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**REPORT ON THE FINAL RESULTS OF
THE CALIFORNIA STATE
LEGISLATURE
FOR THE YEAR 2025**

**PRESENTED TO:
FLASHER BARRICADE
ASSOCIATION**

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Overview of the 2025 Session of the California State Legislature

The **2025-2026** two-year session of the **California State Legislature** commenced in early January of this year. Consisting of the 80 seat Assembly and the 40 seat Senate, the Democrats hold a super-majority in both houses with the Assembly Democrats holding 60 seats and the Republicans holding 19 (one previously-held Republican seat is set for a special election); while in the Senate the Democrats hold 30 seats and the Republicans hold 10. Nearly one-third of the total members of the legislature were freshmen this year and women are close to reaching parity with the men (59 seats out of 120). The Democrats also hold all executive branch offices.

For context, except for a short period from 1995 to 1996, the Assembly has been in Democrat-controlled hands since the 1970 election. The Senate has been under Democratic control since 1975. The last Republican governor was Arnold Schwarzenegger from 2003 – 2011.

In terms of legislation, there were 2,397 bills introduced during the 2025 Legislative Session. Of those bills, 864 were Senate Bills and 1,533 were Assembly Bills. The Senate passed: 600 (69% of introduced bills), while the Assembly passed 936 (61% of introduced bills). ¹

Ultimately, the legislature sent 917 bills to the governor by the end of the session. Newsom signed 794 and vetoed 123, for a veto rate of 13.4%. This veto rate was lower than the average over the past 10 years of 15%. Of the 917 bills that Governor Newsom signed, 476 were Assembly Bills (60% of the signed bills) and 318 were Senate Bills (40% of the signed bills).

Signed Bills

From the 476 Assembly bills that were signed into law, 79% were authored by Democrats, while 13% were authored by Republicans (the remaining 8% were committee bills). In terms of the 318 Senate bills signed into law, 79% were authored by Democrats, while 8.8% were authored by Republicans (the remaining 12.2% were committee bills).

Vetoed Bills

Out of the 123 (13.4%) bills vetoed by the governor 74 were Assembly Bills (60% of the vetoed bills) and 49 were Senate Bills (40% of the vetoed bills). Of the 74 Assembly bills that he vetoed, 90.5% were authored by Democrats, while 9.5% were authored by Republicans. Regarding the 49 Senate bills that were vetoed, 98% were authored by Democrats, while 2% were authored by Republicans.

¹ Statistics developed by my colleague Chris Micheli, self-described ‘legislative geek.’

It's Gavin's Sacramento

As *CalMatters* reported in their assessment of this year's legislative session:

“Governor Gavin Newsom has been getting his way with the state Legislature. In a dynamic not unlike the one his rival Gov. Ron DeSantis exploited in Tallahassee in the run-up to his own, unsuccessful presidential campaign, where DeSantis leaned on Republican supermajorities in Florida to supercharge his policies, Newsom is tightening his grip on the Democratic governing class — and getting results.

He met the deadline to sign or veto legislation with a lighter veto pen than in the past. That capped off a year in which he used tactics he learned over the past seven years, including leveraging the budget, coming in late, and threatening a special session to cajole lawmakers into passing his sweeping proposals on issues near and dear to him.

Newsom has had an up-and-down relationship with the Legislature over his seven years in office. Just last year, he tried — but failed — to get lawmakers to agree to an alternative to a tough-on-crime ballot measure, [Prop 36](#), that voters ultimately approved despite Newsom's opposition.

But longtime Sacramento observers say Newsom has learned over his seven years in office how to more effectively engage with individual lawmakers, in part by understanding what they wanted out of a negotiation.

*“The governor's empathy towards the Legislature increased exponentially over time,” said **Nick Hardeman**, a former chief of staff to the president of the Senate. “His approach in 2019 was significantly different than his approach this year, and you see that reflected in the outcomes.”*

In his first year in office, for example, he [fumbled negotiations](#) on a contentious vaccine bill by asking for more policy changes via Twitter post, sowing mistrust with lawmakers.

But he's also been able to muscle through sweeping policies, from keeping the Diablo Canyon nuclear plant online to overhauling an environmental permitting law in the name of more housing — a long-elusive goal that [Newsom achieved after threatening](#) to veto the budget if he didn't get his way — while giving political cover to the more progressive members of his own party who would have fought the changes in a more drawn-out process.

*That's a change from Newsom's predecessor, former Gov. **Jerry Brown**, who typically chose one or two monumental priorities a year and worked on them for months. Newsom prefers many. “Gov. Brown's priorities were more narrow,” said Sen. **John Laird**, who served as Brown's Natural Resources secretary for eight years. “Gov. Newsom has a much broader portfolio.”*

Another senator granted anonymity to speak freely called Newsom “less approachable, less accessible.”

“But when it comes to an issue, he’s got a passion about, or he’s very focused on, or it catches his attention, he can be very engaged,” the senator said.”

The Impact of Super Majorities

With 2025 being my 52nd year of ‘working in the building’ trust me when I say, I have seen a dramatic change in how the Peoples’ business is being conducted. Following are my assessments of the pitfalls of a super-majority:

1. One-Party Rule and Internal Fragmentation

With Democrats holding 90 of 120 seats in the Legislature, they can pass most bills without Republican support. While this enables swift legislative action, it also shifts debates from bipartisan negotiation to intra-party conflict. Instead of balancing liberal and conservative viewpoints, policy disputes now occur between progressive and moderate Democrats, often behind closed doors. This reduces transparency and public deliberation, which are key to moderate policymaking

2. Sharp Decline in Bipartisan Bills

Out of 2,397 bills introduced in 2025, only 11 had joint Democratic and Republican lead authors, and just 41 had bipartisan co-authors. This represents less than 1% of all legislation, underscoring how rare cross-party collaboration has become. The few bipartisan efforts tend to focus on localized or technical issues, such as healthcare workforce shortages or police recruitment, rather than broader policy debates.

3. Reduced Checks and Balances

Despite having a veto-proof supermajority, California Democrats have not overridden a governor’s veto in over 40 years. This suggests a deference to executive authority (as previously noted from the CalMatters article), weakening the legislative branch’s role as a check on the governor. Critics argue this imbalance allows the executive branch to shape laws with minimal resistance, further centralizing power and reducing the diversity of viewpoints in policymaking.

4. Ideological Legislation with Unintended Consequences

Several laws passed under Democratic dominance have faced backlash for their unintended effects (there are many, but these 3 helps make my point):

- [AB 218 \(2019\)](#): Intended to help victims of sexual abuse, it led to a surge in lawsuits and multibillion-dollar settlements, straining public entities and insurance systems.
- [SB 770 \(2023\)](#): A push toward government-run healthcare, criticized for increasing costs and reducing choice.
- [AB 665 \(2023\)](#): Eased the process for minors to be separated from parents, sparking concerns over parental rights and oversight.

These examples reflect how laws passed with minimal opposition can lack thorough vetting, leading to costly or controversial outcomes.

