

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 33 (Cortese) – As Amended January 5, 2026

Policy Committee: Governmental Organization

Vote: 18 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: Yes

SUMMARY:

This bill repeals the January 1, 2027, sunset date for a claim resolution process applicable to certain state and local public works contracts.

FISCAL EFFECT:

- 1) Minor and absorbable costs to state and local entities subject to the claim resolution process to continue meeting specified timelines and conference requirements.

Although the claim resolution process generally applies to both local and state public entities, existing law specifically excludes seven state entities with substantial public works contracts from the process: Department of Water Resources, Department of Transportation, Department of Parks and Recreation, Department of Corrections and Rehabilitation, Military Department, Department of General Services, and High-Speed Rail Authority. In effect, the process primarily applies to the University of California, California State University, and local entities. If the Commission on State Mandates determines the provisions of this bill impose a state-mandated local program for which the state must reimburse local costs, local entities could seek reimbursement from the state.

- 2) Potential cost savings of an unknown amount to state and local entities to the extent the claim resolution process reduces construction delays, project costs, and litigation.

COMMENTS:

- 1) **Purpose.** According to the author:

California is in an infrastructure crisis. To address these vital infrastructure weaknesses, we need contractors to know that they will be paid properly and without delay when they accept public contracts. Even further, contractors require reassurance that if there are discrepancies, there will be equitable options for mediation and resolution. To accomplish this goal, SB 33 eliminates the sunset date of Public Contract Code § 9204 and makes it permanent. This code established the fair, cost-saving process that has decreased construction delays, reduced litigation, and improved project delivery for public agencies, taxpayers, and contractors that has been in use for nearly a decade.

This bill is supported by various contractor associations and labor organizations.

- 2) **Claim Resolution Process.** Prior to enactment of the claim resolution process, an aggrieved public works contractor had no recourse to resolve a disputed claim outside of arbitration or filing a civil action. AB 626 (Chiu), Chapter 810, Statutes of 2016, established a claim resolution process applicable to certain claims by a contractor in connection with certain public works projects regarding: (a) relief from damages or penalties assessed by a public entity, (b) payment by the public entity of money or damages arising from work done by the contractor, or (c) payment of an amount disputed by the public entity. Under the process, a contractor must submit a claim to the public entity by registered or certified mail, and the public entity must provide a written response to the claim within 45 days identifying what portion of the claim is disputed and undisputed. Payment due on the undisputed portion of the claim must be made within 60 days of the public entity's written response. A contractor may demand to meet-and-confer with the public entity to settle the disputed portion of the claim, with items not resolved during the conference submitted to nonbinding mediation.

AB 626 imposed a January 1, 2020, sunset date on the claim resolution process. AB 456 (Chiu), Chapter 489, Statutes of 2019, extended the sunset date to January 1, 2027. This bill repeals the sunset date, allowing the claim resolution process to continue indefinitely.

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