2025 CALIFORNIA LEGISLATIVE SUMMARY

July 24, 2025

The California Legislature has departed for the summer recess, but not before continuing to amend and vote on pending bills, thus providing further clarity regarding the bills likely to be enacted into law. Many significant employment bills continue to move forward and have now passed one chamber of the Legislature and made progress through committees in the second chamber. While these bills still may be amended, and there is no guarantee that they will be enacted into law, they have survived another round of the legislative process.

We have identified the "Top Ten" proposed employment law changes that – if enacted– would have the most significant impact on California employers. These bills address hot topics including artificial intelligence, workplace surveillance, and responses to the uptick in federal immigration enforcement actions. The "Top Ten" bills would:

1. Limit the use of **workplace surveillance tools** (AB 1331)
2. Regulate the use of **automated decision-making systems** in the workplace (SB 7)
3. Regulate the use of **automated decision-making systems** in any consequential decision (AB 1018)
4. Provide employee protections related to **immigration and deportation proceedings** (AB 1136)
5. Require distribution of a **notice of worker rights** and impose requirements if an employee is arrested or detained (SB 294)
6. Prohibit employers from entering **"stay or pay" agreements** and impose new penalties for contracts in restraint of trade (AB 692)
7. Revise the **Labor Commissioner complaint process** to increase the defendant's initial duty to produce information, increase the Labor Commissioner's initial duty to investigate, and authorize an **"administrative fee" up to 30%** (AB 1234)
8. Requiring retention and production of **training documentation** (SB 513)
9. Change the definition of **pay scale for purposes of posting** and make changes to pay equity litigation (SB 642)
10. Require **rehiring of certain workers displaced by state of emergency** (AB 858)

Looking ahead, the deadline for bills to pass the second chamber is September 12, 2025. Stay tuned – we will keep you informed of developments as they occur!

In the meantime, below is a brief overview of our "Top Ten" potential employment law changes and a summary of the remaining notable employment bills currently pending, organized by subject matter. We have also included several references to notable new state and federal regulations and guidance.

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TOP TEN PROPOSED NEW CALIFORNIA EMPLOYMENT LAWS

1. Restrictions on the Use of Workplace Surveillance Tools (AB 1331)

Existing law (Labor Code section 435) already prohibits an employer from making an audio or video recording of an employee in a restroom, locker room, or room designated for changing clothes, unless authorized by court order. This bill would expand those restrictions on the use of workplace surveillance tools.

This bill would apply to "employers," defined as any person who, directly or indirectly, or through an agent or other person, employs or exercises control over the wages, benefits, other compensation, hours, working conditions, access to work or job opportunities, or other terms or conditions of employment, of any worker. The bill explicitly includes labor contractors and public entities in the definition of "employers." However, the bill would *not* apply to employers that develop products for national security, military, space, or defense purposes, or develop aircraft for operation in national airspace.

The bill would protect "workers," defined to mean an employee or independent contractor.

The bill defines "workplace surveillance tools" as systems, applications, instruments or devices that collect or facilitate the collection of worker activities, communication, actions, biometrics, or behaviors, or those of the public that are capable of passively surveilling workers, by means other than direct observation, and include video or audio surveillance, electronic work pace tracking, geolocation, electromagnetic tracking, photoelectronic tracking, or utilization of a photo-optical system or other means. "Workplace surveillance tool" does not include smoke or carbon monoxide detectors or weapon detections systems that automatically screen a person's body.

The bill would add new Sections 1560-1563 to the Labor Code to:

- Prohibit employers from using a workplace surveillance tool to monitor or surveil workers in the following employee-only, employer-designated areas: bathrooms, locker rooms, changing areas, breakrooms, lactation spaces, and cafeterias.
    - Workers would have the right to leave behind workplace surveillance tools that are on their person or in their possession when entering the listed off-duty areas and public bathrooms or during off-duty hours, including meal periods, unless a worker is required to remain available during meal or rest periods pursuant to federal law or existing state law.
- Prohibit employers from requiring a worker to physically implant a device that collects or transmits data, including a device that is installed subcutaneously in the body.

The bill states that an employer may:

- For worker safety purposes only, use video cameras to record breakrooms, employee cafeterias, or lounges, subject to the following requirements: (A) The video camera does not

record audio. (B) The employer posts signage in areas recorded by the video camera notifying workers that they are subject to video surveillance. (C) The video camera does not use artificial intelligence or other digital monitoring capacity. (D) The employer does not monitor or review video surveillance of breakrooms, employee cafeterias, or lounges unless the video is requested by a worker, their authorized representative, law enforcement or a court of law (subject to specific conditions), or the video is provided by a worker or their authorized representative for investigation purposes, and the video surveillance is stored in a form that can only be accessed by a worker who is reviewing the video surveillance for these purposes.

