



CONTRACTORS STATE LICENSE BOARD

LEGISLATIVE COMMITTEE MEETING SUMMARY REPORT

Legislative Committee Meeting Summary Report

A. Call to Order, Roll, Establishment of Quorum and Chair's Introduction

Legislative Committee Chair Joël Barton called the meeting of the Contractors State License Board (CSLB) Legislative Committee to order on April 11, 2025, at 11:00 a.m. at CSLB Headquarters in Sacramento, CA, via Webex teleconference. A quorum was established.

Committee Members Present

Joël Barton, Chair
Rodney Cobos
Miguel Galarza
Diana Love
Josef Preciado
Thomas Ruiz

CSLB Staff Present

David Fogt, Registrar
Cindy Kanemoto, Interim Chief Deputy Registrar
Katherine White, Chief of Public Affairs
David Gower, Public Affairs Supervisor
Michael Jamnetski, Special Projects Manager
Amy Lawrence, Television Specialist
Natalie Watmore, Information Officer
Robin Williams, Executive Analyst

Department of Consumer Affairs (DCA) Staff Present

John Kinn, DCA Legal Counsel

A. Public Comment Session for Items Not on the Agenda and Future Agenda Item Requests (*Note: Individuals may appear before the board to discuss items not on the agenda; however, CSLB's board can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.4(b), 11125.7(a)).*)

Committee Member Comment:

There was no comment.

Public Comment:

Andrea Montano asked the Committee to consider several items for a future agenda including establishing a framework for construction fraud enforcement enhancements, emergency mass fraud response protocols, and construction verification and



certification acts intended to identify critical legislative needs to address emergency response for mass fraud and severe hardship cases. The commenter further urged the Committee to consider establishing dedicated funds for specialized construction fraud prosecution units, creating enhanced sentencing guidelines for multi-victim construction fraud, implementing victims' restitution priority for construction fraud cases, and establishing cross-jurisdictional authority for regional fraud schemes. Montano also recommended codifying an emergency mass fraud response protocol and providing sustainable funding for a catastrophic fraud recovery fund. The commenter also suggested standardized verification protocols for architectural certification of project milestones intended to prevent payment phase fraud.

Roy Porter asked if the Committee would discuss each bill individually or in general. Chair Barton responded that the Committee would discuss each bill in general because the meeting is not in-person and the Committee would not be voting on any bills. The Chair noted this meeting was intended to get input from the public and Committee members and that staff's recommended position for each bill would be shared. The commenter stated they wanted to make a comment on two bills and asked if they should make comments now. Chair Barton asked the commenter to wait until those bills were up.

B. Review and Discussion of 2025-2026 Pending Legislation

Chair Barton noted nine bills on the agenda for discussion and that the Committee would not be voting on any positions because the meeting does not have an in-person quorum. The Chair noted that staff have provided recommended positions for use in discussions and a brief summary and status for each bill would be provided before opening it up for discussion.

1. AB 485 (Ortega) – Labor Commissioner: unsatisfied judgements: nonpayment of wages.

Chair Barton stated that AB 485 is currently on suspense in the Assembly Appropriations Committee. The Chair provided that the bill requires CSLB to deny a license or license renewal if the Labor Commissioner determines a licensee or applicant is in violation of an unsatisfied judgment related to the nonpayment of wages.

Registrar David Fogt stated that existing law – Business and Professions Code section 7145.5 – resulted in the recovery of almost \$39 million in the last year in penalties or outstanding liabilities to other state agencies. They stated AB 485 doesn't directly impact CSLB because CSLB already has this authority; however, staff placed this on the agenda to discuss whether the full Board may want to support it because it will assist in the board's effort to curtail the underground economy.

Registrar Fogt noted Committee members may want to determine if the nine bills on today's agenda should be included in the June quarterly board meeting in which the Board can vote on an official position. Register Fogt noted that the Board's positions



carry some weight with the Legislature. They added that AB 485 would provide the same authority to other programs under the Department of Consumer Affairs (DCA).

Chair Barton noted that staff recommended a neutral position on AB 485.

