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UNFINISHED BUSINESS

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Bill No: SB 779  
Author: Archuleta (D)  
Amended: 9/4/25  
Vote: 21

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SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 10-0, 4/7/25

AYES: Ashby, Choi, Archuleta, Arreguín, Grayson, Menjivar, Niello,  
Smallwood-Cuevas, Umberg, Weber Pierson

NO VOTE RECORDED: Strickland

SENATE JUDICIARY COMMITTEE: 13-0, 4/22/25

AYES: Umberg, Niello, Allen, Arreguín, Ashby, Caballero, Durazo, Laird, Stern,  
Valladares, Wahab, Weber Pierson, Wiener

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SENATE FLOOR: 39-0, 6/3/25

AYES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear,  
Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez,  
Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar,  
Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-  
Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

NO VOTE RECORDED: Reyes

ASSEMBLY FLOOR: 56-0, 9/9/25 – Roll call not available.

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**SUBJECT:** Contractors: civil penalties

**SOURCE:** Contractors State License Board

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**DIGEST:** This bill increases current minimum civil penalty (enforcement fine) amounts issued by the Contractors State License Board (CSLB) and establishes minimum civil penalty amounts where they do not currently exist, beginning July

1, 2026. This bill authorizes the CSLB to adjust fine minimums every five years to correspond to changes in the Consumer Price Index (CPI).

*Assembly Amendments* of 9/4/25 incorporate amendments to Business and Professions Code § 7099.2 proposed by SB 291 to be operative only if this bill and SB 291 are enacted and this bill is enacted last.

## **ANALYSIS:**

Existing law:

- 1) Establishes the CSLB within the Department of Consumer Affairs (DCA) to license and regulate contractors and home improvement salespersons. (Business and Professions Code (BPC) § 7000 et seq.)
- 2) Authorizes CSLB to issue citations to a licensee who is in violation of the Contractors State License Law (License Law), which may contain a fine. (BPC § 125.9)
- 3) Authorizes CSLB to issue citations to an unlicensed person who is in violation of the License Law, which may contain a fine. (BPC § 148)
- 4) Sets the minimum fine for unlicensed activity at \$200 and the maximum fine at \$1,500. (BPC § 7028.7)
- 5) Requires CSLB to promulgate regulations covering the assessment of civil penalties while giving due consideration to the gravity of the violation, the good faith of the licensee or applicant for licensure being charged, and the history of previous violations (BPC § 7099.2)
- 6) Establishes a maximum fine of \$8,000, except when a violation of BPC §§ 7110, 7114, 7118, or 7125.4 is found, in which case, the maximum fine shall be \$30,000. (BPC § 7099.2)
- 7) Prohibits the willful or deliberate disregard and violation of the building laws of the state; engaging in business or practice of structural pest control without a license; laws applicable to a home solicitation contract or offer; safety, labor, Workers' Compensation and Unemployment insurance laws; the Subletting and Subcontracting Fair Practices Act; any provision of the Health and Safety Code or Water Code, relating to the digging, boring, or drilling of water wells; laws relevant to digging, drilling, excavation; illegal dumping prohibitions; and any state or local building permit law. (BPC § 7110)

- 8) Prohibits aiding or abetting an unlicensed person, combining or conspiring with an unlicensed person, or allowing one's license to be used by an unlicensed person, or acting as agent or partner or associate, or otherwise, of an unlicensed person with the intent to violate the License Law. (BPC § 7114)
- 9) Prohibits entering into a contract with a contractor while such contractor is not licensed. (BPC § 7118)
- 10) Prohibits filing a false Workers' Compensation Insurance exemption certificate, employing a person without filing a certificate of insurance with CSLB for that person, or employing a person without maintaining coverage for that person. (BPC § 7125.4)
- 11) Defines, "Percentage change in the cost of living" as the percentage change from April 1 of the prior year to April 1 of the current year in the California Consumer Price Index for all items, as determined by the California Department of Industrial Relations. (Revenue and Taxation Code (RTC) § 2212)

This bill:

- 1) Increases the minimum fine for a contractor found to be acting in the capacity of a contractor without a license or home improvement salesperson without a registration from \$200 to \$1,500.
- 2) Authorizes CSLB to adjust the minimum civil penalty for unlicensed activity for inflation every five years in accordance with RTC § 2212 and in multiples of \$100.
- 3) Establishes a minimum fine of \$1,500 for violations of BPC §§ 7110, 7114, 7118 or 7125.4 and establishes a minimum fine of \$500 for all other violations unless otherwise stated by the License Law.
- 4) Authorizes CSLB to adjust minimum civil penalties (other than those for unlicensed activity) every five years to correspond to increases in CPI in multiples of \$100 for fines less than \$1,000 and in multiples of \$1,000 for fines greater than \$1,000.

