WACA - 2025 End of Year Legislative Report

Politico Group
1127 11th Street, Suite 747 - Sacramento, CA 95814

INTRODUCTION

The 2025 California Legislative Session concluded October 13th, the final day for Governor Gavin Newsom to sign or veto pending legislation. This year, the industry experienced one of its most successful sessions to date, not only advancing key industry initiatives but also working extensively to defeat measures that could negatively impact our industry. While we were successful in preventing several concerning proposals from becoming law, **it's essential that contractors and industry stakeholders are aware of the significant new laws that were enacted.**

Among the notable legislative victories were landmark reforms to cap private works retention at 5% and to extend the proven public works change order claims process to private construction. Both measures represent significant progress in addressing the cash flow and payment challenges that member contractors often face on private projects.

Below is a summary of all pertinent legislation passed during the 2025 session that will impact contractors and the broader construction industry. All newly enacted laws will take effect on January 1, 2026, unless otherwise specified.

For questions, comments, or further information, please feel free to contact our office. I can be reached by email at bernacchi@politicogroup.com or by phone at (916) 443-3114.

Eddie Bernacchi
Legislative Advocate

CODES & STANDARDS

AB 365
TITLE: The Justin Kropp Safety Act: electrical utilities: AED availability at worksites.
SUMMARY: This bill, the Justin Kropp Safety Act, would require utilities and independent contractors or subcontractors of a utility, to have an automated external defibrillator (AED) available at every worksite where 2 or more electrical workers are performing work on transmission or distribution lines of 601 volts or more.
STATUS: Chapter 361, Statutes of 2025.

AB 368
TITLE: Energy: building standards: passive house standards.
SUMMARY: Requires the California Energy Commission (CEC) to evaluate Passive House energy-efficiency standards across California climate zones, including lifecycle costs, grid impacts, and consumer savings. The CEC must analyze Passive House Institute (PHI) and Passive House Institute US (PHIUS) models against existing Title 24 standards and submit findings and recommendations to the Legislature by July 1, 2028.
STATUS: Chapter 145, Statutes of 2025.

AB 841
TITLE: State Fire Marshal: personal protective equipment: battery fires.
SUMMARY: Requires the Office of the State Fire Marshal (OSFM), in consultation with Cal/OSHA, to convene a working group to review personal protective equipment (PPE) used in responding to lithium-ion battery fires and recommend best practices for limiting exposure to lithium and heavy metals and for decontamination.
STATUS: Chapter 382, Statutes of 2025.

SB 20
TITLE: Occupational safety: high-exposure trigger tasks on artificial stone.
SUMMARY: Responds to silicosis outbreaks among artificial stone workers by prohibiting dry cutting, grinding, or polishing of engineered stone and requiring effective wet methods or engineering controls for all high-exposure tasks. Authorizes the Division of Occupational Safety and Health (Cal/OSHA) to issue immediate stop-work orders and civil penalties for violations.
STATUS: Chapter 734, Statutes of 2025.

COLLECTION & LIEN – PROMPT PAY

SB 61
TITLE: Private works of improvement: retention payments.
SUMMARY: Caps retention at 5% on private construction contracts. Aligns private works retention practices more closely with public works, improves subcontractor cashflow, and provides greater payment predictability throughout the construction chain.
STATUS: Chapter 49, Statutes of 2025.

SB 440
TITLE: Private Works Change Order Fair Payment Act.
SUMMARY: Creates a structured change order claim-resolution process for private works contracts entered into on or after January 1, 2026, similar to Public Contract Code procedures. Requires timely owner responses, mandatory meet-and-confer, and payment of undisputed change order amounts, with the law sunsetting January 1, 2030.
STATUS: Chapter 583, Statutes of 2025.

CONTRACTORS' LICENSE LAW

AB 521
TITLE: Contractors State License Board: bond deposits: liability for legal fees and costs.
SUMMARY: Clarifies that the Contractors State License Board (CSLB) is not liable for legal fees or costs in actions involving deposits that were accepted in lieu of contractor surety bonds.
STATUS: Chapter 265, Statutes of 2025.

AB 1002
TITLE: Contractors: failure to pay wages: discipline.
SUMMARY: Authorizes the Attorney General to bring civil actions to impose discipline, revoke licenses, or deny applications for contractors that fail to pay workers lawfully owed minimum wages, do not satisfy wage judgments, or violate wage-related court orders.
STATUS: Chapter 567, Statutes of 2025.

SB 291
TITLE: Contractors: workers' compensation insurance.
SUMMARY: Requires CSLB to implement an audit or proof-based process to verify that licensees claiming exemption from workers' compensation insurance truly have no employees. The Board must report its proposed verification process to the Legislature by January 1, 2027.
STATUS: Chapter 455, Statutes of 2025.

