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**AB-521 Contractors State License Board: bond deposits: liability for legal fees and costs.** (2025-2026)

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**Assembly Bill No. 521**

**CHAPTER 265**

An act to amend Section 7071.4 of the Business and Professions Code, relating to professions and vocations.

[ Approved by Governor October 03, 2025. Filed with Secretary of State October 03, 2025. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 521, Carrillo. Contractors State License Board: bond deposits: liability for legal fees and costs.

Existing law, the Contractors State License Law, establishes the Contractors State License Board within the Department of Consumer Affairs and sets forth its powers and duties relating to the licensure and regulation of contractors. Existing law requires the board, with the approval of the Director of Consumer Affairs, to appoint a registrar of contractors to serve as the executive officer and secretary of the board.

Existing law requires a licensee who is subject to a bonding provision under the law to maintain a bond as executed by an admitted surety insurer or as deposited with the registrar, as specified. Prior existing law authorized certain deposits to be given instead of the bond, as specified. Existing law requires all alternatives in lieu of a bond that had been filed with the registrar to be replaced for a surety bond or the deposit of lawful money or a cashier's check, as specified, by January 1, 2020. Existing law prohibits the board from charging legal fees against those deposits, as specified.

This bill would exempt the board from liability for legal fees or costs in an action against any deposit described above, regardless of when it was filed with the registrar.

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

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

**SECTION 1.** Section 7071.4 of the Business and Professions Code is amended to read:

**7071.4.** (a) Each person licensed under the provisions of this chapter and subject to any of the bonding provisions of this article shall maintain the requisite bond as executed by an admitted surety insurer or as deposited with the registrar pursuant to paragraph (1) of subdivision (a) of Section 995.710 of the Code of Civil Procedure in the appropriate amount. Notwithstanding Article 7 (commencing with Section 995.710) of Chapter 2 of Title 14 of Part 2 of the Code of Civil Procedure, no other method of deposit, including, but not limited to, a certificate of deposit, shall satisfy a bond requirement under this article.

(b) All existing alternatives in lieu of a bond currently filed with the registrar shall be replaced for a surety bond or the deposit prescribed by paragraph (1) of subdivision (a) of Section 995.710 of the Code of Civil Procedure by January 1, 2020.

(c) (1) If the board is notified, in writing, of a civil action against the deposit authorized under this section, the deposit or any portion thereof shall not be released for any purpose, except as determined by the court.

(2) If any deposit authorized under this section is insufficient to pay, in full, all claims that have been adjudicated under any action filed in accordance with this section, the amount of the deposit shall be distributed to all claimants in proportion to the amount of their respective claims.

(d) Notwithstanding subdivision (a), this section shall not apply to the bond equivalents described in Section 7159.5 of this chapter.

(e) (1) This section shall be operative on and after January 1, 2019, upon which date the registrar shall thereafter no longer accept alternatives in lieu of a bond, other than as provided in this section.

(2) Notwithstanding any other law, in order to comply with the bonding provisions of this article, a person shall only be required to provide information consistent with the requirements for an applicant under Section 30.

(f) All alternatives in lieu of a bond filed with the registrar before January 1, 2019, and any lawful money or cashier's check deposited pursuant to paragraph (1) of subdivision (a) of Section 995.710 of the Code of Civil Procedure after January 1, 2019, shall be subject to the following limitations periods:

(1) Any action, other than an action to recover wages or fringe benefits, against a deposit given in lieu of a contractor's bond or bond of a qualifying individual filed by an active licensee shall be brought within three years after the expiration of the license period during which the act or omission occurred, or within three years of the date the license of the active licensee was inactivated, canceled, or revoked by the board, whichever occurs first.

(2) Any action, other than an action to recover wages or fringe benefits, against a deposit given in lieu of a disciplinary bond filed by an active licensee pursuant to Section 7071.8 shall be brought within three years after the expiration of the license period during which the act or omission occurred, or within three years of the date the license of the active licensee was inactivated, canceled, or revoked by the board, or within three years after the last date for which a deposit given in lieu of a disciplinary bond filed pursuant to Section 7071.8 was required, whichever date is first.

(3) A claim to recover wages or fringe benefits shall be brought within six months from the date that the wage or fringe benefit delinquencies were discovered, but in no event shall a civil action thereon be brought later than two years from the date the wage or fringe benefit contributions were due.

(g) In any case in which a claim is filed against an alternative given in lieu of a bond filed with the registrar before January 1, 2019, or deposited with the registrar pursuant to subdivision (a), by any employee or by an employee organization on behalf of an employee, concerning wages or fringe benefits based upon the employee's employment, claims for the nonpayment shall be filed with the Labor Commissioner. The Labor Commissioner shall, pursuant to the authority vested by Section 96.5 of the Labor Code, conduct hearings to determine whether or not the wages or fringe benefits should be paid to the complainant. Upon a finding by the commissioner that the wages or fringe benefits should be paid to the complainant, the commissioner shall notify the registrar of the findings. The registrar shall not make payment from the deposit on the basis of findings by the commissioner for a period of 10 days following determination of the findings. If, within the period, the complainant or the contractor files written notice with the registrar and the commissioner of an intention to seek judicial review of the findings pursuant to Section 11523 of the Government Code, the registrar shall not make payment if an action is actually filed, except as determined by the court. If, thereafter, no action is filed within 60 days following determination of findings by the commissioner, the registrar shall make payment from the deposit to the complainant.

(h) Legal fees may not be charged by the board against any alternative given in lieu of a bond filed with the registrar before January 1, 2019, or deposited with the registrar pursuant to subdivision (a). In addition, the board shall not be liable for any legal fees or costs in any action, as described in subdivision (c), against any deposit authorized under this section, regardless of when it was filed with the registrar.