Committee Member Comment:

Committee Member Miguel Galarza asked if the proposed legislation defined wages, and if so, whether they are minimum wages or prevailing wages.

Chair Barton noted having a similar question for Legislation Chief Rebecca May, asking whether the bill includes benefits. They stated the bill pertains to a judgment which would include any wages and noted understanding Member Galarza's question about whether the wages are daily or cumulative. Chair Barton felt it should be looked into.

Registrar Fogt stated the bill is related to civil wage and penalty assessments (CWPA) issued by the Division of Labor Standards and Enforcement. The Registrar noted that the amount previously cited included other state agencies and clarified CSLB assisted in the recovery of \$4.6 million last year for CWPA. They stated that the bill would relate to any employee that files a claim alleging they didn't receive their wages which would include prevailing wage claims. Registrar Fogt noted it would not include withholding payroll taxes.

Member Galarza thanked Registrar Fogt and noted that the trigger would be a judgment by the Department of Industrial Relations.

Registrar Fogt stated CSLB does not conduct independent investigations on wage violations and instead waits for the partnering state agency to complete their investigation. They stated AB 485 would not change CSLB's authority but might be helpful to other programs under DCA, who would be able to suspend licenses for an outstanding civil wage penalty assessment. The Registrar noted staff recommended a neutral position because they hadn't had a chance to talk to other state agencies about the bill. Registrar Fogt asked Committee members if they wanted staff to reach out to the other state agencies and if the bill should be included at the June board meeting.

Committee Member Thomas Ruiz expressed support for the bill, noting wage theft is rampant, and asked for it to be included on the June meeting for discussion. Member Ruiz expressed support that the bill is specifically related to judgments not allegations.

Committee Member Rodney Cobos noted his agreement with Member Ruiz.

Committee Member Josef Preciado stated his appreciation for Registrar Fogt's suggestion to do additional research and to take that into advisement prior to taking a position on this bill.



Chair Barton provided that the consensus is to look further into the bill and include it at CSLB's June meeting at which time CSLB would vote on a position.

Public Comment:

Richard Markuson with the Western Electrical Contractors Association (WECA) agreed AB 485 should be considered at CSLB's next meeting. Markuson pointed out that the bill is on the suspense file because of the costs associated with it but that it would be helpful for the Legislature to hear success stories regarding CSLB's existing authority to go after wage violations, an issue that plagues the industry substantially. The commenter expressed WECA's support for the measure.

Andrea Montano expressed support for AB 485 and for including it on the June meeting agenda. Montano suggested future enhancements to the bill including expanding emergency fraud response, creating an expedited license suspension process, establishing coordinated enforcement between the Labor Commissioner, CSLB, district attorneys, and the Department of Labor, Wage, and Hour Division, and providing emergency funds for employees who are victims of wage theft. Montano expressed support for taking AB 485 from a reactive enforcement tool to a proactive prevention system that identifies fraud before it is catastrophic. Montano noted that in their case, the Labor Commissioner and Department of Labor, Wage and Hour Division were unable take a position because the company had already gone insolvent but did defer them to the California Labor Commissioner, where wage theft claims take approximately two years to judgment, further complicated by a bankruptcy filing. The commenter noted that employees who haven't received a paycheck when a company folds have no way to recover the work already performed. Montano noted that having a transparent handshake with other agencies could greatly mitigate wage violation risks and help with wage recovery for employees.

2. AB 667 (Solache) – Professions and vocations: license examinations: interpreters.

Chair Barton stated that AB 667 passed out of the Assembly Business and Professions Committee and is pending the Assembly Health Committee. The Chair provided that the bill requires programs under the DCA including CSLB to allow applicants to use an interpreter to interpret the licensing examination.

Special Projects Manager Michael Jamnetski noted that AB 667 largely codifies CSLB's existing practice related to exam translations. Manager Jamnetski provided that the only significant difference between CSLB's current processes and the provisions of AB 667 is a requirement to collect and report data, which is doable.

Chair Barton noted staff have recommended a neutral position on AB 667.

Committee Member Comment:

There was no comment.

Public Comment:

There was no comment.