Here is another example of the power and danger of supermajorities:

Thank You, Governor Newsom:

Thanks to Governor Newsom’s obvious (but still ‘unofficial’) run to become our next president, he tried, as much as possible, to show his ‘mod’ credentials. One bill that he vetoed, which ‘highlights his moderation,’ was AB 86 (Boerner), a bill that would have tweaked language about health education standards for kindergarten through 8th grade students.

To explain what the bill would have done had it been signed, Senate Minority leader Brian Jones wrote to Newsom, in urging him to veto the measure, “For third grade students the framework states, ‘When providing instruction on sexual and reproductive organs, teachers can introduce the concept that gender does not always match the sexual and reproductive organs described. “Teaching controversial gender theories to students as young as eight or nine years old is not a practice that most Californians support, nor want to see happening in our schools.”

Nothing further needs to be said. For a bill like this to have passed through both houses of the legislature, regardless of your political persuasion and beliefs, absolutely makes my point about the dangers of a supermajority! While everyone wants to instill non-bias beliefs in our children, can’t they simply be kids? There may be a time and place for kids to learn about these issues, but not in elementary school!

5. Erosion of Supermajority Protections

California’s courts have weakened the supermajority requirement for tax increases when initiatives come from citizen groups rather than the government. This shift allows significant tax hikes to pass with a simple majority, undermining the original intent of Proposition 13 to protect taxpayers from unchecked fiscal expansion.

6. Groupthink and Legislative Complacency

Former Assembly Speaker John Pérez (a liberal Democrat) warned that overwhelming majorities can lead to complacency and poor lawmaking: “Sometimes people that you loved had stupid ideas that had no business being law”. Without the need to compromise or justify policies to a broader coalition, lawmakers may push through ideologically driven laws without fully considering their broader impact. (such as AB 86 I just discussed!).

7. Public Perception and Political Polarization

The dominance of one party can foster a perception of political exclusion among Republican & Independent, et. al. party voters, potentially deepening polarization. As bipartisan cooperation wanes, so does public trust in the legislative process, especially among those who feel their views are not represented.

How'd We Get Here?

One of the largest contributing factors to today's super-majority, in my judgment, has been the influence of interest groups, particularly labor unions. I want to stress, I have always been in awe over the unions' bet on the 'long game,' starting back in the 1970s. This 'long-game' strategy began by recognizing the old adage that "politics is local." Union members became active in elections of school board candidates, special district candidates as well as city and county candidates (and many union members also ran themselves).

Using their members to help canvass the 'get out the vote' by volunteering to go door to door and providing 'buckets' of money to help their chosen candidates win their races, slowly but surely their influence grew. Election by election, they continued with their goal of winning more and more local races. Political aspirations eventually led to their candidates seeking higher offices, coupled with term limits, until they literally dominated both state and local offices.

Conclusion

While Democratic control has enabled California to pursue ambitious progressive policies, it has also led to a decline in moderation, transparency, and bipartisan cooperation. The absence of meaningful opposition and internal checks has allowed laws to pass with limited scrutiny, sometimes resulting in unintended harm or public backlash.

Indeed, things have changed so radically today that it's almost like everyone is drawn to their political ideology like a magnet to a piece of metal! Yet the problems we ALL face are the same – homelessness, poverty, unemployment, ultra-high living costs, a shortage of housing, a water supply that is one bad rainy season from drought, a broken school system, and to 'cap it off,' a multi-billion-dollar (and growing) deficit!

Again, while I'm in awe of what they have achieved, unions in particular (but all special interests) have played a significant role in helping to create today's California State Legislature. The question is, will the state continue on its progressive path, obviously in contrast to today's Washington DC politics, or will the pendulum move in the opposite direction? Time and voters will tell!

Important Bills Signed Into Law in 2025

Following are some important bills that were signed by the governor this year. Immediately thereafter you will find a complete listing and description of all 58 bills that were signed into law that I tracked on your behalf this session:

AB 289 (Hanev, D) State highway work zone speed safety program. Chapter 684

This bill will authorize, until January 1, 2032, the Department of Transportation to establish a program for speed enforcement that utilizes up to 35 speed safety systems on state highway construction or maintenance areas. Specifically:

- 1) Authorizes Caltrans to deploy 35 speed safety systems, identified as automated speed enforcement systems, to enforce speed limits in state highway work zones.
- 2) Provides that a speed safety system may only issue citations when workers from the Department of Transportation, **including persons contracted to perform construction, maintenance, or repair of a highway, are present.**
- 3) Includes the following provisions that are nearly identical to the existing speed safety pilot program on the PCH in Malibu:
 - a) Requires every speed safety system to have a sign stating "photo enforced" along with the speed limit signs with flashing beacons and speed feedback signs, no more than 500 feet before the placement of the system.
 - b) Requires a public information program at least 30 days prior to the implementation of the camera program and that for the first 60 days of enforcement only warning notices be issued.
 - c) Requires that Caltrans establish guidelines for the screening and issuing of notices of violation and for the processing and storage of confidential information. The notice shall include a phone number a ticketed individual may use to contact Caltrans, a clear photograph of the license plate and rear of the vehicle only, VEH violation, the location, and the date and time the violation occurred.
 - d) Provides for the following fines to the owner of the registered vehicle:
 - i) \$50 for a speed violation from 11 to 15 miles per hour (mph) over the posted speed limit;
 - ii) \$100 for a speed violation from 16 to 25 mph over the posted speed limit;
 - iii) \$200 for a speed violation of 26 mph or more over the posted speed limit; and,
 - iv) \$500 for traveling at a speed of 100 mph or greater.
 - e) Stipulates that the fine is a civil penalty and shall not result in a loss of the driving privilege or in a violation point being assessed against the violator.

- f) Requires indigent individuals be offered community service in lieu of the fine, or the fine is reduced by 80%. The fine is reduced by 50% for individuals up to 250% above the federal poverty level.
- g) The vehicle's first violation results in a warning, not a fine, if that violation is for driving not more than 15 mph over the posted speed limit.

Requires Caltrans to issue a report two years after the program has been implemented and annually thereafter.

AB 390 (Wilson, D) Vehicles: highway safety. Chapter 58

Expands the requirement that a driver approaching a stationary vehicle to slow down and move over must include any stationary vehicles, including marked highway maintenance vehicles, displaying flashing hazard lights or another warning device. Specifically, this bill will:

- 1) Require a person driving a vehicle passing any stationary vehicles displaying flashing hazard lights or another warning device to either:
 - a) Make a lane change into an available lane not immediately adjacent to the vehicle, with due regard for safety and traffic conditions, if practicable and prohibited by law; and,
 - b) If changing lanes would be unsafe or impracticable, slow to a reasonable and prudent speed that is safe for existing weather, road, and vehicular or pedestrian traffic conditions.
- 2) Provides that the above requirement does not apply if the vehicle displaying flashing turn signal lamps is not adjacent to the highway or is separated from the highway by a protective physical barrier.
- 3) Defines "highway maintenance vehicle" to either mean:
 - a) A vehicle used for the maintenance of highways and roadways in this state and is either owned and operated by the Department of Transportation (Caltrans), a county, or a municipality or other political subdivision of this state; or,
 - b) Owned or operated by a contractor under contract with Caltrans, a county, or a municipality or other political subdivision of this state to maintain highways, roadways, or both.

