



SCGMA 2020 CA Legislative Scorecard

The last actions of the 2020 California legislative session took place on August 30th, which was the deadline for Governor Newsom to sign or veto legislation. In what was a difficult year on many levels from a legislative standpoint, we did achieve success in many areas including providing notification of the skilled and trained workforce mandates, expanded prevailing wage application, and mitigating the preponderance of COVID-19 related employer requirements and proposed new taxes. In addition, SCGMA took a leading role in defeating or amending dozens of measures that would have been harmful to our contractors and the industry overall.

From a volume standpoint, due to COVID-19 related challenges that necessitated unprecedented actions and a compressed legislative session, the Legislature greatly reduced the number of bills it heard in 2020 to focus on COVID-19 policy response. In a typical year, the Legislature sends just over 2000 bills to the governor for consideration. However, in 2020, the Legislature passed just 428 bills. Of the 428 bills Governor Newsom considered this year, he signed 372 into law and vetoed 56.

The lighter legislative load didn't translate into less work on the state advocacy level. Early into the pandemic, we were keenly aware of the uncertainty COVID-19 would bring to our industry and we began to discuss the many challenges that lay ahead and how to address them. Contractors questioned if they would be allowed to continue to operate, and should they continue to operate, how to keep workers safe and what would be the impact of the pandemic on their bottom line. There were concerns, separate from the health effects of COVID-19, regarding Cal/OSHA violations, impacts to worker compensation rates, and the ability to protect payment rights. We worked to address these issues through regulation and the administrative process. We focused on the health and safety of workers, ensuring our industry could continue to deliver projects and protecting our contractor's businesses. Our efforts included:

- Securing from the Newsom Administration, during the development of California's shelter in place orders, state guidelines that defined construction services as an essential business. Ensuring our contractors could continue to operate.
- Pushing Cal/OSHA to develop and release construction industry specific COVID-19 safety guidelines.
- Working with California's Judicial Council to toll the statute of limitations for any civil action, which includes the enforcement of mechanics' liens and stop notices, from April 6, 2020 until 90 days after the governor "lifts" the COVID-19 state of emergency.
- Pursuing regulatory protections from the Workers Compensation Insurance Rating Bureau of California and the California Department of Insurance that would exclude from a contractor's experience modification rate any COVID-19 related incident.

That said, we still had much to work on as it related to legislation and enclosed is a summary of the key bills SCGMA took strong positions on this year and the outcome.

LEGISLATION SUPPORTED BY SCGMA

✔ **AB 1981 – Los Angeles Unified School District Facilities - Best Value Contracts**

Authorizes the Los Angeles Unified School District to enter into best value construction contracts until January 1, 2025. Requires the use of a skilled and trained workforce on those projects.

Status: [Signed by Governor](#)

✔ **AB 2311 – Skilled and Trained Workforce - Requirement Notice**

Ensures all parties to a construction contract, including subcontractors, are aware if there will be a skilled and trained workforce requirement on a project, prior to bidding the project. The bill requires all public agencies to notice the requirement, if applicable, in all bid documents and contracts.

Status: [Signed by Governor](#)

✔ **AB 2231 - Public Works - Public Subsidy**

Provides that a “public subsidy,” for the purpose of triggering prevailing wage, is de minimis only if it is both less than \$600,000 and less than 2% of the total project cost.

Status: [Signed by Governor](#)

✔ **AB 2479 - Rest Periods - Petroleum Facilities Safety Sensitive Positions**

Extends the sunset on the exemption from rest period requirements for employees who hold safety-sensitive positions at petroleum facilities to January 1, 2026.

Status: [Signed by Governor](#)

✔ **AB 2765 – Charter Schools - Prevailing Wages**

Expands the definition of “public works” for purposes of prevailing wage requirements, to also include any construction, alteration, demolition, installation, or repair work done under private contract on a charter school project when the project is paid for in whole or in part with money from a conduit revenue bond.

Status: [Signed by Governor](#)

✔ **SB 878 - CSLB License Application - Processing Timeframes**

Requires, beginning July 1, 2021, that the Contractors State License Board (CSLB) prominently display on its website the current average timeframes for processing initial and renewal license applications.