3. AB 742 (Elhawary) – Department of Consumer Affairs: licensing: applicants who are descendants of slaves.

Chair Barton stated that AB 742 passed out of the Assembly Business and Professions Committee and is pending the Assembly Judiciary Committee. The Chair provided that the bill requires programs under the DCA, including CSLB, to prioritize applicants seeking licensure who are descendants of American slaves, and that the status on whether an individual was the descendant of American slave would be confirmed by a Bureau for Descendants of American Slavery. The Chair further noted that the passage of AB 742 is contingent on the formation of the Bureau for Descendants of American Slavery, which is included in another bill.

Registrar Fogt noted CSLB's goal to provide timely processing of applications and stated that staff do occasionally expedite an application. The Registrar noted that expediting a license may shorten processing time two to three weeks, but the applicant would still need to meet all requirements to become licensed. Registrar Fogt noted staff are recommending a support position because the bill is consistent with CSLB's goal to reach out to underrepresented communities and help qualified applicants from those communities obtain a license.

Chair Barton expressed his support for AB 742.

Committee Member Comment:

There was no comment.

Public Comment:

There was no comment.

4. AB 1002 (Gabriel) – Contractors: failure to pay wages: discipline.

Chair Barton stated that AB 1002 is pending the Assembly Business and Professions Committee. The Chair provided that the bill would authorize the Attorney General (AG) to file a civil action suspending, revoking, or denying licensure for failure to pay workers or failure to comply with a wage judgement or court order.

Legal Counsel John Kinn provided that the bill was related to a civil action against a very large Southern California contractor for wage violations. Counsel Kinn noted that CSLB was not aware of the case, but was receiving calls about it, which prompted CSLB to request notice of any AG civil actions affecting licensure or any of its licensed contractors. They noted CSLB staff agreed with the original intent of the bill, but the bill included license suspension and permanent revocation without including other CSLB enforcement actions including letters of admonishment, citations, probation monitoring,



etc. Counsel Kinn recommended that CSLB staff continue to meet with the AG's office to work out implementation concerns while still providing the AG with the authority to remove harmful construction activities out of the market.

Chair Barton noted staff's neutral position.

Committee Member Comment:

Member Rodney Cobos asked to have the bill placed on the June agenda and Chair Barton agreed.

Registrar Fogt confirmed that AB 1002 would be included on the June board meeting agenda.

Public Comment:

Richard Markuson expressed appreciation for Counsel Kinn's description of the case and expressed concern for a different standard for license suspension or revocation being provided to the AG that differs from CSLB. The commenter noted two different standards for discipline against contractors by different state agencies may be a problem.

Registrar Fogt suggested staff work with the author to clarify the intent of the bill. They noted that CSLB has worked with local DAs for many years on civil statutes related to unfair practice, and those types of investigations are related to premium insurance fraud and occasionally civil penalties and getting workers the wages they are owed. The outcome is generally probation and, not license revocation. The Registrar further noted that in the civil judgments with local DAs, CSLB will have an accompanying accusation that goes through the administrative process to discipline and revoke the contractor's license, if necessary because of consumer harm complaints. They agreed it was appropriate to question the AG's need for additional authority when it already has the authority to file an unfair business practice civil suit. Registrar Fogt questioned to what extent CSLB can be part of the AG's action and asked the Committee to support staff reaching out to the author to further clarify the need and intent of the bill.

Andrea Montano asked if there was a published document regarding the levels of disciplinary action from suspension to revocation and time frames.

Counsel Kinn responded that CSLB can provide that information to her.

Montano asked if the document showed civil action from a suspension to a revocation including escalation process or criteria.

Counsel Kinn replied that it wouldn't be in the context of a civil action.

Manager Jamnetski stated that CSLB has administrative action information it can provide to the commenter.

**5. AB 1341 (Hoover) – Contractors: discipline: unlicensed architecture, engineering, or land surveying.**

Chair Barton stated that AB 1341 is pending in the Assembly Business and Professions Committee. The Chair noted that the bill would provide that unlicensed practice in architecture, engineering, or land surveying is cause for disciplinary action by CSLB.

