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AB-1002 Contractors: failure to pay wages: discipline. (2025-2026)

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Assembly Bill No. 1002

CHAPTER 567

An act to add Section 7036 to the Business and Professions Code, relating to professions and vocations.

[Approved by Governor October 10, 2025. Filed with Secretary of State October 10, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1002, Gabriel. Contractors: failure to pay wages: discipline.

Existing law, the Contractors State License Law, establishes the Contractors State License Board to license and regulate contractors and establishes the registrar of contractors as the executive officer and secretary of the board. Existing law requires the registrar, upon receipt of the Labor Commissioner's finding of a willful or deliberate violation of the Labor Code by a licensee or transmission to the board of citations or other actions taken by the Division of Occupational Safety and Health, to initiate disciplinary action against the licensee within 18 months.

This bill would authorize the Attorney General to bring a civil action to impose discipline upon, to deny an application for, or to deny continued maintenance of, a contractor's license for failing to pay its workers the full amount of wages the workers are entitled to under state law or because the contractor has not fulfilled a wage judgment or is in violation of an injunction or court order regarding the payment of wages to its workers. The bill would require the Attorney General to notify the registrar before bringing a civil action and would authorize the board to intervene in a proceeding brought pursuant to the bill's provisions. The bill would require a court to issue an order directing the registrar to suspend or revoke, to deny an application for, or to deny the continued maintenance of, a contractor's license under terms specified by the court.

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

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

SECTION 1. Section 7036 is added to the Business and Professions Code, to read:

7036. (a) Notwithstanding any other provision of this chapter, the Attorney General may bring a civil action to impose discipline upon, to deny an application for, or to deny continued maintenance of, a contractor's license. The civil action shall be brought on the grounds that a person has failed to pay its workers the full amount of wages that the workers are entitled to under state law, has not fulfilled a wage judgment, or is in violation of an injunction or court order regarding the payment of wages to its workers.

(b) The Attorney General shall notify the registrar at least 30 days prior to filing a civil complaint pursuant to subdivision (a). The Attorney General's failure to provide this notice shall not constitute a defense to the action.

(c) The board may intervene in any court proceedings brought pursuant to this section within 60 days of the filing of the initial complaint. After that time, intervention shall be by leave of court upon good cause shown. If the board elects not to intervene, the

election shall be deemed consent by the board to comply with any order of the court issued pursuant to subdivision (d) and to be subject to the court's jurisdiction to enforce the order, if necessary. No action or inaction under this section shall preclude the registrar from independently or concurrently proceeding administratively against the contractor's license and obtaining administrative remedies for any violations not alleged in the Attorney General's complaint, whether or not the board has intervened.

(d) Upon the Attorney General establishing the cause of action described in subdivision (a), the following shall apply:

(1) The relief granted shall be in the form of an order by the court directing the registrar to exercise its authority to suspend or revoke, to deny an application for, or to deny the continued maintenance of, a contractor's license under terms specified by the court. In granting the relief, the court may consider both the severity and the form of relief imposed by the registrar in disciplinary actions taken by the registrar, making reasonable efforts to conform to the court's order.

(2) Any order for suspension, revocation, or application denial pursuant to this section shall be considered disciplinary action within the meaning of Section 7071.8 and legal action within the meaning of Section 7124.6, and, unless the court orders otherwise, the registrar shall determine the length of time prior to license reinstatement or reissuance pursuant to Section 7102, except that a license denied under this section is subject to the period prescribed in subdivision (a) of Section 486.

(e) Nothing in this section shall preclude or require the board to investigate a license for violations of this chapter pursuant to Sections 7011.7 and 7090 or require the board to afford notice or a hearing under the provisions of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(f) A good faith mistake regarding which wage rate applies to a particular category of work, including, but not limited to, for purposes of payment of prevailing wages, shall not constitute a violation under this section.