

Date of Hearing: July 1, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS  
Buffy Wicks, Chair  
SB 909 (Smallwood-Cuevas) – As Amended May 14, 2026

Policy Committee: Labor and Employment

Vote: 7 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

**SUMMARY:**

This bill increases the registration and renewal fee limit and penalty assessment amounts applicable to a public works contractor and redirects 50% of penalty revenue collected to the State Public Works Enforcement Fund (SPWEF).

Specifically, this bill:

- 1) Increases, from \$800 to \$1,000, the maximum registration and annual renewal fee amount the Department of Industrial Relations (DIR) director may collect from a public works contractor (including a subcontractor) by publishing the fees on DIR's website in lieu the rulemaking process.
- 2) Requires 50% of penalties received pursuant to a civil wage and penalty assessment (CWPA) issued by the Labor Commissioner (LC) against a contractor for a violation of public works law be deposited in the SPWEF and used only for public works administration and enforcement.
- 3) Increases the maximum penalty amounts a contractor must forfeit to the contracting state or local agency for certain violations of public works law, as follows: (a) from \$200 to \$280 per day, per worker, for which a worker is paid less than the prevailing wage, while also increasing the minimum penalty amounts the LC may assess depending on contractor's history and intent; (b) from \$100 to \$140 per day, per worker, for which the contractor fails to comply with a request for certified payroll records (CPRs); (c) from \$100 to \$140 per day for a contractor knowingly violates apprenticeship obligations and from \$300 to \$420 per day for a subsequent violation of apprenticeship obligations; and (d) from \$25 to \$35 per day, per worker, for which a worker is required to work more than eight hours in one day and 40 hours in one week.
- 4) Requires 50% of penalties received pursuant to such forfeitures be deposited in the SPWEF and used only for public works administration and enforcement.

**FISCAL EFFECT:**

- 1) Minor and absorbable costs to DIR to update and administer increased registration and renewal fee limits and maximum penalty amounts.
- 2) Increased fee and penalty revenue of an unknown, but potentially significant amount, in excess of \$150,000, to the extent contractors are required to pay more in fees and penalties

(SPWEF). The magnitude of the increase depends on the fee and penalty amounts determined by DIR and the LC, respectively, and the number of impacted contractors.

- 3) General Fund revenue loss of an unknown, but potentially significant amount, by requiring 50% of penalty revenue be redirected from the General Fund and deposited in the SPWEF.

#### COMMENTS:

- 1) **Purpose.** The author contends the state's investments in infrastructure projects "should create good-paying jobs and preserve high labor standards, not reward contractors who violate labor laws or commit wage theft." According to the author:

SB 909 is an important worker-protection and taxpayer-accountability measure because it strengthens California's ability to enforce existing public works laws. The bill updates penalty amounts that have not kept pace with inflation, dedicates a portion of collected penalties to the State Public Works Enforcement Fund, and helps ensure enforcement resources expand alongside California's increasing public infrastructure investments.

- 2) **Background. *Public Works Projects.*** A contractor must meet certain requirements to be eligible to bid or perform work on a public works project, which is publicly funded construction, alteration, demolition, installation, maintenance, or repair work done under contract. The contractor must have workers' compensation insurance, be licensed with the Contractors State Licensing Board, and not be subject to a delinquent CWPA or debarment. The contractor must also register with DIR by paying an initial application fee and annual renewal fee. Such fees are deposited into the SPWEF for public works administration and enforcement. This bill increases, from \$800 to \$1,000, the maximum registration and annual renewal fee amount DIR may collect from a public works contractor without needing to go through the rulemaking process.

Existing law requires payment of prevailing wage to all workers employed on a public works project valued over \$1,000. CPRs reflect a contractor's accounting of funds paid out on a contract performed for a public works project, detailing the hours worked, wages paid to each employee, and the jobs performed so the contracting agency has a method of oversight to guarantee a contractor compensates employees with prevailing wages. A project valued over \$30,000 must also meet apprenticeship requirements.

**CWPAs.** A CWPA is the statutory enforcement mechanism the LC uses to recover unpaid wages or penalties from certain violations of public works law. A contractor and subcontractor are held jointly and severally liable for amounts owed as a result of a violation, although the LC must first exhaust all reasonable remedies to collect an amount due from the subcontractor before pursuing the claim against the contractor. From the amount collected, the wage claim must be satisfied prior to the penalty amount, with penalties generally paid into the General Fund. Existing law also provides that some penalties owed by a contractor are forfeited to the contracting state or local agency and withheld from progress payments. This bill increases penalty amounts for certain violations of public works law and requires 50% of penalties received pursuant to a CWPA or such forfeitures be deposited in the SPWEF and used only for public works administration and enforcement.

- 3) **Support and Opposition.** This bill is sponsored by the California-Nevada Conference of Operating Engineers, the District Council of Iron Workers, and the California Federation of Labor Unions, which argues, “if public works penalties had been adjusted to keep pace with inflation since they were last increased in 2013, [DIR] could have generated an additional \$7.3 million in penalties and funded over 40 new positions at the understaffed [LC’s Office].” This bill is also supported by other labor organizations.

This bill is opposed by contractor associations, with the Associated General Contractors and American Subcontractors Association of California arguing this bill “increases costs and risks for responsible contractors without addressing the systemic issues that hinder timely effective enforcement.”

**Analysis Prepared by:** Irene Ho / APPR. / (916) 319-2081