SB 456
TITLE: Contractors: exemptions: muralists.
SUMMARY: Exempts mural artists from contractor licensing law when they draw, paint, restore, or conserve a mural with authorization from a person legally able to approve the work. Defines "mural" as a "unique work of fine art that is protected by copyright, trademark, label, or patent and that is drawn or painted by hand directly onto interior or exterior walls or ceilings, fixtures, or other appurtenances of a building or structure." Specifies "mural" does not include painted wall signs.
STATUS: Chapter 758, Statutes of 2025.

SB 517
TITLE: Home improvement contract requirements: subcontractors.
SUMMARY: Specifies that the prime or direct contractor is responsible for completing a home improvement project in accordance with the contract, plans, and specifications, while preserving the Contractors State License Board's ability to discipline subcontractors and home improvement salespersons for violations.
STATUS: Chapter 585, Statutes of 2025.

SB 779
TITLE: Contractors: civil penalties.
SUMMARY: Increases minimum civil penalties for unlicensed contracting and other specified violations beginning July 1, 2026, including raising the minimum fine for unlicensed persons from $200 to $1,500, to strengthen CSLB enforcement.
STATUS: Chapter 233, Statutes of 2025.

ENVIRONMENT & ENERGY

AB 1104
TITLE: Net energy metering: construction of renewable electrical generation facilities: public works project requirements.
SUMMARY: Current law classifies the construction of large, nonresidential renewable electrical generation facilities, such as commercial solar, wind, and associated battery-storage projects participating in net-energy-metering tariffs, as "public works" for purposes of California labor law. The bill shifts a key administrative responsibility by clarifying that the project owner or developer is not considered the awarding body. Instead, the contractor who enters into the construction contract is deemed the awarding body, but only for the limited purpose of providing required notices to the Department of Industrial Relations.
STATUS: Chapter 632, Statutes of 2025.

SB 283
TITLE: Energy storage systems.
SUMMARY: Requires applicants for large energy storage systems (ESS) capable of storing 200 megawatt-hours or more to meet and confer with the local fire authority at least 30 days before submitting an application and to obtain a fire-safety inspection before the system begins operation. Directs the Office of the State Fire Marshal to consider additional siting restrictions in the next California Building Standards Code update.
STATUS: Chapter 407, Statutes of 2025.

GENERAL INDUSTRY

AB 253
TITLE: California Residential Private Permitting Review Act: residential building permits.
SUMMARY: Requires counties and cities that charge residential building permit fees to prepare and post their residential permit fee schedules on their websites, increasing transparency and predictability for permit applicants.
STATUS: Chapter 487, Statutes of 2025.

AB 476
TITLE: Metal theft.
SUMMARY: Expands recordkeeping requirements for junk dealers and recyclers by requiring them to record transaction time, payment amount, employee handling the transaction, and more detailed descriptions of the materials, to help combat metal theft.
STATUS: Chapter 694, Statutes of 2025.

AB 289
TITLE: State highway work zone speed safety program.
SUMMARY: Authorizes the Department of Transportation (Caltrans) to establish a speed safety system pilot program using up to 35 automated speed enforcement systems in state highway construction or maintenance areas until January 1, 2032.
STATUS: Chapter 684, Statutes of 2025.

AB 390
TITLE: Vehicles: highway safety.
SUMMARY: Expands existing requirements that drivers move over or slow down for stationary marked highway vehicles with flashing lights to also apply to all marked highway maintenance vehicles and any other stationary vehicle displaying hazard lights or warning devices.
STATUS: Chapter 58, Statutes of 2025.

LABOR RELATIONS

AB 288
TITLE: Employment: labor organization and unfair practices.
SUMMARY: Expands the jurisdiction of the Public Employment Relations Board (PERB) by allowing workers to file unfair labor practice charges with PERB when they would otherwise fall under the National Labor Relations Board (NLRB) when the NLRB cedes or declines jurisdiction.
STATUS: Chapter 139, Statutes of 2025.

AB 692
TITLE: Employment: contracts in restraint of trade.
SUMMARY: For contracts entered into on or after January 1, 2026, makes it unlawful to include certain terms in employment or work-related contracts that require workers to repay training or other debts when their employment ends, treating such terms as unlawful restraints of trade.
STATUS: Chapter 703, Statutes of 2025.

SB 261
TITLE: Division of Labor Standards Enforcement: orders, decisions, and awards.
SUMMARY: Requires that judgment creditors, including the Labor Commissioner or public prosecutors, be awarded court costs and reasonable attorney's fees when enforcing wage judgments.
STATUS: Chapter 747, Statutes of 2025.

SB 294
TITLE: The Workplace Know Your Rights Act.
SUMMARY: Establishes the Workplace Know Your Rights Act, requiring employers to provide employees with a standalone written notice of specified workplace rights annually by February 1 and upon hire. Requires the Labor Commissioner to develop and annually update a template notice.
STATUS: Chapter 667, Statutes of 2025.