SB 61 (Cortese, D) Private works of improvement: retention payments. Chapter 49

Imposes limits on the amount an owner can withhold (**retention**) from a direct contractor, or a contractor from a subcontractor, for a private work of improvement **to five percent or less**. Specifically, **this bill**:

- 1) Limits the amount of a retention payment withheld from a payment by an owner from the direct contractor, by the direct contractor from any subcontractor, and by a subcontractor from any subcontractor thereunder, for a private work of improvement to five percent or less of the payment.
- 2) Prohibits the total retention proceeds withheld from exceeding five percent of the contract price.
- 3) Prohibits, in a contract between the direct contractor and a subcontractor, and in a contract between a subcontractor and any subcontractor thereunder, the percentage of the retention payment withheld from exceeding the percentage specified in the contract between the owner and the direct contractor.
- 4) Excludes a direct contractor or subcontractor from the 5% retention **IF** the direct contractor or subcontractor provides written notice to a subcontractor before, or at, the time that the bid is requested that a faithful performance and payment bond will be required, and a subcontractor fails to furnish the performance and payment bond issued by an admitted surety insurer.
- 5) Excludes an owner, direct contractor, or subcontractor **on a residential project** from the 5% retention **IF** the project is not mixed-use and does not exceed four stories.
- 6) Requires a court to award reasonable attorney's fees to the prevailing party in any action to enforce the above provisions.

SB 291 (Grayson, D) Contractors: workers' compensation insurance. Chapter 455

This bill, effective January 1, 2027, will require mandatory workers' compensation for **ALL** licensed contractors, unless they file an exemption under penalty of perjury that they never hire employees. If a contractor does file the exemption, he/she will be required to pay for an annual audit validating that they are indeed exempt because they never hired an employee that year. **If caught violating, the fines will run \$10,000 - \$30,000!**

SB 440 (Ochoa Bogh, R) Private Works Change Order Fair Payment Act. Chapter 583

SB 440 This bill creates a process, on private works of improvement until January 1, 2030, by which disputes between an owner, direct contractor, or subcontractor regarding extensions of time and payment of additional compensation for approved changes to the contractor's scope of work may be resolved through an informal conference and mediation.

Contractors that perform change orders on private works construction projects frequently face extended payment delays for approved change orders leading to financial instability, increased credit dependency and, in extreme cases, business failure. Power imbalances between the project owner, general contractor and subcontractor can create exploitive practices where subcontractors can be leveraged to reduce their value of their change order if it wants to continue a future business relationship.

SB 440 levels the playing field for contractors, especially subcontractors, by ensuring a fair change order process and providing for timely payments.

**[SB 847 \(Reyes, D\)](#) Workers' compensation: uninsured employer: transfer of real property.
Chapter 790**

This bill authorizes the director of the Department of Industrial Relations (DIR) to make a prima facie finding that a transfer of property by an uninsured employer was made to avoid the lawful imposition of a lien on the property.

Specifically, this bill:

- 1) Allows the DIR director, when the director determines there is sufficient evidence to show one of two circumstances is present, to make a prima facie finding that an uninsured employer (or substantial shareholder) transferred real property with intent to retain a beneficial interest in the property, thus creating a resulting trust for the benefit of the uninsured employer.
- 2) Provides that a certificate of lien previously recorded on the transferred property by the director attaches to the resulting trust in the property, constituting a valid lien against the property in favor of the director in the same manner as if the transfer had not occurred.
- 3) Requires the director to mail written notices of the prima facie determination to the transferor. The notice must advise the transferor of their right to appeal the finding and that a lien may record and attach against the property.
- 4) Authorizes a person aggrieved by the prima facie finding to request a hearing on the director's finding, and authorizes a party aggrieved by the findings of the hearing officer to apply for a writ of mandate in superior court.

BILLS SIGNED BY GOVERNOR THAT **IMPACT YOUR BUSINESS BY SUBJECT** **MATTER**

Following are the highlights of all bills that went to the governor that I tracked on your behalf this session, sorted according to subject matter. **To access the complete text of a bill, either click on the blue bill number link and then on the Chaptered PDF or simply click on the blue PDF.** All Chaptered bills become law effective January 1, 2026 unless it states it is an urgency measure which means it became law immediately upon the governor's signature; OR, lists another effective date.

Subject: Autonomous Vehicles

[SB 480 \(Archuleta, D\)](#) Autonomous vehicles.

Current Text: 10/06/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law prohibits the operation of an autonomous vehicle on public roads until the manufacturer submits an application to the Department of Motor Vehicles, as specified, and that application is approved. Current law requires the department to adopt regulations setting forth requirements for the submission and approval of an application, including, among other things, any testing, equipment, and performance standards the department concludes are necessary to ensure the safe operation of autonomous vehicles on public roads, as specified. **This bill will, commencing January 1, 2026, authorize an autonomous vehicle to be equipped with automated driving system (ADS) marker lamps in accordance with specified standards. For purposes of this provision, the bill will define an “ADS marker lamp” as a device that emits a light to indicate when an ADS is engaged in the operation of the vehicle.**

Chapter Number: 415

Subject: Bonds

[AB 521 \(Carrillo, D\)](#) Contractors State License Board: bond deposits: liability for legal fees and costs.

Current Text: 10/03/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law requires the Contractors State License Board, with the approval of the Director of Consumer Affairs, to appoint a registrar of contractors to serve as the executive officer and secretary of the board. Current law requires a licensee who is subject to a bonding provision under the law to maintain a bond as executed by an admitted surety insurer or as deposited with the registrar, as specified. Prior existing law authorized certain deposits to be given instead of the bond, as specified. Current law requires all alternatives in lieu of a bond that had been filed with the registrar to be replaced for a surety bond or the deposit of lawful money or a cashier’s check, as specified, by January 1, 2020. Current law prohibits the board from charging legal fees against those deposits, as specified. **This bill will exempt the board from liability for legal fees or costs in an action against any deposit described above, regardless of when it was filed with the registrar.**

Chapter Number: 265

Subject: CCPA

[AB 566 \(Lowenthal, D\)](#) California Consumer Privacy Act of 2018: opt-out preference signal.

Current Text: 10/08/2025 - Chaptered [HTML](#) [PDF](#)

Summary: The California Consumer Privacy Act of 2018 (CCPA) grants a consumer various rights with respect to personal information that is collected or sold by a business, as defined, including the right to direct a business that sells or shares personal information about the consumer to third parties not to sell or share the consumer's personal information, as specified. The California Privacy Rights Act of 2020, approved by the voters as Proposition 24 at the November 3, 2020, statewide general election, amended, added to, and reenacted the CCPA and establishes the California Privacy Protection Agency and vests the agency with full administrative power, authority, and jurisdiction to enforce the CCPA. **This bill will, beginning January 1, 2027, prohibit a business from developing or maintaining a browser, as defined, that does not include functionality configurable by a consumer that enables the browser to send an opt-out preference signal, as defined, to businesses with which the consumer interacts through the browser, as prescribed. The bill will require a business that develops or maintains a browser to make clear to a consumer in its public disclosures how the opt-out preference signal works and the intended effect of the opt-out preference signal.**

Chapter Number: 465

Subject: Contractor Issues

[AB 692 \(Kalra, D\)](#) Employment: contracts in restraint of trade.

