

CHANGES IN CALIFORNIA STATE LAW IMPACT PUBLIC WORKS CONTRACTORS

Recently passed legislation, SB 854 (Stat. 2014, Chapter 28), established a new public works contractors registration program, covering all public works projects and electronic payroll report submission requirements which will be phased in over the next couple of years. Therefore, if you plan to bid on public works contracts in the future, you need to be aware of the following key changes and plan accordingly:

Contractors **MUST** Be Registered

ALL contractors and subcontractors who bid or work on a public works project must register and pay an annual fee (currently \$300) to the Department of Industrial Relations (DIR). The phase-in timetable is:

July 1, 2014: Registration program became effective and first contractors registered. Initial registrations will be valid through June 30, 2015.

March 1, 2015: No contractor or subcontractor *may be listed* on a bid proposal for a public works project unless registered with DIR pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a)].

April 1, 2015: No contractor or sub-contractor *may work* on a public works project unless registered with DIR pursuant to Labor Code section 1725.5.



An awarding body **may not accept a bid or enter into a contract for public work with an unregistered contractor** once the requirement becomes mandatory (March 1, 2015 for bidding and April 1, 2015, for performing work.)

Contractors **MUST** Furnish Electronic Certified Payroll Records

ALL contractors and subcontractors must furnish electronic certified payroll records directly to the Labor Commissioner (Division of Labor Standards Enforcement). The phase-in timetable for this requirement is:

June 20, 2014: Any project that was being monitored by the Compliance Monitory Unit (CMU)/Labor Commissioner prior to the adoption of SB 854 will continue to be monitored by the Labor Commissioner; and the contractors on those projects must continue to furnish certified payroll records to the Labor Commissioner until the project is complete.

April 1, 2015: For all new projects awarded on or after this date, the contractors and subcontractors must furnish electronic certified payroll records to the Labor Commissioner.

January 1, 2016: The requirement to furnish electronic certified payroll records to the Labor Commissioner will apply to all public works projects, whether new or ongoing.

These new requirements will apply to ALL PUBLIC WORKS PROJECTS that are subject to the prevailing wage requirements of the Labor Code, without regard to funding source.

Questions about these changes may be sent to: publicworks@dir.ca.gov
or visit www.dir.ca.gov/Public-Works/SB854.html