

AMENDED IN SENATE AUGUST 26, 2002

AMENDED IN SENATE AUGUST 19, 2002

AMENDED IN SENATE JUNE 28, 2002

AMENDED IN ASSEMBLY APRIL 22, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2816**

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**Introduced by Assembly Member Shelley**  
**(Coauthors: Assembly Members Aroner, Chavez, Diaz,**  
**Firebaugh, Havice, Koretz, and Strom-Martin)**  
(Coauthor: Senator Romero)

February 25, 2002

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An act to add Section 3302 to the Labor Code, relating to workers' compensation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2816, as amended, Shelley. Workers' compensation: contractors: temporary labor.

Existing workers' compensation law generally requires employers to secure the payment of workers' compensation for injuries incurred by their employees that arise out of or in the course of employment. Recovery under workers' compensation law is the sole and exclusive remedy of an employee or his or her dependents against the employer. The failure to secure workers' compensation as required by the workers' compensation law is a misdemeanor.

Existing law, the Contractor's State License Law, provides for the regulation of licensed contractors.

This bill, for purposes of the workers’ compensation law, would provide that when a contractor enters an agreement with a temporary employment agency, employment referral service, labor contractor, or other similar entity for the entity to supply the contractor with an individual to perform acts or contracts under the contractor’s license and the contractor is responsible for supervising the individual, the temporary employment agency, employment referral service, labor contractor, or other similar entity shall pay workers’ compensation premiums, in accordance with specified criteria, and shall be solely responsible for the individual’s workers’ compensation. This bill would also require these entities to report to insurers certain information pertaining to these workers and the licensed contractors to whom these workers are provided, and allow these entities to pass through costs incurred as a result of this bill to licensed contractors.

This bill would require the contractor to notify the entity that is supplying the temporary worker pursuant to these provisions when the temporary worker is being used on a public works project or the contractor reassigns the temporary worker to a position other than the classification to which the worker was originally assigned.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 3302 is added to the Labor Code, to  
 2 read:  
 3 3302. (a) (1) When a licensed contractor enters an  
 4 agreement with a temporary employment agency, employment  
 5 referral service, labor contractor, or other similar entity for the  
 6 entity to supply the contractor with an individual to perform acts  
 7 or contracts for which the contractor’s license is required under  
 8 Chapter 9 (commencing with Section 7000) of Division 3 of the  
 9 Business and Professions Code and the licensed contractor is  
 10 responsible for supervising the employee’s work, the temporary  
 11 employment agency, employment referral service, labor  
 12 contractor, or other similar entity shall pay workers’ compensation  
 13 premiums based on the contractor’s experience modification  
 14 rating.



1 (2) The temporary employment agency, employment referral  
2 service, labor contractor, or other similar entity described in  
3 paragraph (1) shall report to the insurer both of the following:

4 (A) Its payroll on a monthly basis in sufficient detail to allow  
5 the insurer to determine the number of workers provided and the  
6 wages paid to these workers during the period the workers were  
7 supplied to the licensed contractor.

8 (B) The licensed contractor's name, address, and experience  
9 modification factor as reported by the licensed contractor.

10 (C) The workers' compensation classifications associated with  
11 the payroll reported pursuant to subparagraph (A). Classifications  
12 shall be assigned in accordance with the rules set forth in the  
13 California Workers' Compensation Uniform Statistical Reporting  
14 Plan published by the Workers' Compensation Insurance Rating  
15 Bureau.

16 (b) The temporary employment agency, employment referral  
17 service, labor contractor, or other similar entity supplying the  
18 individual under the conditions specified in subdivision (a) shall  
19 be solely responsible for the individual's workers' compensation,  
20 as specified in subdivision (a).

21 ~~(c) Nothing in this subdivision shall relieve the contractor or~~  
22 ~~the temporary employment agency, employment referral service,~~  
23 ~~labor contractor, or other similar entity from any obligations not~~  
24 ~~involving workers' compensation otherwise imposed by law.~~  
25 *section is intended to change existing law in effect on December*  
26 *31, 2002, as it relates to the sole remedy provisions of this division*  
27 *and the special employer provisions of Section 11663 of the*  
28 *Insurance Code.*

29 (d) A licensed contractor that is using a temporary worker  
30 supplied pursuant to subdivision (a) shall notify the temporary  
31 employment agency, employment referral service, labor  
32 contractor, or other similar entity that supplied that temporary  
33 worker when either of the following occurs:

34 (1) The temporary worker is being used on a public works  
35 project.

36 (2) The contractor reassigns a temporary worker to a position  
37 other than the classification to which the worker was originally  
38 assigned.

39 (e) A temporary employment agency, employment referral  
40 service, labor contractor, or other similar entity may pass through



- 1 to a licensed contractor any additional costs incurred as a result of
- 2 this section.

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