SB 464
TITLE: Employer pay data.
SUMMARY: Expands California's existing employer pay data reporting requirements, for employers with 100 or more employees, by adding new compliance obligations for how demographic information must be collected and stored. Employers are now required to maintain demographic data separately from personnel records when preparing annual pay data reports submitted to the state.
STATUS: Chapter 760, Statutes of 2025.

SB 590
TITLE: Paid family leave: eligibility: care for designated persons.
SUMMARY: Commencing July 1, 2028, expands eligibility for Paid Family Leave (PFL) benefits to include workers who take time off to care for a designated person, defined as someone related by blood or whose association is the equivalent of a family relationship.
STATUS: Chapter 772, Statutes of 2025.

SB 597
TITLE: Labor-related liabilities: direct contractor and subcontractor.
SUMMARY: Updates and clarifies the liability of direct contractors on private construction projects for labor debts of subcontractors.
STATUS: Chapter 774, Statutes of 2025.

SB 642
TITLE: Employment: payment of wages.
SUMMARY: Revises the definition of "pay scale" for purposes of job postings and wage disclosure requirements to mean a good-faith estimate of the wage range an employer reasonably expects to pay for the position upon hire.
STATUS: Chapter 468, Statutes of 2025.

SB 809
TITLE: Employees and independent contractors: construction trucking.
SUMMARY: Establishes a limited amnesty program that allows contractors to avoid liability for past or potential worker-misclassification penalties if they proactively reclassify drivers as employees, pay all owed wages, benefits, and taxes, and begin using the required "two-check" payroll system, issuing one check for wages and a separate check to cover vehicle-related expenses.
STATUS: Chapter 659, Statutes of 2025.

PUBLIC WORKS

AB 361
TITLE: Best value procurement: school districts.
SUMMARY: Eliminates the repeal date for Los Angeles Unified School District (LAUSD) best value procurement authority and authorizes all other school districts to use best value procurement for projects over $1,000,000 until December 31, 2030.
STATUS: Chapter 144, Statutes of 2025.

AB 533
TITLE: Health care districts: design-build process.
SUMMARY: Authorizes any health care district to use the design-build process when contracting for the construction of a hospital or health facility building, expanding existing authority previously limited to a few districts.
STATUS: Chapter 35, Statutes of 2025.

AB 538
TITLE: Public works: payroll records.
SUMMARY: Requires the awarding body, upon receiving a public request for certified payroll records, to obtain those records from the contractor if not already in its possession and authorizes the Division of Labor Standards Enforcement (DLSE) to enforce penalties if contractors fail to comply within 10 days.
STATUS: Chapter 616, Statutes of 2025.

AB 889
TITLE: Prevailing wage: per diem wages.
SUMMARY: Tightens prevailing wage fringe benefit rules by removing the DIR's authority to grant exemptions from the annualization requirement and revoking existing exemptions effective January 1, 2026. Construction employers must now annualize all fringe benefit contributions across both public and private work, with a narrow exception for immediate-vesting defined contribution plans. For union-signatory contractors, the impact is minimal since collectively bargained benefits are already paid uniformly across all work. The bill primarily closes loopholes used by non-union contractors to inflate fringe credits, leveling the playing field and promoting fairer competition on public works projects.
STATUS: Chapter 626, Statutes of 2025.

SB 272
TITLE: San Mateo County Transit District: job order contracting: pilot program.
SUMMARY: Establishes a pilot program authorizing the San Mateo County Transit District to use job order contracting (JOC) for certain construction work, with caps on contract size and individual job orders and a sunset date of January 1, 2032.
STATUS: Chapter 310, Statutes of 2025.

SB 409
TITLE: Public contracts: county-owned buildings.
SUMMARY: Increases the threshold under which counties with a population of 9 million or more may perform certain repair work on county-owned buildings without formal bidding from $50,000 to $125,000, the law only applies to Los Angeles County.
STATUS: Chapter 52, Statutes of 2025.

TAX & FEE

No New Laws Passed.

WORKERS' COMPENSATION

AB 1293
TITLE: Workers' compensation: qualified medical evaluators.
SUMMARY: Clarifies procedures governing communications with Qualified Medical Evaluators (QMEs) in workers' compensation cases, ensuring that communications are properly shared with opposing parties and helping to reduce disputes over ex parte contact.
STATUS: Chapter 298, Statutes of 2025.

SB 447
TITLE: Workers' compensation: death benefits.
SUMMARY: Extends the continuation of employer-provided health benefits for minor dependents of certain fallen firefighters and peace officers from 21 years of age to 26 years of age, providing additional support to surviving families.
STATUS: Chapter 653, Statutes of 2025.