- Use workplace surveillance tools that passively surveil workers in a work area *not* listed in the statute as an off-duty area even if an off-duty employee may be present, so long as the employee is notified in advance that a workplace surveillance tool is in use.

- Check workplace surveillance tools for the one-time entry and exist in the listed off-duty areas for health and safety purposes, as long as it is not used to monitor the frequency of a worker's use of those areas.

On a multi-employer jobsite, the controlling employer would be required to post a notice providing a general description of the types of activities that may be monitored or surveilled and for what purpose.

The bill specifies that an employer would not be in violation of the section if a worker brings a workplace surveillance tool into an off-duty area because it is required to access a locked or secured area; a worker uses a workplace surveillance tool to access a locked or secured area during off-duty hours; a worker voluntarily chooses to bring a workplace surveillance tool into an off-duty area; or a worker voluntarily keeps a workplace surveillance tool on their person during off-duty hours.

The bill would also enact new discrimination and retaliation protections.

The new law would be enforceable by the Labor Commissioner or a public prosecutor. Employers could be liable for civil penalties of $500 per employee per violation of the law.

The bill states that it does not prohibit employers from using workplace surveillance tools as required by federal law or existing state law, nor authorize employers to use workplace surveillance tools prohibited by law or existing state law.

Status: Passed the Assembly on a party line vote; passed the Senate Labor and Judiciary Committees and is pending in the Senate Appropriations Committee.

2. <u>Regulation of Artificial Intelligence and Automated Decision Systems in the Workplace (SB 7)</u>

Three bills are part of the continued trend reflecting increased concerns regarding the use of artificial intelligence (AI) and Automated Decision Systems (ADSs) in employment settings. The first bill (SB 7) would create a new chapter in the Labor Code (sections 1520-1538) to regulate the use of ADSs in employment settings.

What is an Automated Decision System?

This bill defines a covered Automated Decision System (ADS) to mean a computational process derived from machine learning, statistical modeling, data analytics, or artificial intelligence that issues simplified output, including a score, classification, or recommendation, that is used to assist or replace human discretionary decision making and materially impacts natural persons. "Artificial intelligence" means an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments. "Automated Decision System" would *not* mean a spam email filter, firewall, antivirus software, identity and access management tool, calculator, database, dataset, or other compilation of data.

"Employment-related decisions" is defined as any decisions by an employer that impact wages, wage setting, benefits, compensation, work hours, work schedule, performance evaluation, hiring, discipline, promotion, termination, job tasks, skill requirements, work responsibilities, assignment of work, access to work and training opportunities, productivity requirements, workplace health and safety, and any other terms or conditions of employment.

What New Obligations Do Employers Have Under this Bill?

This bill sets strict guidelines for employers regarding the use of ADSs in employment. It prohibits employers from using ADS that violate any federal, state, or local labor, occupational health and safety, employment, or civil rights laws. Additionally, ADS cannot be used to obtain or infer sensitive personal information such as immigration status, health history, or political beliefs. This bill also bans the use of ADS for predictive behavior analysis and prohibits taking adverse actions against workers for exercising their legal rights. Employers must ensure that any compensation decisions informed by ADS are based on clear, task-related cost differentials.

Furthermore, this bill mandates that employers cannot rely solely on ADS for making critical employment decisions such as hiring, promotion, discipline, or termination. A human reviewer must be involved to corroborate or support these decisions with additional information like supervisory evaluations or personnel files. Employers must also allow workers to access and correct their data used by ADS and to appeal any employment-related decisions made by ADS. Finally, this prohibits the use of customer ratings as the primary input for ADS decisions, with the goal of ensuring a fairer and more transparent process for workers.

Notice Requirement

This bill requires employers to provide written notice to workers if and when an ADS is used for employment-related decisions. The notice must be in plain language, in the language used for routine communications, and provided via a simple method such as email or hyperlink. This ensures that workers are clearly informed about the use of ADS in decisions that affect their employment. Additionally, the notice must inform workers that employers are prohibited from retaliating against them for exercising these rights.

- *Pre-Use Notice*

Notice must be given at least 30 days before introducing the ADS, by April 1, 2026, for existing systems, within 30 days of hiring a new worker, or within 30 days of significant updates to the ADS. Employers must also maintain an updated list of all ADS in use and include this list in the notice. The notice must contain detailed information about the ADS, including its nature, purpose, and scope, the data it uses, and the logic behind its decisions. It should also identify the creators and operators of the ADS, explain performance metrics and their implications, and describe workers' rights to access information, appeal decisions, and correct data.

