

**RELATED  
AREAS OF PRACTICE**

Public Agency

## **SB 96 - Changes to California's Prevailing Wage Law Take Immediate Effect**

Senate Bill 96 (SB 96) was enacted on June 27, 2017. Amongst other things, the bill makes changes to Labor Code sections 1725.5, 1771.1 and 1773.3 and Public Contract Code section 4104. Since SB 96 is an appropriations bill, the changes noted below take effect immediately.

### **Labor Code § 1725.5 – Contractor Registration**

In particular, the bill amended Labor Code section 1725.5, which requires that public works contractors register with the Department of Industrial Relations (DIR) as a precondition to being listed on a bid for a public project. SB 96 added Subsection (f) to Labor Code section 1725.5, limiting the registration requirement to projects of less than \$25,000 for construction, alteration, demolition, installation, or repair work, or projects of less than \$15,000 for maintenance work. Previously, the registration requirement applied to any project which was subject to prevailing wages, generally, though with some exceptions, projects of \$1000 or more. (Labor Code § 1771.)

### **Labor Code § 1771.1 - Stop Orders for Unregistered Contractors**

The bill also amended Labor Code section 1771.1, to add subsection (J). Subsection (J) authorizes the Labor Commissioner to issue a stop order prohibiting the use of an unregistered contractor on a public project. Though the subsection helpfully adds, "[t]he stop order shall not apply to work by registered contractors or subcontractors on the public work," in practice, the disruption caused by removing a critical contractor could significantly disrupt a project. The legislature also added language to Section 1771.1, limiting the application of the section to projects of less than \$25,000 for construction, alteration, demolition, installation, or repair work, or projects of less than \$15,000 for maintenance work.

### **Labor Code § 1773.3 – DIR Notification of Award of Projects**

Labor Code section 1773.3, which requires that public agencies notify the DIR when public projects are awarded, was also amended by SB 96. The time a public agency has to notify the DIR that a project has been awarded was extended from five to thirty days. However, the legislature also authorized the imposition of fines for failure to provide notification at a rate of \$100 per day, not to exceed \$10,000. As with the registration threshold, the threshold for notifying the DIR that a public project has been awarded was also increased. Moving forward, DIR notification of an award of a public project will only be required for projects greater than \$25,000 for construction, alteration, demolition, installation, or repair work, or projects greater than \$15,000 for maintenance work.

### **Public Contract Code § 4104 – Subcontractor Listing Requirements**

SB 96 also amended Public Contract Code section 4104 of the Subletting and Subcontracting Fair Practices Act. Section 4104 governs subcontractor listing requirements for public works projects. As amended, Section 4104 now requires that bidders provide the DIR registration numbers for all subcontractors listed in a bid for a project.

### **Questions?**

If you have any questions concerning this Legal Alert, please contact the following from our office, or the attorney with whom you normally consult:

Maggie Stern

mstern@kmtg.com | 916.321.4500

[WWW.KMTG.COM](http://WWW.KMTG.COM)

Legal Alerts are published by Kronick Moskowitz Tiedemann & Girard as a timely reporting service to alert clients and other friends of recent changes in case law, opinions or codes. This alert does not represent the legal opinion of the firm or any member of the firm on the issues described, and the information contained in this publication should not be construed as legal advice. Should further analysis or explanation of the subject matter be required, please contact the attorney with whom you normally consult.