

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/11/2026
POSITION: Neutral, note concerns

BILL NUMBER: AB 1838
AUTHOR: Berman, Marc

BILL SUMMARY: Public contracts: local agencies: responsive bidders.

This bill requires contractors, as a condition of submitting a bid to a local agency for a public works contract, to fully disclose any wage and hour violations from the past five years and to provide supporting documentation, as specified. This bill also requires local agencies to establish a process for contractors to appeal a bid disqualification for failure to comply with the above requirement.

FISCAL SUMMARY

The Department of Finance does not anticipate that this bill would create a state-reimbursable mandate because any requirements imposed on a local agency are the result of a local agency's discretion to adopt a new program, activities, or funding. Specifically, all required activities and costs are the result of a local agency's discretion to undertake a public works project, and are considered downstream, and therefore not reimbursable by the state.

COMMENTS

The Department of Finance is neutral on this bill that imposes no state-reimbursable costs on local agencies, but notes concern that this bill will slow down project delivery times and increase project costs by requiring locals to develop a bid disqualification appeals process for bidders that committed hour and wage violations in the last five years. Finance also notes that a model pre-qualification questionnaire and rating system designed for use by local agencies by the Department of Industrial Relations already recommends that local agencies query bidders on these violations. Consequently, under current law, local agencies can identify and reject bidders that committed wage and hour violations without having to accommodate an appeals process.

Current laws governing local contracting require the lowest responsible bidder to be awarded a construction contract. Current law allows local agencies to pre-qualify and rate prospective bidders for a contract by requiring prospective bidders to submit questionnaires and financial statements, including the bidder's experience in performing public works projects.

Most significantly, this bill:

- Requires contractors, as a condition of submitting a bid to a local agency for a public works contract, to fully disclose any wage and hour violations from the past five years and to provide supporting documentation demonstrating each violation has been resolved and all fines, penalties, or back wages have been paid.
- Provides that a contractor that fails to disclose the above information may be disqualified from the bid.

Analyst/Principal (811) Hill, Chris	Date	Program Budget Manager Nguyen, Rosanna	Date
Department Deputy Director			Date
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

Berman, Marc

06/11/2026

AB 1838

COMMENTS (continued)

- Requires local agencies to establish a process for a contractor to appeal a bid disqualification, as specified.
- Exempts public works contracts covered by a project labor agreement and projects where local agencies already require contractors to pre-qualify by disclosing wage and hour violations from the past five years.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP	FC	2025-2026		2026-2027		2027-2028	Fund Code
	RV	98		FC	FC	FC	FC		
8885/Comm St Mndt	LA	No		----	No/Minor Fiscal Impact	----			0001