

SCGMA - Legislative Report

July 2021

Legislative Summary:

The California State Legislature has crossed the midway point of the 2021 Legislative Session. Legislators had until June 4th to move sponsored legislation out of their house of origin. Bills that did not clear that hurdle must be shelved for the year. In addition, COVID-19 continues to impact the legislative process. Senate President pro tempore Toni Atkins and Assembly Speaker Anthony Rendon have agreed to limit each state legislator to moving only 12 bills to the opposite house during the 2021 Legislative Session. How significant is this bill cap? With 120 legislators, the cap of 12 bills per legislator would equal 1,440 bills that could move through the legislative process this year. Historically, about 1,000 bills reach the governor's desk each year with roughly 85% of them getting signed into law.

SCGMA continues to be highly effective in impacting the most significant industry bills that they have taken positions on. Below is an update on the status of the high priority legislative issues SCGMA has been involved with this year.

Legislative Key:

"Support" Position: *SCGMA actively supports the legislation.*

"Oppose" Position: *SCGMA actively opposes the legislation.*

"Active" Position: *SCGMA actively works on the legislation to produce amendments that would garner our support or neutrality on the legislation or protect against hostile amendments that would result in our opposition to the legislation.*

"Neutral" Position: *No action on the legislation.*

"Pending" Position: *Need additional input from SCGMA.*



AB 246 (Quirk) Contractors: disciplinary actions – Adds illegal dumping to the list of violations that constitute a cause for disciplinary action against a contractor by the Contractors State License Board.

STATUS: In Process - Moving

POSITION: **Support**

AB 332 (Committee) Hazardous waste: treated wood waste: management standards – Inadvertently, a new state regulation took effect, since January 2021, forcing the disposal of all treated wood at the few landfills left that accept this material. The state issued a variance at the beginning of March 2021, to continue the broader disposal options that have been in place for more than 2 decades. This measure protects the variance until further regulations can be developed.

STATUS: In Process - Moving

POSITION: **Support**

AB 569 (Grayson) Contractors: civil penalties: letters of admonishment – Expands the Registrar of the Contractors State License Board (CSLB) flexibility in issuing a Letter of Admonishment (LOA) for intermediate corrective action. The LOA enhances public protection for minor, non-hazardous violations by requiring prompt corrective action by the recipient, while ensuring ethical constructors can continue to operate. In terms of severity, the LOA is positioned between an Advisory Notice and an administrative citation.

STATUS: In Process - Moving

POSITION: Support

AB 643 (Ramos) Apprenticeship programs: career fairs – Requires a school district or school to notify each apprenticeship program in the same county as the school district or school of a career or college fair it is planning to hold.

STATUS: In Process - Moving

POSITION: Support

AB 712 (Calderon) County of Los Angeles change orders – Establishes a pilot program to increase the limits that apply to the amount of change orders that can be approved pursuant to a delegated authority for construction contracts entered into by Los Angeles County. Amendments requested by industry were made to ensure that if the board of supervisor's delegates authority for these change orders, the decision by the county engineer or other county officer is binding on LA County.

STATUS: In Process - Moving

POSITION: Active -> Support

SB 216 (Dodd) Contractors: workers' compensation insurance, mandatory coverage – Would require concrete contractors, heating, ventilating and air conditioning contractors, and tree service contractors to have a certificate of workers' compensation insurance (COI) on file with the Board as a condition of licensure by January 1, 2022 and all other licensed contractors by January 1, 2025.

STATUS: Held, 2-Year Bill

POSITION: Support

AB 1179 (Carrillo) Employer provided benefit: backup childcare – Requires California employers, with 1,000 or more employees, to provide employees with up to 60 hours of paid backup childcare benefits.

STATUS: Held, 2-Year Bill

POSITION: Oppose

AB 1192 (Kalra) Worker Metrics Program. Employment information – Requires employers with 1,000 or more employees, on or before March 31, 2023, to report worker-related statistics on an annual basis to the Labor and Workforce Development Agency (LWDA) and requires the LWDA to publish on its internet website these statistics.

STATUS: Held, 2-Year Bill

POSITION: Oppose

AB 1253 (Santiago) Personal income taxes: additional tax – This bill, for taxable years beginning on or after January 1, 2021, in addition to existing income taxes owed, would impose a new tax at the rates of 1%, 3%, and 3.5% on a taxpayer's taxable income as follows: (1) At the rate of 1 percent on that portion of a taxpayer's taxable income over the adjusted one-million-dollar (\$1,000,000) amount, but not over the adjusted two-million-dollar (\$2,000,000) amount. (2) At the rate of 3 percent on that portion of a taxpayer's taxable income over the adjusted two-million-dollar (\$2,000,000) amount, but not over the adjusted five-million-dollar (\$5,000,000) amount. (3) At the rate of 3.5 percent on that portion of a taxpayer's taxable income over the adjusted five-million-dollar (\$5,000,000) amount. As contractors often operate their business as "S" corporations and must hold retained earnings each year to continue to operate and grow their business effectively, this new tax could negatively impact construction contractors who aren't using these funds as income.

STATUS: Held, 2-Year Bill

POSITION: Oppose

SB 95 (Skinner) Employment: COVID-19: supplemental paid sick leave – Requires California employers with more than 25 employees to provide their employees with up to 80 hours of COVID-19 supplemental paid sick leave (SPSL) and takes effect on March 29, 2021. The leave is retroactive to January 1, 2021 and the statute expires on September 30, 2021.

STATUS: Signed in to law By Governor

POSITION: **Oppose**

SB 410 (Leyva) Department of Industrial Relations. Occupational safety and health: regulations – Exempts future occupational safety and health standards from the requirement that an adopting agency prepare a standardized regulatory impact analysis about the regulation proposed to be adopted, amended or repealed. Potential broad negative impacts on the industry.