- *Post-Use Notice*

Notice must be given *at the time* the decision is communicated to the worker. The notice must include specific information such as the contact details of a human representative for further inquiries, details about the ADS used, and the worker's rights to appeal the decision and correct any errors in the data.

Appealing Discipline, Termination, or Deactivation Decisions Made by ADSs

Employers must provide affected workers with a form or a link to an electronic form to appeal the decision within 30 days of notification of the decision. The appeal form must allow workers to request access to the data used by the ADS, any corroborating evidence from a human reviewer, and provide their reasons and evidence for the appeal. If a Worker requests this information they shall be given 15 additional days to appeal the decision. Workers can also designate an authorized representative to access the data on their behalf.

Employers are required to respond to appeals within 14 business days. The response must involve a human reviewer who objectively evaluates all evidence, has the authority to overturn the decision, and was not involved in the original decision. The outcome of the appeal must be communicated to the worker in a clear, written document explaining the result and the reasons behind it. If the decision is overturned, the employer or vendor must rectify it within 21 business days.

Enforcement and Potential Penalties/Liability

Employers will be prohibited from retaliating against workers for exercising their rights under the bill, filing complaints, cooperating in investigations, or assisting in enforcement actions. The Labor Commissioner is responsible for enforcing these protections, including investigating violations, issuing citations, and filing civil actions. If a citation is issued, the procedures for contesting and enforcing judgments are the same as those for other labor violations. Workers can also bring civil actions for damages, including punitive damages, and seek temporary or preliminary injunctive relief. Public prosecutors may enforce the bill as well. Employers who violate these provisions are subject to a civil penalty of $500 per violation.

However, employers should note that even without this bill becoming law, it is possible that use of AI or an ADS could lead to a discrimination claim. In May 2022, the federal Equal Employment Opportunity Commission and Department of Justice issued guidance regarding the use of algorithms and artificial

intelligence to assess job applicants and employees and warned that use of AI may violate the Americans with Disabilities Act. (The Americans with Disabilities Act and the Use of Software, Algorithms, and Artificial Intelligence to Assess Job Applicants and Employees | U.S. Equal Employment Opportunity Commission (eeoc.gov) and Guidance Document: Algorithms, Artificial Intelligence, and Disability Discrimination in Hiring (ada.gov)) And California's Civil Rights Council has approved amendments to the regulations implementing the Fair Employment and Housing Act which will regulate the use of Automated Decision Systems in employment and specifically define the ways in use of such systems could constitute unlawful discrimination, effective October 1, 2025. (See discussion below re: New State Regulations.)

Status: Passed the Senate on party-line votes and is pending in Assembly Appropriations Committee.

3. Regulation of Automated Decision Systems Used in Making Consequential Decisions (AB 1018)

This bill is similar to AB 331 (introduced in 2023) and AB 2930 (introduced in 2024), which both passed several Assembly committees on party-line votes before stalling in the Appropriations Committee. This bill would create a new chapter in the Business and Professions Code (sections 22756-22756.8) to regulate ADSs and impose requirements on both the users and developers of such tools. The definitions of "automated decision systems" and "artificial intelligence" are the same as those in SB 7, but instead of "Employment-related decisions" this bill uses the term "Consequential decisions," defined as decisions that materially impact the cost, terms, quality, or accessibility of a side variety of topics, including employment-related decisions.

Who Would Have New Obligations Under this Bill?

This bill would apply to both "Deployers" and "Developers" of ADSs. A "**Deployer**" is a person, partnership, state or local government agency, corporation, or developer, who **uses** an ADS to make or facilitate a consequential decision, either directly or by contracting with a third party for those purposes. A "**Developer**" is a person, partnership, state or local government agency, corporation, or deployer that **designs, codes, substantially modifies,** or otherwise **produces** an ADS that makes or facilitates a consequential decision, either directly or through a third party.

- *Developer Obligations include but are not limited to*:
    - Performance Evaluations

This bill requires all Developers to conduct performance evaluations of an ADS under specific conditions.

Developers must take several steps when conducting a performance evaluation. First, they must describe the ADS's purpose, list approved uses, and assess performance, including accuracy, reliability, and the effects of fine-tuning. Developers must also evaluate potential disparate treatment and impacts, detailing conditions, necessity, and mitigation measures. If the ADS is deployed, any unanticipated disparate impacts must be reported.

