



## 2025 Legislative Report

### Introduction

The 2025 California Legislative Session concluded on October 13, the final day for Governor Gavin Newsom to sign or veto legislation. This year, NCCA experienced one of its most successful sessions to date, advancing major industry priorities, including landmark reforms to cap private-works retention at 5% and to extend the proven public-works change order claims process to private construction. Both measures represent significant progress in addressing the cash flow and payment challenges that NCCA contractors often face on private projects.

At the same time, the year presented considerable challenges on the broader employer-policy front, particularly concerning the use of emerging technologies to track employee hours, enhance jobsite safety, and prevent theft. Many of these proposals targeted all employers uniformly, without accounting for the unique nature of construction work, where employees operate across multiple jobsites that must be kept secure, perform service and maintenance calls, and often take-home employer owned vehicles and tools.

As reflected in the attached scorecard, a substantial portion of NCCA's advocacy efforts continues to focus on opposing legislation that would negatively affect contractors. With both houses of the Legislature controlled by Democratic supermajorities, it remains difficult to stop or amend progressive and environmental proposals that disproportionately burden our industry. Nonetheless, NCCA successfully defeated or improved numerous measures that would have otherwise harmed contractors and the broader construction community.

Enclosed is a summary of the key bills NCCA engaged on during the 2025 session, along with their final outcomes.

 = Positive Outcome

 = Negative Outcome

## **LEGISLATION SUPPORTED BY NCFCA**

### **AB 521 (Carrillo) – CSLB Bond Deposit Liability Clarification**

Clarifies that the Contractors State License Board (CSLB) is not liable for legal fees or costs in any action involving CSLB held deposits filed in lieu of contractor license bonds. This technical fix protects CSLB from unnecessary legal exposure helping to safeguarding CSLB resources and helping keep contractor licensing fees low.

**STATUS:** Approved by the Governor

### **AB 889 (Hadwick) – Prevailing Wage: Fringe Benefit Annualization Reform**

Tightens prevailing wage fringe benefit rules by removing the DIR's authority to grant exemptions from the annualization requirement and revoking existing exemptions effective January 1, 2026. Construction employers must now annualize all fringe benefit contributions across both public and private work, with a narrow exception for immediate-vesting defined contribution plans. For union-signatory contractors, the impact is minimal since collectively bargained benefits are already paid uniformly across all work. The bill primarily closes loopholes used by non-union contractors to inflate fringe credits, leveling the playing field and promoting fairer competition on public works projects.

**STATUS:** Approved by the Governor

### **AB 963 (Petrie-Norris) – Public Funded Project Records Transparency**

Requires nonpublic (private-sector) owners and developers who receive public funding and control projects subject to prevailing wage to provide limited project records upon request to the Division of Labor Standards Enforcement, multiemployer Taft-Hartley trust funds, and joint labor-management committees. Applicable documents are limited to bid requests, bid lists and amounts, final executed construction contracts demonstrating public-works compliance, and the names and license numbers of contractors and subcontractors performing the work. The bill allows redaction of confidential or proprietary information not already public. These transparency requirements are consistent with traditional public works practices and were intended to protect taxpayer funds and ensure compliance with labor laws such as prevailing wage and skilled-and-trained workforce standards.

**STATUS:** Vetoed by the Governor

### **AB 1198 (Haney) – Aligning Prevailing Wage Rates to the Time Work is Performed**

Strengthens California's prevailing wage system by aligning wage requirements with the rates in effect when work is performed, rather than those locked in on the date a project is advertised for bid. This change addresses a long-standing inequity that forces union-signatory contractors (whose collectively bargained wages increase regularly) to absorb higher labor costs on large, long-duration public works projects. By tying prevailing wage requirements to real-time labor

costs, AB 1198 promotes fair compensation, transparency, and a level playing field for union contractors competing on public works projects.