Registrar Fogt noted that he and Manager Jamnetski met with the executive officers of the Board of Professional Engineers, Land Surveyors, and Geologies Board (BPELSG) and the California Architects Board (CAB) to discuss the bill and determine the impact to their programs. Registrar Fogt noted that under AB 1341, if a licensed contractor is acting as an architect or an engineer without a license or if a licensed engineer or architect who is also licensed as a contractor commits a violation of their practice acts, BPELSG and CAB would refer the case to CSLB for action on the contractor's license. The Registrar provided that BPELSG and CAB estimate up to 20 referrals a year, potentially adding 40 additional investigations annually to CSLB, which would not create a significant workload. The Registrar added it could be helpful to work with other regulatory bodies to combat the unlicensed underground economy, as it helps the public as a whole. While staff recommended a neutral position on this bill, Registrar Fogt asked the Committee if they may consider supporting the bill instead.

Chair Barton noted the Board could review the bill at the June meeting.

Registrar Fogt responded that if the Committee decides it is relevant, the bill can be included on the June 13 meeting agenda for a formal vote.

Committee Member Comment:

There was no comment.

Public Comment:

Richard Markuson stated he understood the bill to be primarily related to "A" or "B" contractors performing some aspects of civil engineering or land surveying without the appropriate license in either of those professions as part of their construction services. Markuson further noted that 20 investigations a year may be a high estimate, but felt coordination between CSLB and other regulatory programs is worthy of consideration.

Registrar Fogt agreed that 20 investigations a year may be a high estimate.

Andrea Montano stated this bill bridges the partnership with BPELSG and CAB and could play a critical role in preventing fraud. Montano recommended asking the Legislature to look at standardized verification requirements for project milestones and a liability framework for certification issues. Further, the commenter suggested establishing a cross-disciplinary enforcement procedure between CAB and CSLB to prevent unlicensed practice and to harness architectural expertise to prevent fraud before it occurs. Lastly, Montano requested adding this bill to the June meeting agenda.

**6. SB 61 (Cortese) – Private works of improvement: retention payments.**

Chair Barton stated that SB 61 passed on consent out of the Senate Judiciary Committee and was pending the Senate Floor. The Chair noted that the bill would limit a retention payment amount withheld from a private work of improvement from exceeding 5% of the payment or contract price. Chair Barton further noted staff's recommended support position and stated that the bill does not present any additional workload requirements to CSLB and may provide enhanced subcontractor solvency.

Registrar Fogt noted that the bill relates to CSLB's authority under Business and Professions Code section 7120 addressing a prime contractor who has been paid by a property owner for the work performed by a subcontractor and withholds payment to the subcontractor. Registrar Fogt added that contractors can withhold 10 percent for private works; however, the withholding for public works is limited to 5 percent. The Registrar provided that this practice poses potential harm to subcontractors, as they may have a tough time surviving until they can collect the 10 percent. Registrar Fogt further stated that the prime contractor withholds the money for leverage if there is a call back or additional repair work necessary. The Registrar noted that addressing the disparity in withholdings between private and public works may help to reduce complaint volume and level the playing field for private and public works.

Chair Barton agreed that withholdings for private works should be on par with public works at 5 percent and supports having SB 61 on the June meeting agenda.

Committee Member Comment:

Member Galarza noted that public works often carry a performance and payment bond to protect the public entity and ensure payment to subcontractors. They further noted the rarity of performance and payment bonds to protect clients of private works may be why there is a distinction between the withholding amounts for public and private works.

Chair Barton appreciated Galarza's expertise and felt the bill should be brought up at the June board meeting.

Public comment:

Richard Markuson stated amendments to the bill may be pending on SB 61 to address opposition from developers and general contractors and stated that it would be valuable for the Board to review the pending amendments before making any decisions.

7. SB 342 (Umberg) – Contractors: unlicensed work.

Chair Barton stated that SB 342 was held in the Senate Business, Professions and Economic Development Committee and would not be moving in 2025. The Chair stated that barring any objections, the Committee would move onto the next agenda item.



Committee Member Comment:

There was no comment.

Public comment:

There was no comment.