## **Background**

CSLB may issue citations containing fines for violations of the License Law. Each violation includes a fine range that can be issued in response to the violation. CSLB's fine maximums are set by statute, but do not generally include minimum

fines, which are set in regulation and have not been increased since 2007 (Title 16 of the California Code of Regulations (16 CCR) § 884).

When CSLB issues a citation, it takes specific criteria into account to determine the appropriate fine amount, including the gravity of the violation, the good faith of the licensee or applicant for licensure being charged, and the history of previous violations (BPC § 7099.2). Regulations additionally require CSLB to consider whether the citation includes multiple violations; the violation is serious or harmful; the citation involves a violation or violations perpetuated against a senior citizen or disabled person; and/or the citation involves a violation or violations involving a construction project in connection with repairs for damages caused by a natural disaster as described in BPC § 7158. (16 CCR § 884 (b))

If a person appeals a citation, the citation may be affirmed by the administrative law judge (ALJ), but could include a reduced fine. Because the minimum fines in regulations are exceptionally low (\$100 for most violations), there is room for a significant fine reduction, a practice that creates a great disparity between the original fine amount and the final fine and does not promote compliance.

CSLB stated in its 2024 Sunset Report that in FY 2019/20 through FY 2022/23, CSLB issued \$18,091,356 in fines on 5,597 citations with an average pre-appeal fine of \$3,232. ALJs reduced 2,014 fines on appeal to an average of \$1,840, with many being reduced to the minimum of \$100. The result was a total \$3,706,540 reduction between pre- and post-appeal fines, or nearly a million dollars annually.

For general violations of the License Law, this bill would codify a minimum fine of \$500, thereby increasing the minimum from \$100 or \$200 (whichever applies). This minimum fine is meant to be high enough to encourage compliance and prevent future violations, but low enough to reflect the less egregious nature of the violations. Separately, this bill would increase the minimum fine for the most egregious violations to \$1,500. These violations are contained in BPC § 7099.2 and include violations related to aiding and abetting an unlicensed person to violate the law, entering into a contract with an unlicensed person, filing a false workers' compensation exemption, and failing to comply with building codes, among others.

This bill would also permit CSLB to increase minimum fines based on increases in the CPI. Consumer harm, which contributes to the egregiousness of the violation, can be measured by financial losses incurred by the consumer for CSLB, unlike other programs within DCA. Those losses are a direct result the cost of goods and labor, so it is reasonable that penalties are increased by the same metric.

Recent laws implemented fine ranges for violations of the Home Furnishings and Thermal Insulation Act. The sections – BPC §§ 19094 (d)(3) and 19103 (e) – additionally grant the DCA program (for which the consumer harm is also determined by the cost of goods and services) authority to increase fines based on CPI. This bill would be consistent with the authority for the other DCA program.

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

CSLB anticipates staff costs will be minimal and absorbable within existing resources, and estimates possible increased penalty revenue of \$200,000 annually (special funds). CSLB notes it cannot accurately predict if this legislation will result in higher civil penalties collected. However, using data over the last two years, CSLB estimates that 391 citations issued to non-licensees were settled for amounts under \$1,500, and 52 citations for serious violations paid by licensees were settled for less than \$3,000. With these figures, CSLB anticipates the increase in minimum penalties could generate an estimated additional \$200,000 annually in revenue, supporting its continued enforcement efforts.

**SUPPORT:** (Verified 9/9/25)

Contractors State License Board (source)  
California Landscape Contractors Association

**OPPOSITION:** (Verified 9/9/25)

None received

**ARGUMENTS IN SUPPORT:** The California Landscape Contractors Association write, “It is not uncommon for administrative law judges to significantly reduce enforcement fines during citation appeals. These reductions can result in penalties that are not proportionate to the violations and therefore fail to serve as a meaningful deterrent to bad behavior.”

The Contractors State License Board writes, “...minimum civil penalties are non-existent or exceedingly low. This results in administrative law judges (ALJs) frequently and significantly reducing enforcement fines during citation appeals...These reductions result in fines that are not commensurate with the violation, do not adequately support Enforcement Division workload, do not provide an incentive to comply with Contractors Law, and provide minimal ability for CSLB to recuperate the cost of litigating an administrative citation.”

Prepared by: Yeaphana La Marr / B., P. & E.D. / , Elissa Silva / B., P. &  
E.D. /

9/9/25 14:50:27  
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