

# Central Coast Developments

February 2018

## HBACC Staff

### Executive Director:

Andrew Hackleman

[AHackleman@HBACC.org](mailto:AHackleman@HBACC.org)

### Operations Manager:

Doug Bunch

[DBunch@HBACC.org](mailto:DBunch@HBACC.org)



## 2018 Leadership

### President:

Aaryn Abbot  
Robbins Reed

### Vice President:

Jim Moresco  
Midland Pacific

### Secretary:

Brad Brechwald  
Wallace Group

### Past President:

Preston Holdner  
Shea Homes

### Treasurer:

Tony Westbrook  
Coastal Reprographic Services



## New Contractor Wage Liabilities

*By Susan S. Waag, Esq., LightGabler (805) 783-2300*

Construction companies will have added liabilities applicable to contracts entered into on or after January 1, 2018, per the new Labor Code §218.7. In a nutshell, any contractor doing work in the state of California is liable for any unpaid wages owed to its subcontractors' employees. This also includes all lower-tier subcontractors (i.e., any subcontractors that your subs have hired, but not paid).

The contractor's liability will extend to any unpaid wage, fringe benefit or other benefit payments or contributions – including interest – but will not extend to penalties or liquidated damages. Notably, unpaid employees of your subs will not have standing to enforce this on their own. Instead, the California Labor Commissioner, labor-management cooperation committees, and unions have the right to bring an action against the contractor on behalf of a sub's unpaid employees.

This new employment law will make it more important than ever for contractors in California to ensure that they are doing business with reputable subcontractors. As part of those efforts, contractors may want to take steps to ensure that their subcontractor agreements include adequate assurances of compliance with wage laws and required fringe-benefit contributions.

There are numerous technical requirements contained in this new statute. Contact a knowledgeable labor law attorney.

**DISCLAIMER:** This article has been prepared for informational purposes and is not intended to be and should not be considered legal advice.