**STATUS: Failed Deadline - Dead**

**SB 61 (Cortese) – 5% Retention Cap on Private Construction Projects**

Establishes a 5% cap on retention for private construction contracts, mirroring the long-standing cap that already applies to most public works projects. Under the bill, neither owners, contractors, nor subcontractors may withhold more than 5% from progress payments, except in limited circumstances. By limiting excessive retention, SB 61 improves cash flow for contractors and subcontractors, reduces financial strain, and ensures more timely payments throughout the construction chain.

**STATUS: Approved by the Governor**

**SB 440 (Ochoa Bogh) – Private Works Change Order Fair Payment Act**

Establishes long-overdue change order reform for private construction projects, extending to the private sector the same fair payment protections already in place for public works. Specifically, the measure creates a clear claim resolution process for contractor-initiated change orders on private projects, ensuring owners review claims promptly, pay undisputed amounts, and engage in nonbinding mediation before litigation if disputes remain. By standardizing timelines and procedures for change order review and payment, SB 440 promotes timely compensation, reduces costly disputes, and brings fairness and predictability to private construction contracting.

**STATUS: Approved by the Governor**

## **LEGISLATION OPPOSED BY NCFCA**

**AB 1221 (Bryan) – Workplace Surveillance Tools Regulation**

Would impose sweeping restrictions on workplace surveillance and data use, applying to both public and private employers. The bill requires employers to provide 30 days' advance written notice to all employees before implementing any surveillance tool and to disclose what data would be collected, for what purpose, and why the surveillance was necessary. It also prohibited certain technologies, including facial, gait, or emotion recognition tools, and banned employers from using surveillance data to infer personal information such as immigration status, political beliefs, or disability status. Violations would have been enforceable by the Labor Commissioner, public prosecutors, or through private lawsuits, with penalties of \$500 per violation. While intended to enhance worker privacy, the bill was overly broad and burdensome, exposing employers, including contractors, to significant liability risks and compliance uncertainty, even for legitimate safety and security monitoring.

**STATUS: Failed Deadline - Dead**

**AB 1331 (Elhawary) – Workplace Surveillance Restrictions**

Limits employers' use of workplace surveillance tools, prohibiting monitoring in employee-only areas such as break rooms, locker rooms, and restrooms. It also would have allowed employees

to leave behind surveillance-enabled devices (like phones or wearables) in private or off-duty areas, while barring them from tampering with employer-installed monitoring equipment in vehicles or tools. While intended to enhance worker privacy, the bill's vague definitions and broad restrictions would have created confusion and liability risks for construction employers who rely on standard jobsite monitoring for safety, compliance, and theft prevention.

**STATUS: Failed Deadline -Dead**

**AB 1341 (Hoover) – Contractor Discipline and Scope of Practice Expansion**

Would require the Contractors State License Board (CSLB) to take disciplinary action against any licensed contractor found to have violated scope-of-practice laws governing architecture, engineering, landscape architecture, geology, geophysics, or land surveying. The bill's broad language risked allowing other state boards or bureaus to expand their authority through regulation, potentially forcing CSLB to suspend or revoke contractor licenses for performing work long recognized as part of the construction trades. This could have penalized contractors for using modern technologies, tools, and methods that blur traditional professional boundaries.

**STATUS: Failed Deadline -Dead**

**AB 1371 (Sharp-Collins) – Employee Right to Refuse Hazardous Work**

Would expand existing Cal/OSHA protections to allow employees to refuse assigned work if they, "in good faith," believed the task could result in injury or illness, even when no specific safety standard was violated. The bill also requires employers to provide a response "reasonably calculated to allay the employee's concerns" before the refusal could be overridden. While intended to strengthen worker safety, the bill's broad and subjective standard could have invited abuse and work stoppages, particularly in dynamic environments like construction where perceived risks are inherent and already regulated under comprehensive safety programs. Employers could have faced increased disputes, project delays, and potential retaliation claims, even when operating within Cal/OSHA compliance.