Furthermore, Developers are required, beginning January 1, 2030, to contract an independent third-party auditor to assess compliance with these requirements. Developers must provide the auditor with the

necessary information, allowing for redactions to protect trade secrets, and notify the auditor of any withheld information. If the performance evaluation deadline passes before the audit is completed, the Developer cannot deploy or make the ADS available until the audit is finished.

- Selling, Licensing, or Transferring ADS

Developers will be required to provide several key pieces of information when selling, licensing, or transferring an ADS to a potential Deployer. This includes the most recent performance evaluation results, instructions for approved uses, and a description of fine-tuning circumstances.

- Auditor Impact Assessments

Developers must contract with an independent third-party auditor to assess the compliance, with any feedback made publicly available on the Developer's website. When Developers receive an impact assessment from an auditor, they must provide detailed information on any material differences between expected and observed accuracy and reliability, along with deployment conditions. Developers must inform Deployers of any unanticipated disparate impacts and the conditions under which they occur and explain steps to mitigate these discrepancies.

- *Deployer Obligations include but are not limited to*:

  - Disclosure Requirements

Deployers using ADS must provide a plain language written disclosure before finalizing a consequential decision made or facilitated by a covered ADS, which includes a statement informing the subject that the ADS will be used, along with the name, version number, and Developer of the ADS. It should also specify whether the Deployer's use of the ADS is within the scope of a Developer-approved use and provide a description of that use. Additionally, the disclosure must detail the personal characteristics or attributes of the subject that the ADS measures or assesses to make or facilitate the decision. The structure and format of the ADS outputs and a plain language description of how these outputs are used to make or facilitate the decision must also be included. The disclosure should state whether a natural person will review the ADS outputs or the outcome of the decision before it is finalized. Furthermore, it must outline the subject's rights under relevant subdivisions and the means and timeframe for exercising those rights, along with contact information for the deployer, the entity managing the ADS (if different from the deployer), and the entity interpreting the ADS results (if different from the deployer).

Additionally, after a consequential decision is finalized, Deployers using ADS must provide a plain language written disclosure within five days, which includes the personal characteristics or attributes that the ADS measured or assessed, the sources of personal information collected from the subject, and any key parameters that disproportionately affected the decision's outcome. It should also detail the structure and format of the ADS outputs and provide a plain language description of how these outputs were used. The disclosure must also explain the role the ADS played in making the decision and whether any human judgment was involved. Contact information for the Deployer, the entity managing the ADS (if different from the Deployer), and the entity interpreting the ADS results (if different from the Deployer) must also

be included. The subject's rights and the means and timeframe for exercising those rights should be clearly outlined.

- Post-Decision Correction and Appeal Opportunities

After using ADS, Deployers must provide an opportunity to correct any incorrect personal information used in the decision within 30 business days. Deployers must comply with the correction request within 30 business days if it is accompanied by sufficient documentation. If the correction changes the decision's outcome, it must be rectified within 30 days. If not, the subject must be informed within 30 days. If a correction request is denied, the Deployer must explain the basis for the denial and provide an opportunity for the subject to request the deletion of their personal information.

Deployers must also provide an opportunity to appeal the outcome of the consequential decision within 30 business days. Deployers must review the appeal request within 30 business days. If the original decision is found to be incorrect, it must be rectified within 30 days. If not, the subject must be informed within 30 days. If an appeal request is denied, the Deployer must provide an explanation of the basis for the denial.

- Redaction and Notification Requirements

Deployers that provide documentation to the subject of a consequential decision may make reasonable redactions to protect trade secrets. If information is withheld, the Deployer must notify the subject and provide a basis for the withholding. Additionally, if Deployers are required by another state or federal law to provide a similar notice, duplicative notice is not required.

- Proportionality and Purpose Limitation

A Deployer's collection, use, retention, and sharing of personal information from a subject of a consequential decision must be reasonably necessary and proportionate to achieve the purposes for which the information was collected and processed. The personal information must not be further processed in a manner that is incompatible with these purposes.

- Documentation Retention Requirements

Deployers must retain specific documentation in an unredacted format for as long as the ADS remains deployed, plus an additional 10 years. This includes documentation from Developers, provided to subjects, correction requests, opt-out requests, appeal requests, auditor exchanges, and records of redactions.

- Compliance Oversight and Privacy Regulations

Deployers must designate at least one employee to oversee compliance. This designated employee is responsible for conducting a prompt and comprehensive review of any credible compliance issues raised. Additionally, Deployers that are businesses subject to the California Consumer Privacy Act of 2018 must comply with any privacy-related opt-out and access regulations adopted by the California Privacy Protection Agency.

