Association Plumbers & Pipefitters Local 460  
United Association Plumbers & Pipefitters Local 761  
Western States Council of Sheet Metal Workers

**OPPOSITION:** (Verified 5/14/26)

Associated Builders and Contractors of California  
Associated General Contractors  
Laser Electric  
Ultra Ceilings Inc.  
Western Electrical Contractors Association  
1 Individual

**ARGUMENTS IN SUPPORT:** The California State Building and Construction Trades Council argues:

“SB 1185 applies California’s established Skilled and Trained Workforce (STW) standards to the construction, maintenance, and repair of pharmaceutical research, development, and manufacturing facilities...”

Pharmaceutical manufacturing facilities are among the most technically complex construction environments in the modern economy. The integrity of construction is inseparable from the purity of the final product. These facilities operate within extraordinarily tight tolerances, where even minor installation deficiencies, whether in high-purity piping, cleanroom assembly, or air handling systems, can introduce contamination risks that compromise entire production batches.

A highly skilled and trained workforce is essential to ensuring that these systems are installed correctly the first time, maintaining the sterile environments required for safe and effective medicines. Simply put, construction quality is not just a project outcome, it is a public health safeguard...”

**ARGUMENTS IN OPPOSITION:** The Associated General Contractors oppose the measure, arguing:

“California has long maintained a clear distinction between public works where taxpayer dollars, public procurement rules, and state oversight justify heightened labor requirements and private construction, which operates under a different regulatory framework. SB 1185 blurs that line by applying the full skilled-and-trained workforce mandate, monthly reporting obligations, and significant civil penalties to projects that are entirely privately funded and privately delivered. This represents a major shift in state policy and introduces public-sector compliance systems into a private-sector setting where they were never intended to apply...

By limiting competition and layering public-works mandates onto private projects, SB 1185 is likely to increase construction costs, delay project timelines, and discourage investment in California’s pharmaceutical and biotechnology sectors.”

Prepared by: Emma Bruce / L., P.E. & R. / (916) 651-1556

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\*\*\*\* **END** \*\*\*\*