**STATUS: Failed Deadline- Dead**

**SB 238 (Smallwood-Cuevas) – Workplace Surveillance Reporting Mandate**

Would have required all employers to annually report every workplace surveillance tool in use to the Department of Industrial Relations (DIR). The notice would need to specify what personal information is collected from workers, whether individuals can opt out, and how the data is used. The DIR would then be required to publish this information online within 30 days. While intended to increase transparency, the bill would have created significant administrative burdens, exposed employers to privacy and security risks, and publicly disclosed sensitive information about workplace safety and security systems. For industries like construction, where cameras, GPS tracking, and monitoring tools are essential for safety, theft prevention, and compliance, SB 238 could have compromised jobsite security and increased liability.

**STATUS: Failed Deadline -Dead**

**SB 310 (Wiener) – Expands Wage Lawsuits and Weakens CBA Protections**

Would allow employees to file independent civil lawsuits for unpaid wage penalties, in addition to existing enforcement by the Labor Commissioner, creating duplicative and costly litigation for employers. The bill undermines collective bargaining agreements (CBAs) in the construction industry by allowing trial lawyers to bypass established grievance procedures, exposing union-signatory contractors to double jeopardy through both CBA and civil actions for the same issue. It also circumvented recent Private Attorney General Act (PAGA) reforms and threatens our CBA-based PAGA exemption that protects construction employers from redundant enforcement.

**STATUS: Failed Deadline -Dead**

**SB 755 (Blakespear) – California Contractor Climate Transparency Act**

Would have required contractors receiving more than \$5 million in state contracts to annually report their greenhouse gas (GHG) emissions and climate-related financial risks to the Department of General Services (DGS), including emission estimates of their suppliers and employees. While intended to promote GHG transparency in state contracting, the bill misdirected responsibility onto construction contractors who already comply with strict environmental standards under the Buy Clean California Act (BCCA) on state contracts. Under the BCCA contractors are already required to use materials with state-mandated Environmental Product Declarations when specified, meaning their GHG emissions are largely dictated by state project materials specifications, not by contractor operations. SB 755 would add costly, duplicative, and unnecessary reporting mandates on firms that are not major emitters.

**STATUS: Failed Deadline -Dead**

**SB 799 (Allen) – Expands False Claims Act to Tax Matters**

Would have extend the California False Claims Act to cover alleged violations of the Revenue and Taxation Code, allowing private attorneys and the Attorney General to pursue tax-related false claims cases when alleged damages exceed \$200,000 or annual income, receipts, or gross sales exceed \$500,000. While framed as a tool to combat tax fraud, the bill would have invited abuse by the trial bar, enabling bounty-hunter style lawsuits over complex tax filings that are already subject to strict enforcement by the Franchise Tax Board and California Department of Tax and Fee Administration. SB 799 would have created uncertainty and legal risk for contractors who comply in good faith with California's complex tax laws.

**STATUS: Failed Deadline -Dead**

## **LEGISLATION AMENDED TO ADDRESS NCFCA CONCERNS**

**AB 1002 (Gabriel) – Expands CSLB and Attorney General Authority on Wage Violations**

Authorizes the Attorney General to bring a civil action to suspend, revoke, or deny a contractor's license for failure to pay wages, unfulfilled wage judgments, or violations of court orders related to wage payments. Originally, the bill would have allowed broad enforcement against contractors for any alleged wage violation, potentially duplicating existing Contractors State License Board and Labor Commissioner authority. However, industry amendments were adopted to narrow the bill's scope, limiting its application to minimum wage violations only. This amendment was critical in preventing the bill from applying to jurisdictional or classification

disputes that are already governed by collective bargaining agreements, established grievance processes and the Labor Commissioner.

**STATUS: Approved by the Governor**

**SB 464 (Smallwood-Cuevas) – Employer Pay Data Reporting**

Expands California's existing employer pay data reporting requirements, for employers with 100 or more employees, by adding new compliance obligations for how demographic information must be collected and stored. Employers are now required to maintain demographic data separately from personnel records when preparing annual pay data reports submitted to the state. As originally introduced, the bill would have also required employers to collect and report data by sexual orientation and directed the state to publish employer pay reports on the California Civil Rights Department website. However, industry amendments were adopted to remove these provisions, addressing significant privacy and data security concerns while narrowing the bill's overall scope.

**STATUS: Approved by the Governor**