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**AB-1204 Contractors: contracts: restrictions.** (2023-2024)

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**Assembly Bill No. 1204**

**CHAPTER 568**

An act to add Section 7035 to the Business and Professions Code, relating to contractors.

[ Approved by Governor October 08, 2023. Filed with Secretary of State October 08, 2023. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 1204, Holden. Contractors: contracts: restrictions.

Existing law, the Contractors State License Law, defines and regulates the activities of contractors and provides for their licensure, regulation, and discipline by the Contractors State License Board within the Department of Consumer Affairs. Existing law classifies the contracting business to include general engineering contracting, general building contracting, residential remodeling contracting, and specialty contracting. Existing law authorizes the issuance of contractors' licenses to individual owners, partnerships, corporations, and limited liability companies, and authorizes those persons and entities to qualify for a license by the appearance of specified individuals. Existing law prohibits contractors from performing specified acts and provides that a violation of those acts may constitute a cause for disciplinary action.

This bill would prohibit a specialty contractor, as defined, from entering into a contract for the performance of work on the same single project or undertaking with more than one subcontractor in the same license classification unless the subcontractor employs persons who are classified as employees to perform work in that license classification on the single project or undertaking or the specialty contractor is a signatory to a bona fide collective bargaining agreement, as specified. The bill would provide that a violation of this provision constitutes a cause for disciplinary action.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 7035 is added to the Business and Professions Code, to read:

**7035.** (a) A specialty contractor shall not enter into a contract for the performance of work on the same single project or undertaking with more than one subcontractor in the same license classification as the specialty contractor offering the contract, unless either of the following requirements are satisfied:

- (1) The subcontractor employs persons who are classified as employees to perform work in that license classification on the single project or undertaking.
- (2) The specialty contractor is a signatory to a bona fide collective bargaining agreement that covers the type of work being performed on the single project or undertaking and addresses the issue of subcontracting or subletting.

(b) A violation of subdivision (a) shall constitute a cause for disciplinary action.

(c) For purposes of this section, the following definitions shall apply:

(1) "Employs persons who are classified as employees" means the subcontractor classifies the individuals as employees rather than as independent contractors for purposes of the Labor Code.

(2) "Specialty contractor" has the same meaning as in Section 7058.