8. SB 456 (Ashby) – Contractors: exemptions: muralists.

Chair Barton stated that SB 456 is pending the Senate Appropriations Committee. The Chair noted the bill creates a narrow exemption from licensure for artists who paint murals and defines a mural as a unique work of fine art that is protected by copyright, trademark, label, or patent that is drawn or painted by hand directly upon an interior or exterior wall or ceiling fixture or other apertures of a building or structure.

Manager Jamnetski stated that the bill is jointly sponsored by the California Arts Advocates and the League of California Cities. Manager Jamnetski provided that staff have been working with the author's staff on the exemption language with the goal of differentiating the production of a fine art mural from what is required of a licensee applying products and materials to walls.

Chair Barton noted the staff's neutral recommendation and provided that the bill should be included at the June board meeting. Registrar Fogt confirmed it would be included.

Chair Barton noted there had been comments to the Board regarding this issue in the past.

Committee Member Comment:

Member Galarza asked Manager Jamnetski to clarify whether the artwork exemption extended to existing substrates or if murals can be applied to new substrates.

Manager Jamnetski responded that staff had discussed this issue and used the word "appurtenance" instead, as it is included in the C-33 license classification and covers parts of a property, such as a tool shed, separate garage or sidewalks, tree or fence, etc. Jamnetski further provided the mural would apply to an interior or exterior wall, ceiling, or other appurtenances of a building or structure.

Member Galarza agreed and noted issues in their jurisdiction where artists were given exemptions for artwork which required extensive foundations to mount the artwork for which they were not licensed.

Manager Jamnetski responded that the bill expressly limits the exemption to a person who draws, paints, supplies, executes, restores, or conserves a mural on a building, not including the installation of steel or other structural works, or the painting of wall signs. Manager Jamnetski further noted the exemption is pursuant to an owner who can legally authorize the contract, which means it is not going to cover graffiti.



Chair Barton felt the bill warrants further investigation and should be brought up at the June meeting.

Public Comment:

Roy Porter noted their comments were regarding SB 342 (Agenda Item 7). Porter stated more clarity is needed for the definition of a licensed contractor in SB 342. The commenter noted there is a continuing debate regarding who is an employee, as it relates to workers' compensation insurance. Porter said information is kept secret per client attorney privilege and civil action cannot be brought against unlicensed persons. Porter provided personal experience where an unlicensed contractor filed a mechanical lien on their property.

Davi Rodrigues said they believe this bill is in response to them having complained all over the state about cities and counties hiring unlicensed contractors to paint murals. The commenter finds the bill unjust and ambiguously defines "artist" allowing individuals to claim they are artists. The commenter stated anyone can copyright anything easily or change the paint's hue and claim it is artistry. Rodrigues questioned how a painter would not be given the same consideration, as artists are involved in contracts of \$40,000 that includes prep work, pressure washing, and even adding architectural details to a mural. The commenter stated that the City of Sacramento has been hiding contracts with muralists from the public record. Rodrigues asked why any painter would get a contractor's license if they can be exempted. Lastly, the commenter states that the bill's passage will create a nightmare for the Board to enforce.

Chair Barton thanked the commenter and noted that the bill will be included on the June meeting agenda.

Registrar Fogt provided that staff would meet with the commenter and conduct additional research before the June board meeting.

9. SB 517 (Niello) – Home improvement contract requirements: subcontractors.

Chair Barton stated that SB 517 is pending the Senate Judiciary Committee. The Chair noted that the bill requires every home improvement contract (HIC) to include the name and contact information of the subcontractor if the subcontractor performs more than 50 percent of the total estimated project costs. Barton noted staff's recommendation to support the bill if amended. Barton further noted that the bill provides greater transparency between the prime contractor and consumer and may reduce the number of mechanics liens placed on homeowners. Chair Barton further stated that staff have recommended amendments to the author's office to clarify that the prime contractor is responsible for the subcontractor's work and to include the subcontractor's license number and classification along with their name and contact information in the HIC.