What to Do When the Attorney General Requests Information?

If the Attorney General requests a performance evaluation for an ADS, the Developer, Deployer, or auditor must provide an unredacted copy within 30 days. The Attorney General can share these documents with other enforcement entities as needed. Sharing these documents does not waive any legal protections like attorney-client privilege or trade secret protection, and they are exempt from the California Public Records Act. Each day the required documents are not submitted while the ADS is in use counts as an additional violation.

Enforcement and Potential Penalties/Liability

Deployers and Developers would be subject to civil actions brought by the Attorney General, DA, County Counsel, City Attorney, CRD or Labor Commissioner for any violation of the new law, in which a court could award injunctive relief, declaratory relief, attorney's fees and costs, and a civil penalty of up to $25,000 per violation.

Status: Passed the Assembly on party-line votes and is pending in the Senate Appropriations Committee.

4. Protections Related to Immigration or Deportation Proceedings (AB 1136)

In response to recent federal immigration activities, this bill would apply to private or public employers with 26 or employees and enact various protections related to immigration or deportation proceedings.

First, it would require employers to provide, upon request, up to five unpaid working days off for employees to attend appointments, interviews, adjudications, legal proceedings, detainments or any other meetings at which the employee's presence is required concerning the employee's immigration status, work authorization, visa status or any other immigration-related matter. These days off may be either consecutive or non-consecutive.

Second, it would provide reinstatement rights to "post-introductory" employees (i.e., those who have successfully completed their probationary employment periods) who are terminated due to an inability to provide documentation of proper work authorization but who subsequently produce proper work authorization within 12 months of the date of termination. Such employees would be entitled to immediate reinstatement to their former classification without loss of prior seniority. However, the employee will not accrue vacation or other benefits based upon particular employment plan policies during those absences.

If there is no position available at the time the employee produces proper work authorization, the employer shall offer the employee in writing all job positions that become available for which the employee is qualified and for which priority is based on length of service with the employer, before a new employee may be hired. These job notifications must be sent by hand delivery or mail to the employee's last known physical address and by email and text message, to the extent the employer possesses this information. The employee shall also receive their prior pay rate and seniority.

If an employee notifies the employer they need additional time to obtain this proper work authorization, they shall be entitled to an additional 12 months to obtain this authorization and upon doing so, be rehired into the next available position in the employee's former classification as a new hire. In that instance, the employee shall be subject to an introductory period upon rehire.

Third, an employer notified that an employee has been detained or incarcerated because of pending immigration or deportation proceedings would be required to place the employee on unpaid leave for a period pending their release from detainment or incarceration and not to exceed 12 months. An employee on such a leave of absence will not accrue vacation or other benefits during the leave of absence. Upon the employee's release and their provision of appropriate work authorization within the period of the authorized leave of absence, they shall be entitled to the reinstatement rights (if a position then exists) or job notification rights (if no position is then available) discussed above.

Fourth, the bill would prevent an employer from disciplining, discharging or discriminating against an employee because of their national origin, or because the employee is subject to immigration or deportation proceedings. An employee subject to immigration or deportation proceedings shall also not be discharged solely because of pending immigration or deportation proceedings so long as authorized to work in the United States.

These provisions will not invalidate a collective bargaining agreement or memorandum of understanding that provides additional protections beyond those included in this bill.

Status: Has passed the Assembly while proceeding as an unemployment insurance bill and has passed the Senate Labor and Judiciary Committees and is pending in the Senate Appropriations Committee in its current form. Because these immigration provisions were only added by amendment while in the Senate, this bill must return to the Assembly for concurrence if passed by the Senate.

5. Notice of Worker Rights and Requirements if an Employee is Arrested or Detained (SB 294)

This bill, entitled "The Workplace Know Your Rights Act" would require employers to provide a stand-alone written notice to each current employee within 30 days after the Labor Commissioner posts a template notice and annually thereafter. Employers would also be required to provide the notice to new employees upon hire. Additionally, employers would be required to give the notice to an employee's authorized representative, if any. The written notice would contain a description of workers' rights in eight separate areas, including protection against misclassification as an independent contractor, heat illness prevention, workers' compensation, paid sick days, protection against unfair immigration-related practices, and constitutional rights when interacting with law enforcement at the workplace. The Labor Commissioner would be required to develop a template notice (as well as videos for employers and employees).