Current Text: 10/13/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law declares every contract by which anyone is restrained from engaging in a lawful profession, trade, or business of any kind to be void, except as expressly provided. Current law provides for a system of labor standards enforcement administered by the Labor Commissioner. **This bill will, for contracts entered into on or after January 1, 2026, make it unlawful to include in any employment contract, or to require a worker to execute as a condition of employment or a work relationship a contract that includes, specified contract terms, including a term that requires the worker to pay an employer, training provider, or debt collector for a debt if the worker's employment or work relationship with a specific employer terminates. The bill will declare these contracts as contracts**

that restrain a person from engaging in a lawful profession, trade, or business, and as void and contrary to public policy, except as provided.

Chapter Number: 703

[SB 272](#) (Becker, D) San Mateo County Transit District: job order contracting: pilot program.

Current Text: 10/03/2025 - Chaptered [HTML](#) [PDF](#)

Summary: The Local Agency Public Construction Act sets forth procedures that a local agency is required to follow when procuring certain services or work. The act also sets forth specific public contracting requirements for certain transit districts, including the San Mateo County Transit District for construction work contracts. The act authorizes certain local agencies, including school districts and community college districts, to engage in job order contracting, as prescribed. **This bill will establish a pilot program to authorize the San Mateo County Transit District to use job order contracting as a procurement method. The bill will impose a \$5,000,000 cap on awards under a single job order contract and a \$1,000,000 cap on any single job order. The bill will limit the term of an initial contract to a maximum of 12 months, with extensions as prescribed. The bill will establish various procedures and requirements for the use of job order contracting under the pilot program. The bill will require the district, on or before January 1, 2030, to submit to the appropriate policy and fiscal committees of the Legislature a report on the use of job order contracting under the bill. The pilot program will be repealed on January 1, 2032.**

Chapter Number: 310

[SB 440](#) (Ochoa Bogh, R) Private Works Change Order Fair Payment Act.

Current Text: 10/10/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law contains various provisions relating to contracts for the performance of private works of improvement, including provisions applicable to a retention withholding by an owner from a direct contractor or by a direct contractor from a subcontractor. **This bill will establish, until January 1, 2030, for contracts entered into on or after January 1, 2026, a claim resolution process, as specified, applicable to any claim by a contractor or subcontractor, as described, in connection to a work of improvement or site improvement, except as specified. The bill will define a claim for these purposes as a separate demand by the contractor or subcontractor, as described, sent by registered mail or certified mail with return receipt requested, for, among other things, a time extension for relief from damages or penalties for delay assessed by an owner under contract for a work of improvement or site of improvement.**

Chapter Number: 583

SB 597 (Cortese, D) Labor-related liabilities: direct contractor and subcontractor.

Current Text: 10/13/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law requires, for contracts entered into on or after January 1, 2022, a direct contractor making or taking a contract in the state for the erection, construction, alteration, or repair of a building, structure, or other private work, to assume, and be liable for, any debt owed to a wage claimant or third party on the wage claimant's behalf, incurred by a subcontractor at any tier acting under, by, or for the direct contractor for the wage claimant's performance of labor included in the subject of the contract between the direct contractor and the owner. Current law defines "direct contractor" for this purpose to mean a contractor that has a direct contractual relationship with an owner. **This bill will apply the above-described provision to contracts entered into on or after January 1, 2022, and before January 1, 2026. The bill will instead require, for contracts entered into on or after January 1, 2026, a direct contractor making or taking a contract in the state for the erection, construction, alteration, or repair of a building, structure, or other private work, to assume, and be liable for, any indebtedness for the performance of labor, as specified. The bill will prohibit a direct contractor from being held liable for the indebtedness with respect to fringe or other benefit contributions if they make contribution payments by joint check, as specified.**

Chapter Number: 774

Subject: Contractors & Contractors State License Board

AB 476 (González, Mark, D) Metal theft.

Current Text: 10/13/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law governs the business of buying, selling, and dealing in secondhand and used machinery and all ferrous and nonferrous scrap metals and alloys, also known as "junk." Current law requires junk dealers and recyclers to keep a written record of all sales and purchases made in the course of their business, including the place and date of each sale or purchase of junk and a description of the item or items, as specified. Existing law requires the written record to include a statement indicating either that the seller of the junk is the owner of it, or the name of the person they obtained the junk from, as shown on a signed transfer document. Current law prohibits a junk dealer or recycler from providing payment for nonferrous materials until the junk dealer or recycler obtains a copy of a valid driver's license of the seller or other specified identification. Existing law requires a junk dealer or recycler to preserve the written record for at least 2 years. **This bill will require junk dealers and recyclers to include additional information in the written record, including the time and amount paid for each sale or purchase of junk made, and the name of the**

employee handling the transaction. The bill will revise the type of information required to be included in the description of the item or items of junk purchased or sold, as specified.

Chapter Number: 694

[AB 521](#) ([Carrillo, D](#)) Contractors State License Board: bond deposits: liability for legal fees and costs.

Current Text: 10/03/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law requires the Contractors State License Board, with the approval of the Director of Consumer Affairs, to appoint a registrar of contractors to serve as the executive officer and secretary of the board. Current law requires a licensee who is subject to a bonding provision under the law to maintain a bond as executed by an admitted surety insurer or as deposited with the registrar, as specified. Prior existing law authorized certain deposits to be given instead of the bond, as specified. Current law requires all alternatives in lieu of a bond that had been filed with the registrar to be replaced for a surety bond or the deposit of lawful money or a cashier's check, as specified, by January 1, 2020. Current law prohibits the board from charging legal fees against those deposits, as specified. **This bill will exempt the board from liability for legal fees or costs in an action against any deposit described above, regardless of when it was filed with the registrar.**

Chapter Number: 265

[SB 291](#) ([Grayson, D](#)) Contractors: mandatory workers' compensation insurance.

Current Text: 10/07/2025 - Chaptered [HTML](#) [PDF](#)

Summary: This bill, effective January 1, 2027, will require mandatory workers' compensation for ALL licensed contractors, unless they file an exemption under penalty of perjury that they never hire employees. If a contractor does file the exemption, he/she will be required to pay for an annual audit validating that they are indeed exempt. If caught violating, the fines will run \$10,000 - \$30,000!

Chapter 455

[SB 779](#) ([Archuleta, D](#)) Contractors: civil penalties.

Current Text: 10/01/2025 - Chaptered [HTML](#) [PDF](#)

Summary: The Contractors State License Law provides for the licensure and regulation of contractors by the Contractors State License Board in the Department of Consumer Affairs. Under current law, willful or deliberate disregard by a licensed contractor of various state building, labor, and safety laws constitutes a cause for disciplinary action by the board. Current law provides for related disciplinary proceedings and requires the board to promulgate regulations covering the assessment of civil penalties under those disciplinary provisions, as prescribed. Current law

authorizes a civil penalty not less than \$200 and not to exceed \$15,000 for certain violations relating to unlicensed persons, as specified. Current law authorizes a civil penalty not to exceed \$8,000 or \$30,000 for other violations of the Contractors State License Law, as provided. **This bill, commencing July 1, 2026, will increase the minimum civil penalties for violations related to unlicensed persons to at least \$1,500 and will impose minimum civil penalties of at least \$500 or \$1,500 for other specified violations, as provided.**

Chapter Number: 233

Subject: Design/Build

[AB 533 \(Flora, R\)](#) Health care districts: design-build process.