Status: [Signed by Governor](#)

✔ **SB 1189 – Residential Remodeling Contractor**

Creates a new contractor licensing classification specific to residential remodeling. Will increase licensure and oversight of small contractors in the residential market and protects existing jurisdictions of specialty contractors.

Status: [Signed by Governor](#)

☑ **SB 1447 – Retroactive CSLB License Renewal**

Allows the CSLB Registrar to retroactively renew a contractor's license within 90 days of its expiration if all information, appropriate fees, workers' compensation and bonds have been properly submitted within the 90-day window.

Status: **Signed by Governor**

LEGISLATION OPPOSED BY SCGMA

☑ **AB 196 – Workers' Compensation - COVID 19 Presumption**

Created a permanent and rigid rebuttable presumption that a worker who contracted COVID -19 did so at work.

Status: **Failed Passage**

☑ **AB 398 – COVID - 19 Recovery Tax on Large Employers**

Would have placed a \$275 per employee tax on all California businesses with over 500 employees. Funds were dedicated to assist with COVID-19 related costs and recovery.

Status: **Failed Passage**

☒ **AB 685 – COVID - 19 Exposure Notifications**

Creates a cumbersome and multilayered employer written notice and reporting process by which employers must notify employees who may have been exposed to COVID-19 at their worksite.

Status: **Signed by Governor**

☑ **AB 1253 – Millionaires Tax**

Increases the income tax rate for taxpayers with income above \$1 million. Specifically, the proposal adds an additional 1% income tax to filers making between \$1 million and \$2 million, 3% on income between \$2 million and \$5 million, and 3.5% on income greater than \$5 million. It would bring the top rate in California to 16.8%. California's top rate today of 13.3% is already the highest in the nation. No accommodations were made for industry concerns such as impacts on construction firms that operate as S-Corporations.

Status: **Failed Passage**

☑ **AB 2750 – False Claims Act Expansion**

Expanding the False Claims Act to cover tax-related claims and potential loss of tax revenue to public agencies.

Status: **Failed Passage**

☑ **AB 2088 – Wealth Tax**

Would establish a first-in-the-nation net worth tax, setting a 0.4% tax rate on all net worth above \$30 million. Again, no accommodations were made for industry concerns such as impacts on construction firms that operate as S-Corporations and must hold retained earnings for bonding and bidding purposes.

Status: **Failed Passage**

AB 1867 – Large Employer – COVID-19 Supplemental Paid Sick Leave

Establishes the California COVID-19 Supplemental Paid Sick Leave (SPSL) program. The bill would require employers that employ 500 or more employees in the United States to provide 80 hours of paid leave to workers that are unable to work because they are subject to one of the following; 1) a federal, state, or local shelter in place order related to COVID-19; 2) have been advised by a health care provider to self-quarantine or self-isolate due to exposure to COVID-19 or; 3) have been prohibited from working by their employer due to health concerns related to the potential transmission of COVID-19. The measure is similar to ordinances passed in some of California's largest cities and mirrors the federal requirements under the Families First Coronavirus Response Act which applies to employers that employ 500 or less employees.

Status: **Signed by Governor**

BILLS AMENDED TO ADDRESS SCGMA's CONCERNS

SB 588 - Disabled Veteran Business Enterprise Program

Originally required the Department of General Services to suspend contractors that failed to comply with the Disabled Veteran Business Enterprise (DVBE) certification requirements and prohibit them from bidding on state contracts. At our request, the bill was amended to remove contractor suspension provisions. Bill now simply clarifies current law, stating that retention can be used to enforce DVBE use certification.

Status: **Signed by Governor**

SB 1159 – Workers Compensation – COVID 19

For employers with more than 5 employees, the bill establishes a workable presumption of compensability for employees who contract COVID-19 from any employer that experiences an "outbreak" of COVID-19 cases at a particular work location. We were able to secure amendments that established a 2-year sunset date, created an evidentiary standard for employers to controvert a claim, set an "outbreak" threshold trigger and continued a reasonable claim rejection timeline.

Status: **Signed by Governor**