The bill would also require that, if an employee has notified their employer that they would like their designated emergency contact to be notified in the event the employee is arrested or detained, then the employer should notify an employee's designated emergency contact in the event the employee is arrested and detained on their worksite, or if the employer has actual knowledge of an arrest or detention

during the performance of the employee's job duties. Employers would also be required to offer employees the option to provide written notice that indicates the employee would like their designated emergency contact notified in the event the employee is arrested or detained on their worksite, or during work hours or during the performance of the employee's job duties, if the employer has actual knowledge of the arrest or detention.

Employers would be prohibited from retaliating against employees for taking action in connection with this new law.

The new requirements could be enforced by the Labor Commissioner by a public prosecutor. Any of these petitioners could seek injunctive relief, damages, punitive damages, and attorneys' fees and costs. In addition, employers who violate the new requirements could be subject to a civil penalty of up to $500 per employee for each violation.

The bill would not preempt any local ordinance that provides equal or greater protection.

Status: Passed the Senate on a party-line vote; passed the Assembly Labor Committee and the Judiciary Committee and is pending in the Appropriations Committee.

6. Prohibition on "Stay-or-Pay" Agreements (AB 692)

This bill would make it unlawful to include in any employment contract or require employees to enter into "stay or pay" agreements by which employees are obligated to pay an amount of money if their employment terminates.

Existing law (Business and Professions Code section 16600, *et seq.*) already invalidates any contract by which anyone is restrained from engaging in a lawful trade, profession, or business and makes it an unlawful practice to require an employee to enter into a noncompete agreement. This bill would create a new section 16608 in the Business and Professions Code. The new law would apply to contracts entered into on or after January 1, 2026, and would make it unlawful to include in any employment contract, or require a worker to enter into a contract as a condition of employment, if the contract that does any of the following:

- Requires the worker to pay a "debt" if the worker's employment ends. "Debt" means any money or property due to another person including, but not limited to, for employment-related costs, education-related costs, or a consumer financial product or service.

- Authorizes the employer, training provider, or debt collector to resume or initiate collection or end forbearance on a debt if the worker's employment ends.

- Imposes any "penalty, fee, or cost" on a worker if the worker's employment ends. "Penalty, fee, or cost" includes but is not limited to a replacement hire fee, retraining fee, replacement fee, quit fee, reimbursement for immigration or visa-related costs, liquidated damages, lost goodwill, or lost profit.

For purposes of this bill, "worker" would include but not be limited to an employee, prospective employee, freelance worker, independent contractor, extern, intern, apprentice, or sole proprietor.

The bill would exempt contracts under any loan repayment assistance program or loan forgiveness program provided by a federal, state, or local governmental agency, contracts related to approved apprenticeship programs, and contracts related to the repayment cost of tuition for a transferable credential if certain conditions are met (including that the contract does not require repayment if the worker is terminated, except if the worker is terminated for gross misconduct). A "transferable credential" is a degree that is offered by a third-party institution that is accredited and authorized to operate in the state, is not required for a worker's current employment, and is transferable and useful for employment beyond the worker's current employer.

The bill would also exempt a contract for the receipt of discretionary or unearned money at the outset of employment that is not tied to specific job performance (such as a signing bonus), but only if all the following conditions are met:

- The terms of the repayment obligation are set forth in a separate agreement subject to negotiation independent from the primary employment contract;
- The employee is individually represented by legal counsel (not paid for by or selected based upon the suggestion of the employee's employer);
- Any repayment obligation for early termination is not subject to interest and is prorated based on the remaining term of the retention period, which shall not exceed two years from receipt of the payment;
- The worker has the option to defer receipt of the payment to the end of the fully served retention period without any repayment obligation; and
- Termination of employment was at the sole election of the employee, or was for material noncompliance or misconduct.

The bill specifies that a contract that is unlawful under this rule is a contract restraining a person from engaging in a lawful profession, trade, or business, and is void under Section 16600 if it was entered into on or after January 1, 2026.

The bill would also add Section 926 to the Labor Code to specify that a contract that violates Business and Professions Code section 16608 is void as contrary to public policy if it was entered into on or after January 1, 2026. A worker who has been subjected to the conduct prohibited by Section 16608 or a worker representative would be authorized to bring a civil action on behalf of the worker, or persons similarly situated, or both, in any court of competent jurisdiction. Any person found liable shall be liable for actual damages sustained by the worker or workers, or $5,000 per worker, whichever is greater, in addition to injunctive relief and reasonable attorney's fees and costs.

Status: Passed the Assembly over bipartisan opposition; passed the Senate Labor and Judiciary Committees and is pending in the Senate Appropriations Committee.