Current Text: 07/14/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law authorizes the Sonoma Valley Health Care District, Last Frontier Health Care District, and the Mayers Memorial Hospital District the authority to use the design-build procedure when contracting for the construction of a building or improvements directly related to a hospital or health facility building, as specified. Current law sets forth the procurement process for design-build projects and requires specified information by submitted design-build entities and others to be verified under penalty of perjury. **This bill will additionally authorize any health care district to use the design-build process when contracting for the construction of a hospital or health facility building.**

Chapter Number: 35

Subject: Employer/Employee

[SB 261 \(Wahab, D\)](#) Division of Labor Standards Enforcement: orders, decisions, and awards.

Current Text: 10/13/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law authorizes the Labor Commissioner to investigate employee complaints and to provide for a hearing in any action to recover wages, penalties, and other demands for compensation, as specified. Current law provides that the judgment creditor, or the commissioner, as assignee of the judgment creditor, is entitled to court costs and reasonable attorney's fees for enforcing the judgment, as specified. **This bill will instead require that the judgment creditor, or the Labor Commissioner or**

public prosecutor as assignee of the judgment creditor, be awarded the above-described court costs and reasonable attorney's fees.

Chapter Number: 747

SB 294 (Reyes, D) The Workplace Know Your Rights Act.

Current Text: 10/12/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law establishes the Division of Labor Standards Enforcement, headed by the Labor Commissioner, within the Department of Industrial Relations, for the purpose of enforcing labor laws. Existing law prescribes the duties and rights of employers and employees relating to specified labor laws, including, among other things, workers' compensation and notice requirements related to inspections conducted by an immigration agency. **This bill will establish the Workplace Know Your Rights Act. The bill will require an employer, on or before February 1, 2026, and annually thereafter, to provide a stand-alone written notice to each current employee of specified workers' rights, including, among other things, the categories described above, as well as constitutional rights of an employee when interacting with law enforcement at the workplace, as specified. The bill will also require the employer to provide the written notice to each new employee upon hire and to provide the written notice annually to an employee's authorized representative, if any. This bill will require the Labor Commissioner to develop a template notice that an employer may use to comply with the notice requirement described above. The bill will require the Labor Commissioner to post the template notice on its internet website on or before January 1, 2026, and to post an updated template notice annually thereafter.**

Chapter Number: 667

SB 464 (Smallwood-Cuevas, D) Employer pay data.

Current Text: 10/13/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Existing law establishes the Civil Rights Department within the Business, Consumer Services, and Housing Agency to enforce civil rights laws with respect to housing and employment and to protect and safeguard the right of all persons to obtain and hold employment without discrimination based on specified characteristics or status. **This bill will require an employer to collect and store any demographic information gathered by an employer or labor contractor for the purpose of submitting the pay data report separately from employees' personnel records, and, beginning January 1, 2027, increase the number of job categories, as specified above, to 23. This bill contains other related provisions and other existing laws.**

Chapter Number: 760

SB 590 (Durazo, D) Paid family leave: eligibility: care for designated persons.

Current Text: 10/13/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law establishes, within the Unemployment Compensation Disability Fund, a family temporary disability insurance program, also known as the paid family leave program, for the provision of wage replacement benefits for up to 8 weeks to workers who take time off work for prescribed purposes, including to care for a seriously ill family member. Current law defines terms for its purposes, including family care leave and family member. **This bill will, commencing July 1, 2028, expand eligibility for benefits under the paid family leave program to include individuals who take time off work to care for a seriously ill designated person. The bill will define designated person to mean any care recipient related by blood or whose association with the individual is the equivalent of a family relationship, and will make conforming changes to the definitions of the terms family care leave and family member.**

Chapter Number: 772

SB 642 (Limón, D) Employment: payment of wages.

Current Text: 10/08/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law imposes varying requirements upon employers to share the pay scale for a position with an applicant or in a job posting, as provided. Current law defines “pay scale” as the salary or hourly wage range that the employer reasonably expects to pay for the position. **This bill will revise the definition of “pay scale” to mean an estimate of this expected wage range that an employer reasonably expects to pay for the position upon hire and is made in good faith.**

Chapter Number: 468

SB 809 (Durazo, D) Employees and independent contractors: construction trucking.

Current Text: 10/11/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law requires a 3-part test, commonly known as the “ABC” test, to determine if workers are employees or independent contractors for those purposes. Current law establishes that, for purposes of the Labor Code, the Unemployment Insurance Code, and the wage orders of the Industrial Welfare Commission, a person providing labor or services for remuneration is considered an employee rather than an independent contractor unless the hiring entity demonstrates that the person is free from the control and direction of the hiring entity in connection with the performance of the work, the person performs work that is outside the usual course of the hiring entity’s business, and the person is customarily engaged in an independently established trade, occupation, or business. **This test is commonly known as the “ABC” test, as described above. Current law charges the Labor Commissioner with the enforcement of labor laws, including worker classification. Current law exempts specified occupations and business relationships from the application of Dynamex and the provisions described above. This bill will provide that mere**

ownership of a vehicle, including a personal vehicle or a commercial vehicle, used by a person in providing labor or services for remuneration does not make that person an independent contractor. The bill will state that this provision is declarative of current law.

Chapter Number: 659

Subject: Force Account

[SB 409](#) ([Archuleta, D](#)) Public contracts: county-owned buildings.

Current Text: 07/14/2025 - Chaptered [HTML](#) [PDF](#)

Summary: The Local Agency Public Construction Act provides that for certain alteration or repair work upon county-owned buildings, counties containing a population of 2,000,000 or more are exempt from provisions of the Public Contract Code requiring repairs exceeding a specified amount upon public buildings to be done by contract if the cost is under \$50,000. **This bill will provide that for certain alteration or repair work upon county-owned buildings, counties containing a population of 9 million or more are exempt from provisions of the Public Contract Code, requiring repairs exceeding a specified amount upon public buildings to be done by contract, if the cost is under \$125,000, except as specified.**

Chapter Number: 52

Subject: Independent Contractor

[SB 809](#) ([Durazo, D](#)) Employees and independent contractors: construction trucking.

Current Text: 10/11/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law requires a 3-part test, commonly known as the “ABC” test, to determine if workers are employees or independent contractors for those purposes. Current law establishes that, for purposes of the Labor Code, the Unemployment Insurance Code, and the wage orders of the Industrial Welfare Commission, a person providing labor or services for remuneration is considered an employee rather than an independent contractor unless the hiring entity demonstrates that the person is free from the control and direction of the hiring entity in connection with the performance of the work, the person performs work that is outside the usual course of the hiring entity’s business, and the person is customarily engaged in an independently established trade, occupation, or business. This test is commonly known as the “ABC” test, as described above. Current law charges the Labor Commissioner with the enforcement of labor laws, including worker classification. Current law exempts specified occupations and business relationships from the application of Dynamex and the provisions described above. **This bill will provide that mere ownership of a vehicle, including a personal vehicle or a commercial vehicle, used by a person in**

providing labor or services for remuneration does not make that person an independent contractor. The bill will state that this provision is declarative of current law.