Registrar Fogt noted that it is important for a homeowner to contract with someone who is licensed and responsible for the work being performed. The Registrar noted that staff



occasionally see where a prime contractor tells the property owner to contact the subcontractor if they do not like the work performed, and how that practice is not allowed because the prime contractor is responsible for the work performed by the subcontractor. Registrar Fogt noted that the owner needs to advise the prime contractor if the subcontractor has allegedly done defective work because the owner has a contract with and has paid the prime contractor directly. The Registrar provided that this evidence is needed to support a financial injury and that CSLB doesn't investigate subcontractors, unless the prime can show the subcontractor was put on proper written notice and didn't perform and the prime contractor had to repair or complete the work. Registrar Fogt further stated that prime contractors should not tell homeowners they need to work with the subcontractor who performed the work, instead they should work directly with the owners to resolve the issue. The Registrar stated staff recommended the amendment to make it clear that the prime contractor is 100 percent accountable for any work done by subcontractors.

Chair Barton asked to place the bill on the agenda for the June meeting.

Committee Member Comment:

Member Galarza asked the Registrar to clarify if the recommended amendment to SB 517 would lower the standard from 50 percent to any subcontractor.

Registrar Fogt responded that lowering the standard amount could be recommended by the Board, but that staff requested a sentence in the bill clarifying that the prime contractor is responsible for the subcontractor's work. The Registrar noted Senator Niello has been supportive of the construction industry and may entertain another amendment; however, 50 percent is a good threshold. They added there are concerns over liens being placed on homes by subcontractors, and it may benefit property owners to know if a subcontractor is doing more than 50 percent of the work and can ensure the subcontractor is paid before paying that portion to the prime contractor.

Member Galarza responded that in public works the client must be notified if a subcontractor is performing any more than 0.5 percent of the work. They noted that this prevents labor fraud because the contractors are responsible to submit payroll reports for their employees, but also helps the client avoid a mechanics lien from an individual they didn't know was working on the job outside of the prime contractor. Member Galarza further noted it would be beneficial to revisit the 50 percent threshold.

Rodney Cobos asked if AB 1002 (Agenda Item 4) would be on the June agenda and offered support for its inclusion.

Manager Jamnetski confirmed AB 1002 would be included.

Member Ruiz asked if the bill would require informing the homeowner should a subcontractor get changed out, which is common.

Registrar Fogt noted that an amendment could be offered to Senator Niello to update the HIC if a subcontractor is substituted but doesn't believe it's part of the bill currently.

**Public Comment:**

Roy Porter expressed support for lowering the percentage to less than 50 percent. The commenter noted having received a preliminary notice for materials from unknown people and subcontractors and none of the subcontractors were licensed in California or had workers' compensation insurance. The commenter suggested the bill be amended to require the disclosure of all subcontractors including license number, workers' compensation insurance status, and contact information. The commenter also expressed support for including a change out notice because they had several subcontractors for electrical and plumbing change throughout their project who were told by the general contractor they didn't need to tell Porter who was working on the job.

Chief of Public Affairs Katherine White asked to confirm if the meeting had a quorum as Member Love had left the meeting. Counsel Kinn confirmed the meeting still had a quorum with five members present.

Andrea Montano agreed with previous comments about making the prime contractor accountable and providing full disclosure regarding subcontractors. Montano suggests incorporating a framework for an emergency response approach and supports looking at a threshold less than 50 percent. The commenter suggested reaching out to Senator Niello to add provisions preventing misrepresentation about subcontractor performance, including false claims that subcontractors walked off the job so they can hire a new contractor and not pay. They note that when subcontractors report non-payment it may threaten a business' viability, have detrimental effects on the contractor, and may cause the filing of a mechanics lien where the homeowner does not have contact information to object to the validity of the mechanics lien. Montano noted that establishing a financial hardship triage system would specifically help subcontractors who have employees and enhancing disclosure by including contractual language covering all parties is critical.

Chair Barton noted taking the Registrar and Legislative Chief Rebecca May would take the comments under advisement.

Beto Uriostegui suggested enhancing the bill to incorporate bonding requirements. The commenter noted with the demand for ADUs, prime contractors engage in selling projects and hire subcontractors to perform most of the work, subjecting the subcontractor to a huge liability should the prime contractor go out of business. Beto further states that the bonding requirement is insufficient to protect homeowners or subcontractors and should be improved.

C. Adjournment

Meeting adjourned at 12:21 p.m.