7. Changes to the Procedure for the Labor Commissioner to Investigate Employee Complaints and Hold Berman Hearings; Creation of Administrative Fee on Awards (AB 1234)

Existing law (Labor Code sections 98-98.2) sets forth a procedure for the Labor Commissioner to investigate employe complaints and to provide for a hearing in an action to recover wages and other compensation (sometimes called a "Berman hearing"). This bill would significantly revise those procedures to increase the defendant's initial duty to produce information in response to claims, increase the Labor Commissioner's initial duty to investigate claims, and authorize the Labor Commissioner to impose an administrative fee of up to 30% on top of any order, decision, or award.

First, the bill would create several new steps between the filing of a complaint by an employee and a hearing. The following detailed procedure would apply, including:

- The Labor Commissioner would have 30 days to inform the claimant if no further action will be taken. In that event, the claimant could pursue remedies through any alternative forum with the tolling of the statute of limitations based on the date of the complaint, so long as the subsequent action is commenced within one year of the date of the notice from the Labor Commissioner.

- If the Labor Commissioner does not issue a "no further action" notice, then, within 60 days of receipt of an employee complaint, the Labor Commissioner would notify all parties against which the complaint has been filed of the allegations in the Complaint. If the employee complaint did not include the complainant's best estimate of wages and penalties owed, the Labor Commissioner may calculate a monetary value based on the allegations and investigation it has conducted. The notice shall identify the Labor Code section under which the claimant asserts the defendant's liability if possible.

- Within 30 days after the notice is transmitted, the defendants must pay the full amount due or file an answer, which would be required to include:

    - Whether the defendant admits to employing the complainant, evidence to support any asserted independent contractor status, and any known employers or potentially liable parties.

    - Whether the defendant admits or denies owing any amount to the complainant, including the particulars in which the employee complaint is inaccurate and the facts upon which defendant intends to rely.

- The Labor Commissioner could then decide to prosecute the action under Labor Code Section 98.3 or decide to take no further action and notify the parties of such within 30 days of receipt of the answer.

- If the Labor Commissioner does not take these actions, it would be required to conduct an investigation, including making an assessment of the amount of wages, damages,

penalties, expenses, and other compensation owed and determining all parties liable for the assessment. This must be done within 90 days of the receipt of the answer. The bill sets forth the process for the investigation, including holding an investigatory and settlement conference, issuing a subpoena, and issuing a formal complaint.

- Within 90 days of the issuance of a formal complaint, the Labor Commissioner shall set a hearing date.

- The bill would specify that if a defendant's records are inaccurate or inadequate as to the precise extent of work completed and compensated by the claimant, the claimant has carried out their burden of proof if they prove that they have in fact performed work for which they were improperly compensated and produce sufficient evidence to show the amount and extent of that work as a matter of just and reasonable inference.

Second, if an order, decision, or award is granted, the Labor Commissioner may impose an administrative fee of up to 30% of the amount awarded, based on the circumstances giving rise to the claim and the facts presented during the investigation or hearing. The Labor Commissioner would not be permitted to request, receive, or consider additional evidence beyond that necessary to determine the merits of the wage claim. If a party appeals an order pursuant to Section 98.2, the amount of the administrative fee would be adjusted proportionally to the final award, but the court would not be permitted to alter the percentage of the administrative fee as determined by the Labor Commissioner. The fee would be deposited into a newly-created Wage Recovery Fund and disbursed by the Labor Commissioner to persons damaged by the failure to pay wages and penalties and for other damages by an employer. However, upon request by a defendant at a hearing, the Labor Commissioner would be instructed to waive any or all of the administrative fee, provided that numerous criteria are satisfied, essentially establishing that the defendant does not had a judgment against them in the past 10 years for wage or other violations under the jurisdiction of the Labor Commissioner and has not entered into a settlement within the past 10 years regarding the same types of conduct, and there is no liability for waiting time penalties under Labor Code section 203.

Third, the bill would classify an appeal filed in a superior court relating to the Labor Commissioner's order, decision, or award as an unlimited civil case. The bill would grant a court jurisdiction over the entire wage dispute, including related wage claims not raised in front of the Labor Commissioner, but would prohibit the court from consolidating the action with any other actions not arising out of, or related to, the underlying order, decision, or award, absent agreement in writing by all parties.

Status: Passed the Assembly over bipartisan opposition; passed the Senate Labor and Judiciary Committees and is pending in the Senate Appropriations Committee.

8. Expansion of Personnel Records to include Education and Training Records (SB 513)

Under existing law, Labor Code section 1198.5 gives employees or their representatives the right to inspect and receive a copy of certain personnel records maintained by their employer or former employer. This bill would expand Section 1198.5 to provide that employees have the right to inspect education and

training records *and* would specify the contents of such records. Specifically, any employer who maintains education or training records would need to ensure that the records include:

(1) The name of the employee;

(2) The name of the training provider;

(3) The duration and date of the training;

(4) The core competencies of the training, including skills in equipment or software; and

(5) The resulting certification or qualification.