Chapter Number: 659

Subject: Prevailing Wage

[AB 889 \(Hadwick, R\)](#) Prevailing wage: per diem wages.

Current Text: 10/11/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law requires workers employed on public works to be paid not less than the general prevailing rate of per diem wages for work of a similar character in the locality that the public work is performed, as prescribed, unless an exception applies. Current law requires the Director of the Department of Industrial Relations to determine the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is to be performed. Under current law, per diem wages include certain employer payments made pursuant to a collective bargaining agreement or for a program or committee established under the federal Labor Management Cooperation Act of 1978, as specified. Current law provides that these payments are a credit against the obligation to pay the general prevailing rate of per diem wages. Current law requires the credit for employer payments to be computed on an annualized basis where the employer seeks credit for employer payments that are higher for public works projects than for private construction performed by the same employer, except under certain circumstances, including a determination by the director that annualization will not serve the purposes of the provisions relating to public works projects. **This bill will remove that exception and revoke annualization exemptions authorized by the director prior to January 1, 2026. The bill will authorize an employer to take full credit for the hourly amounts contributed to defined contribution pension plans that provide for both immediate participation and essentially immediate vesting even if the employer contributes at a lower rate or does not make contributions to private construction.**

Chapter Number: 626

Subject: Prompt Pay

[AB 1002 \(Gabriel, D\)](#) Contractors: failure to pay wages: discipline.

Current Text: 10/10/2025 - Chaptered [HTML](#) [PDF](#)

Summary: 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. Current 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 will 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.**

Chapter Number: 567

[SB 61](#) ([Cortese, D](#)) Private works of improvement: retention payments.

Current Text: 07/14/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law generally governs retention payments withheld with respect to a contract for a private work of improvement, including by requiring an owner that withholds a retention from a direct contractor to, within 45 days after completion of the work of improvement, pay the retention to the contractor. **This bill will limit the amount of a retention payment with respect to a contract for a private work of improvement by, among other things, prohibiting a retention payment withheld from a payment by an owner from the direct contractor, by the direct contractor from any subcontractor, and by a subcontractor from any subcontractor thereunder, for a private work of improvement, from exceeding 5% of the payment, subject to certain exceptions.**

Chapter Number: 49

Subject: Public Works

[AB 361](#) ([Schultz, D](#)) Best value procurement: school districts.

Current Text: 10/01/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law establishes a pilot program authorizing the Los Angeles Unified School District to use, before December 31, 2025, a best value procurement method for bid evaluation and selection for public projects that exceed \$1,000,000. The pilot program establishes various requirements applicable to the use of the best value procurement method under the authorization. Current law requires the school district to submit a report to the appropriate policy and fiscal committees of the Legislature on the use of the best value procurement method as provided and in accordance with a specified schedule. These provisions are repealed on January 1, 2026. This bill will delete the reporting requirement and repeal date, thereby extending these provisions

concerning the Los Angeles Unified School District indefinitely, and make related conforming changes. **This bill will additionally authorize the governing board of any school district, except for the Los Angeles Unified School District, to use, before December 31, 2030, a best value procurement method for bid evaluation and selection for public projects that exceed \$1,000,000. The bill will establish various requirements applicable to the use of the best value procurement method under this authorization.**

Chapter Number: 144

AB 538 (Berman, D) Public works: payroll records.

Current Text: 10/11/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law requires the Labor Commissioner to investigate allegations that a contractor or subcontractor violated the law regulating public works projects, including the payment of prevailing wages. Current law requires each contractor and subcontractor on a public works project to keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by the contractor or subcontractor in connection with the public work. Current law requires certified copies of records to be available upon request by the public and sets forth a process for the public to request the records either through the awarding body or the Division of Labor Standards Enforcement. Current law makes any contractor, subcontractor, agent, or representative who neglects to comply with the requirements to keep accurate payroll records guilty of a misdemeanor. **This bill will require the awarding body, if a request is made by the public through the awarding body and the body is not in possession of the certified records, to obtain those records from the relevant contractor and make them available to the requesting entity. The bill will authorize the Division of Labor Standards Enforcement to enforce certain penalties if a contractor fails to comply with the awarding body's request within 10 days of receipt of the notice.**

Chapter Number: 616

SB 440 (Ochoa Bogh, R) Private Works Change Order Fair Payment Act.

Current Text: 10/10/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law contains various provisions relating to contracts for the performance of private works of improvement, including provisions applicable to a retention withholding by an owner from a direct contractor or by a direct contractor from a subcontractor. **This bill establishes a fair and prudent process for contractors to follow for approved change orders on private works of construction projects. This process will reduce litigation, protect subcontractors, and mitigate construction delays. Contractors that perform change orders on private works construction projects frequently face extended payment delays for approved change orders leading to financial instability, increased credit dependency and, in**

extreme cases, business failure. Power imbalances between the project owner, general contractor and subcontractor can create exploitive practices where subcontractors can be leveraged to reduce their value of their change order if it wants to continue a future business relationship.

Chapter Number: 583

Subject: Transportation/Cal Trans

[AB 289](#) ([Haney, D](#)) State highway work zone speed safety program.

Current Text: 10/13/2025 - Chaptered [HTML](#) [PDF](#)

Summary: This bill will authorize, until January 1, 2032, the Department of Transportation to establish a program for speed enforcement that utilizes up to 35 speed safety systems on state highway construction or maintenance areas. Provides that a speed safety system may only issue citations when workers from the Department of Transportation, including persons contracted to perform construction, maintenance, or repair of a highway, are present.

Chapter Number: 684

[AB 390](#) ([Wilson, D](#)) Vehicles: highway safety.

Current Text: 07/28/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law requires a driver approaching, among others, a stationary marked Caltrans vehicle that is displaying flashing lights to approach with due caution and either change lanes to a lane not immediately adjacent to the vehicle, or, if unable to safely do so, slow to a reasonable and prudent speed, as specified. Current law makes a violation of that provision an infraction, punishable by a fine of not more than \$50. This bill expands the requirement that a driver approaching a stationary vehicle to slow down and move over to include any stationary vehicles, including marked highway maintenance vehicles, displaying flashing hazard lights or another warning device.

Chapter Number: 58

[AB 440](#) ([Ramos, D](#)) State bridges and overpasses: suicide prevention.

Current Text: 10/03/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law requires the Department of Transportation to install screening on state freeway overpasses to prevent objects from being dropped or thrown upon vehicles passing underneath, as provided. This bill will require, on or before July 1, 2028, the department to identify best practices for the implementation of suicide

countermeasures designed to deter suicide attempts on bridges and overpasses, as provided.

Chapter Number: 262

[AB 978 \(Hoover, R\)](#) Department of Transportation and local agencies: streets and highways: recycled materials.