STATUS: In Process - Moving

POSITION: **Oppose**

SB 606 (Gonzalez) Workplace safety: Enterprise-wide violations: employer retaliation – Expands the authority of the Division of Occupational Safety and Health (Cal/OSHA) to issue citations, require abatement, and seek court orders to address violations of workplace safety laws. Additionally, the bill would establish a presumption of unlawful retaliation if an employer takes adverse action against an employee within 90 days of when that employee tries to address unsafe working conditions. Amendments have been taken to strike the rebuttable presumption of retaliation for employers who take adverse actions against an employee for disclosing or reporting unsafe work conditions.

STATUS: In Process - Moving

POSITION: **Oppose**

AB 95 (Low) Employees: bereavement leave – Requires all California employers to provide up to 10 business days of unpaid bereavement leave upon the death of a spouse, child, parent, parent-in-law, sibling, grandparent, grandchild or domestic partner. This leave does not need to be consecutive, but must be completed within three months of the death of the family member.

STATUS: Held, 2-Year Bill

POSITION: **Active**

AB 123 (Gonzalez) Paid family leave: weekly benefit amount - Increases the wage replacement rate for, employee funded (disability), paid family leave claims from 60% to 90% of worker's highest quarterly earnings in the past 18 months.

STATUS: In Process - Moving

POSITION: **Active**

AB 416 (Kalra) California Deforestation-Free Procurement Act: public works projects: wood – Requires entities that contract with the state for a forest-risk product to certify to the Department of General Services that used materials or product's do not contribute to tropical deforestation or boreal intact forest degradation or deforestation. Industry amendments were made to the bill to exempt licensed contractors performing work of public works projects.

STATUS: In Process - Moving

POSITION: **Oppose** -> **Active**

AB 995 (Gonzalez) Paid sick days: accrual – Expands the state's paid sick leave program to provide an employee with no less than 40 hours or five days of sick leave. As in print, does not remove or alter the construction industry "Collective Bargaining Agreement" exemption language.

STATUS: Held, 2-Year Bill

POSITION: **Active**

AB 1041 (Wicks) Employment: leave – Adds a "designated person" to the list of individuals for whom an employee may request to take leave to care for under the California Family Rights Act. Defines "designated person" as a person identified by the employee at the time the employee requests CFRA leave or a paid sick day, and allows an employer to limit the employee to one designated person per 12-month period.

STATUS: In Process - Moving

POSITION: **Active**

AB 1119 (Wicks) Employment discrimination – Expands the list of protected characteristics under the Fair Employment and Housing Act to include “family responsibilities,” defined as an obligation to provide ongoing care to a minor child or “care recipient.”

STATUS: Held, 2-Year Bill

POSITION: **Active**

AB 1023 (Flora) Contractors and subcontractors: records: penalties – Clarifies that a contractor or subcontractor must furnish Certified Payroll Records (CPRs) to the Labor Commissioner electronically, pursuant to existing law. The bill would also make a contractor or subcontractor who fails to furnish those CPRs timely, liable for a penalty of \$100 per day, not to exceed \$5,000 per project. Industry amendments were taken to remove the requirement that a contractor or subcontractor submit their final CPR on the very last day that a contractor has people working on a project, and provided that the Labor Commissioner is prohibited from levying penalties under these provisions until 14 days after the deadline, pursuant to the public works contract, to furnish records. Additional amendments were made to clarify that these penalties only accrue to the actual contractor or subcontractor that failed to furnish the CPRs.

STATUS: In Process - Moving

POSITION: **Oppose** -> **Active**

AB 1369 (Bonta) Buy Clean California Act: eligible materials – Further expands the Buy Clean California Act by adding products with a high potential of carbon reductions and authorizes the Department of General Services (DGS) to add eligible materials as data becomes available in more product/materials categories. The bill would define eligible materials to additionally include gypsum board, insulation, carpet and carpet tiles, ceiling tiles, and any other major structural, high-impact architectural, civil, or high-impact materials for which there is either a product category rule or an environmental product declaration.

STATUS: Held, 2-Year Bill

POSITION: **Active**

SB 727 (Leyva) Labor-related liabilities: direct contractor – Current law makes a direct contractor jointly liable for the unpaid wages, fringe benefits, or other benefit payments of a subcontractor (at any tier). This bill expands existing direct contractor liability to include liquidated damages and penalties on any unpaid wages of a subcontractor. Industry requested amendments were made to the bill that remove all references to liability for workers compensation and unemployment insurance. Additional industry amendments were taken to mitigate liability for penalties on unpaid wages. Effectively, those amendments provide that the direct contractor is not liable for any penalties related to a subcontractor’s failure to pay wages, so long as they are requesting and review payroll information from their subcontractors in an effort to ensure workers are being paid.

STATUS: In Process - Moving

POSITION: **Oppose** -> **Active**

SB 607 (Min) Professions and vocations – Increases to the license and application fee ranges that CSLB imposes to support its special fund and its licensing and enforcement services. The fee increases in the bill are based on a fee study of the Board’s operations prepared by an independent third party in the fall of 2020. The study stated that if a fee increase is not implemented, the Board’s ability to timely respond to consumer complaints and process licensing and application documents may be significantly compromised. SB 607 also increases the amount of the surety bond that a licensed contractor is required to maintain from \$15,000 to \$25,000. In 2020, the Board presented a study of its license bond to the Legislature that concluded that “the current \$15,000 amount of the contractor bond is not sufficient to protect consumers and that an increase is necessary.”

STATUS: In Process - Moving

POSITION: **Pending** -> **Support**