Current Text: 10/07/2025 - Chaptered [HTML](#) [PDF](#)

Summary: The California Integrated Waste Management Act of 1989 requires the Director of Transportation, upon consultation with the Department of Resources Recycling and Recovery, to review and modify all bid specifications relating to the purchase of paving materials and base, subbase, and pervious backfill materials using certain recycled materials. Current law requires the specifications to be based on standards developed by the Department of Transportation for recycled paving materials and for recycled base, subbase, and pervious backfill materials. Current law requires a local agency that has jurisdiction over a street or highway, to the extent feasible and cost effective, to apply standard specifications that allow for the use of recycled materials in streets and highways, except as provided. Current law requires, until January 1, 2027, those standard specifications to allow recycled materials at or above the level allowed in the department's standard specifications that went into effect on October 22, 2018, for specified materials. **This bill will indefinitely require a local agency's standard specifications to allow recycled materials at a level no less than the level allowed in the department's specifications for those specified materials. If a local agency's standard specifications do not allow for the use of recycled materials at a level that is equal to or greater than the level allowed in the department's standard specifications on the basis that the use of those recycled materials at those levels is not feasible, the bill will authorize a person bidding on a contract to supply materials subject to those specifications to request the local agency to provide the reason for that determination upon request and will require the local agency to respond to that request, as specified.**

Chapter Number: 443

[AB 1014 \(Rogers, D\)](#) Traffic safety: speed limits.

Current Text: 10/03/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Current law establishes various default speed limits for vehicles upon highways, as specified. Existing law requires the Department of Transportation, by regulation, to require speed limits to be rounded up or down to the nearest 5 miles per hour of the 85th percentile of free-flowing traffic. Current law authorizes a local authority to additionally lower the speed limit in specified circumstances, or retain the currently adopted speed limit in certain circumstances. **This bill will authorize the department to additionally lower or retain the speed limit in those specified circumstances.**

Chapter Number: 287

[AB 1223 \(Nguyen, D\)](#) Local Transportation Authority and Improvement Act: Sacramento Transportation Authority.

Current Text: 10/13/2025 - Chaptered [HTML](#) [PDF](#)

Summary: The Local Transportation Authority and Improvement Act authorizes a county board of supervisors to create or otherwise designate a local transportation authority in the county that may impose a transaction and use tax for transportation purposes subject to voter approval and other specified requirements. Pursuant to that authority, the county board of supervisors of the County of Sacramento created the Sacramento Transportation Authority (STA). **This bill will provide that the allowable expenditure categories for revenues from a tax imposed by STA include the construction, modernization, and improvement of infrastructure, as defined, that supports infill or transit-oriented development in areas nominated by local governments, and included in regionally adopted plans that advance state greenhouse gas emissions reduction objectives, as specified. The bill will also authorize STA to impose a transaction and use tax under the act in a geographic area that comprises less than the total area of the County of Sacramento, subject to the approval of voters within that area and other specified requirements.**

Chapter Number: 724

[SB 78 \(Sevarto, R\)](#) Department of Transportation: report: state highway system: safety enhancements.

Current Text: 10/13/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Will require the Department of Transportation to prepare a report evaluating current efforts and potential opportunities to streamline the processes and procedures for the delivery of safety enhancement projects on the state highway system, as specified. The bill will require the department to submit the report to the Legislature on or before January 1, 2027.

Chapter Number: 743

[SB 128 \(Committee on Budget and Fiscal Review\)](#) Transportation.

Current Text: 06/27/2025 - Chaptered [HTML](#) [PDF](#)

Summary: The Department of Transportation is required to submit and prepare and submit to the Governor a proposed budget. To align the annual budget with the adopted state transportation improvement program, current law authorizes the Department of Transportation to submit to the Department of Finance a revised capital outlay support and capital outlay budget estimates as part of its May Revision process. **This bill will authorize the Department of Finance to increase or decrease funding appropriated to the Department of Transportation's capital outlay support program using funding made available to the program from both the annual Budget Act and any other appropriation provided the combined adjustments total \$0, as specified. The bill will require the Department of Finance to authorize the**

adjustments not sooner than 30 days after the notification in writing of the necessity therefor to the chairpersons of specified legislative committees.

Chapter Number: 16

[SB 671](#) ([Cervantes, D](#)) Pedestrian crossing signals.

Current Text: 10/03/2025 - Chaptered [HTML](#) [PDF](#)

Summary: This bill requires the Department of Transportation (Caltrans) to install touch-free accessible pedestrian signals (APS) at signalized pedestrian crossings on capital projects on the state highway system, encroachment permit projects and highway maintenance-funded projects.

The bill also requires local agencies to report to Caltrans on the implementation of leading pedestrian interval (LPI) installations where those local agencies are operating state-owned signals.

Chapter Number: 326

[SB 800](#) ([Reyes, D](#)) State bridges and overpasses: suicide prevention.

Current Text: 10/06/2025 - Chaptered [HTML](#) [PDF](#)

Summary: Will require, beginning on or before July 1, 2028, the Department of Transportation, in consultation with the State Department of Public Health and in collaboration with impacted local governments, to incorporate suicide deterrent considerations in the updates of applicable guidance documents, as provided.

Chapter Number: 427

Subject: Workers Compensation

[SB 291](#) ([Grayson, D](#)) Contractors: workers' compensation insurance.

This bill, effective January 1, 2027, will require mandatory workers' compensation for ALL licensed contractors, unless they file an exemption under penalty of perjury that they never hire employees. If a contractor does file the exemption, he/she will be required to pay for an annual audit validating that they are indeed exempt because they never hired an employee that year. If caught violating, the fines will run \$10,000 - \$30,000!

Chapter 455

SB 847 (Reves, D) Workers' compensation: uninsured employer: transfer of real property.

Current Text: 10/13/2025 - Chaptered [HTML](#) [PDF](#)

Summary: This bill authorizes the director of the Department of Industrial Relations (DIR) to make a prima facie finding that a transfer of property by an uninsured employer was made to avoid the lawful imposition of a lien on the property.

Specifically, this bill:

- 1) Allows the DIR director, when the director determines there is sufficient evidence to show one of two circumstances is present, to make a prima facie finding that an uninsured employer (or substantial shareholder) transferred real property with intent to retain a beneficial interest in the property, thus creating a resulting trust for the benefit of the uninsured employer.**
- 2) Provides that a certificate of lien previously recorded on the transferred property by the director attaches to the resulting trust in the property, constituting a valid lien against the property in favor of the director in the same manner as if the transfer had not occurred.**
- 3) Requires the director to mail written notices of the prima facie determination to the transferor. The notice must advise the transferor of their right to appeal the finding and that a lien may record and attach against the property.**
- 4) Authorizes a person aggrieved by the prima facie finding to request a hearing on the director's finding, and authorizes a party aggrieved by the findings of the hearing officer to apply for a writ of mandate in superior court.**

Chapter 790

Looking Into My Crystal Ball for 2026

First and foremost, 2026 is an election year. The governorship and all other executive branch offices are all 'up' for election, with all incumbents termed-out except for the attorney general. In addition, 20 of the 40 members in the senate are also set for election as well as all 80 members of the assembly. Being an election year means that, besides being inundated with myriad election commercials, everyone whose name is on the ballot will be doing their utmost to enhance their image in the eyes of their constituency each and every way possible. From sponsoring legislation to garner favorable attention or taking a stand on voter 'hot button issues' will absolutely be major factors leading up to the November 2026 general election.

Besides being an election year, 2026 will also be the second year of the two-year legislative session. In the Senate, there was a leadership shakeup at the end of this session that saw the members elect a new leader, [Monique Limón](#), who will take over as Speaker Pro Tem of the

Senate in November, 2025 from Mike McGuire. This will most certainly have an impact on the operation of the Senate next year.

Two-Year Bills Returning

There are many bills introduced in 2025 that failed to pass this session. For those that did not pass out of their house of origin, they have until the end of January to do so or they die. For the remainder, the deadline depends upon where the bill was held in the legislative process. Regardless, most will die wherever they were held last year.

Other Issues For 2026

Unemployment Insurance Debt MUST be Addressed

Another year has passed and the burdens on employers in California continues to grow on two fronts. Following is an article recently written by CalMatters' Dan Walters which discusses the huge \$20 billion (and growing) unemployment insurance debt to the federal government that California employers are stuck 'footing' until the governor and legislature address this 'black hole' that should have been addressed, at least, this year but was simply ignored.

Walters also discusses the fact that it has been (as hard as it is to believe) 13 years since we obtained the passage of **SB 863**, which saw major reforms to workers' compensation that also resulted in huge savings for employers:

Five Years Later, the Pandemic Still Weakens Two California Employee Safety Nets – Unemployment Insurance & Workers' Comp

Dan Walters

When the COVID-19 pandemic struck California five years ago, it massively impacted California families not only medically but economically. As the state forced many businesses to close their doors, 3 million Californians lost their jobs, shooting the state's [unemployment rate up to more than 16%](#). In turn, two state programs that are supposed to cushion employees from the effects of workplace disruption were hard-hit.

*The most obvious impact is what happened to the state's **unemployment insurance program**. As workers were laid off, they filed claims for weekly benefits from the Unemployment Insurance Fund, which is financed by employers through payroll taxes. However, the fund, which had been struggling to pay claims prior to the pandemic, was soon exhausted, and the state borrowed about \$20 billion from the federal government to keep benefits flowing.*

The Employment Development Department also [suffered a managerial implosion](#), leading to not only the blockage of payments to legitimate claimants, but billions of dollars in payments, mostly out of federal funds, going to fraudsters. Five years later, not only has the state been unable to claw back the billions in fraudulent payments, but the state's unemployment fund's debt to the federal government has continued to grow. Interest charges are piling up, and there's still a gap between income and outgo even though the state's unemployment rate today of 5.3% is about a third of what it was in 2020.

The Employment Development Department estimates that [the debt will rise to \\$23.7 billion](#) by the end of 2026, even though federal officials have raised their payroll taxes in California to chip away at the debt. Underlying the issue is [a decades-long political stalemate](#) over unemployment insurance benefits and taxes.

The other safety net program affected by the pandemic is **workers' compensation**, which provides medical treatment and support payments to employees suffering job-related illnesses and injuries. Most employers purchase insurance either from private insurers or from the quasi-public [State Compensation Insurance Fund](#) to cover employee claims. Some big employers, including state and local governments, self-insure for "work comp," as it's dubbed.

An estimated 200,000 work comp claims were filed by COVID-19 victims, even though a connection between the disease and the workplace is tenuous at best. Nevertheless, those claims and sharp increases in medical costs are being cited by the insurance industry's Workers' Compensation Rating Bureau as the reason for their request to the Insurance Commissioner for a 11.2% increase (**who ultimately approved a pure premium rate of \$1.52 per \$100 of payroll, that constituted an 8.7% increase effective September 1, 2025**). It's the latest chapter in the long-running political friction over work comp costs and benefits, which collectively approach \$20 billion a year.

Roughly once a decade, the major players in the work comp system — employers, insurers, unions, work comp attorneys and medical care providers — [clash over the issue](#). The last time was in 2012, when then-Gov. Jerry Brown negotiated a compromise that raised benefits but imposed new rules on eligibility for benefits and medical care to save enough money to pay for the increases.

Although opposed by medical providers and attorneys, the deal had the desired impact, including a sharp reduction in insurance costs vis-à-vis payrolls. However, California's insurance costs, 1.86% of payroll, [remain among the highest in the nation](#), according to a

biennial survey by the Oregon Department of Consumer and Business Services, widely considered the most authoritative source of work comp premium data.

*The stage would seem to be set for another of the Capitol's periodic work comp clashes. However, **legislation that would have increased cash benefits** to disabled workers never made it through the first committee this year, so the contending forces will face off sometime in the future. **Could 2026 be the year?***

Finally, two other major factors will be in play in 2026:

1). California's chronic budget gap currently sits at \$21 billion and is growing. The Newsom Administration now admits that the deficit was created back in 2022 when his Administration made a [\\$165 billion error in revenue projections](#) which fueled a sharp increase in spending. When the surplus was exposed as a phantom, the state was stuck with a chronic income/outgo gap that persists.

This year's budget was able to 'paper-over' the gap by dipping into emergency reserves (the state's 'Rainy Day Fund'), borrowed money from the state treasury's special funds, postponed some spending and engaged in some accounting gimmickry.

Since the start of this year's budget on July 1st, major revenues have been running a few billion dollars ahead of estimates in the current budget, but not nearly enough to markedly shrink the structural deficit. Making matters far worse, there are many indications that an investment bubble from the so-called 'artificial intelligence' industry is fueling these recent tax revenue gains.

Unfortunately, the Assembly's budget guru, Jason Sisney, announced that "Bubbles can lead to dramatic state tax revenue declines when they burst." That's what happened about a quarter-century ago when the "dot com" bubble burst, creating a large state budget deficit. More and more techies and economists are claiming that the huge infusion of funds into AI could well turn into another "dot com" crash.

The bottom line, the state budget is going to take a lot of the legislature and governor's time next year, particularly if the AI bubble bursts. So too, if and how large a gap occurs will have a tremendous impact on the types (and costs) of legislation in 2026.

2). At the official commencement of this year's session back in December, the leaders of both the Senate and Assembly announced that, due to budget constraints, they were going to limit each member to introducing a maximum of 35 bills over the two-year session. Given these limits and the number of bills that each member introduced in 2025, I expect to see, potentially, a reduction of introduced bills in 2026. So too, if factors, such as the AI bubble' occur, the numbers could even be significantly less.

At this juncture, ‘time will tell!’ Hold on to your hats! 2026 is going to be a ‘wild ride’ with many unknown factors that could affect the outcome. Stay tuned for my updates throughout next year!

ADDITIONAL SERVICES PROVIDED

I want to remind you of your having direct access through me into “the government” to resolve **any and all** problems; or, to address **any** need that may arise. Regardless of the problem or issue, **call me!** Even if I don’t have the immediate answer or solution, my almost 53 years in Sacramento means that I most likely know someone who can assist us with your problem or issue! I can be reached at **(916) 784-7055**, or by email phil@pvgov.com

Thank you for allowing me to serve as your legislative advocate. **2026 will be my 28th** year of representing your interests before the State of California. It has been truly an honor and a privilege!