Current and former employees and their representatives would then be able to inspect or obtain copies of those records pursuant to the procedure already established by Section 1198.5.

Status: Passed the Senate on a party-line vote; passed the Assembly Labor Committee and is pending in the Appropriations Committee.

9. Additional Restrictions on Pay Scale Posting and Changes to Pay Equity Litigation (SB 642)

This bill would revise the definition of the "pay scale" that must be included in job postings, expand the statute of limitations for bringing pay equity cases, and expand the definition of "wages" that must be considered in assessing a pay equity claim.

- ***Pay Scale Posting***

In 2022, California enacted SB 1162, which (among other things) expanded Labor Code section 432.3 to require all employers to provide the pay scale for a position to an applicant, upon reasonable request; and to require employers with 15 or more employees to post the "pay scale" within any job posting and provide the "pay scale" to any third party engaged to announce, post, or publish a job posting for inclusion in any such job posting. Pay scale is currently defined as "the salary or hourly wage range that the employer reasonably expects to pay for the position."

This bill would amend Section 432.3 to impose add a "good faith" requirement in the definition of pay scale. The bill would define pay scale as "*a good faith estimate of* the salary or hourly wage range that the employer reasonably expects to pay for the position upon hire."

- ***Pay Equity Claims***

Existing law (Labor Code section 1197.5) prohibits an employer from paying employees at wage rates less than it pays those of the opposite sex for substantially similar work, except in certain narrow circumstances. This bill would revise that law to prohibit paying employees less than it pays those of *another* sex. It would also expand the statute of limitations from two to three years after the last date the cause of action occurs. And it would potentially expand the limitations period for such claims by specifying

that a cause of action "occurs" when any of the following occur: (A) a discriminatory compensation decision or other practice is adopted; (B) an individual becomes subject to a discriminatory compensation decision or other practice; or (C) when an individual is affected by application of a discriminatory compensation decision or other practice, including each time wages, benefits, or other compensation is paid, resulting in whole or in part from the decision or other practice. Further, the bill would provide that an employee is entitled to obtain relief for the entire period of time in which a violation occurs, *up to a maximum of* 10 years. The bill would also specify that nothing in the subdivision prohibits the application of the doctrine of "continuing violation" or the "discovery rule" to any appropriate claim.

Finally, the bill would clarify that "wages" and "wage rate" include all forms of pay, including, but not limited to, salary, overtime pay, bonuses, stock, stock options, profit sharing and bonus plans, life insurance, vacation and holiday pay, cleaning or gasoline allowances, hotel accommodations, reimbursement for travel expenses, and benefits. Thus, in assessing whether one employee has been paid at a wage rate less than other employees, courts would consider all these forms of pay. However, the bill would specify that this definition of "wages" and "wage rates" should not be construed to apply to any other section of the Labor Code.

Status: Passed the Senate on a party-line vote; passed the Assembly Labor and Judiciary Committees and is pending in the Assembly Appropriations Committee.

10. Rehiring and Retention of Workers Displaced by States of Emergency (AB 858)

California Labor Code section 2810.8, enacted in 2021 and amended in 2023, provides rehire rights for employees in the hospitality and business services industries who are laid off for reasons related to the COVID-19 pandemic. The law is set to expire on December 31, 2025.

This bill would both extend these protections through December 31, 2027, and expand the protection to cover employees who were employed for at least six months, and then laid off on or after January 1, 2025 at a site located within an affected area defined in a proclaimed state of emergency, for a reason related to that state of emergency. A "state of emergency" would mean a declaration of a state of emergency or a local emergency by the Governor or by a local governing body or official designated by ordinance pursuant to the California Emergency Services Act. The bill would create a presumption that a separation due to lack of business, reduction in force, or other economic, non-disciplinary reason is due to a reason related to the state of emergency, unless the employer establishes otherwise by a preponderance of the evidence. If enacted, this new law would remain in effect until December 31, 2027.

The new bill would apply to the same employers as the existing law (hotels, private clubs, event centers, airport hospitality operations, airport service providers, and building services, as defined in the law). It would provide the same substantive protections to laid-off employees (requirements that the employer offer to re-hire laid-off employees pursuant to a specified procedure and giving laid-off employees five business days in which to accept or decline the offer; written notice to laid-off employees if the employer declines to recall the laid-off employee on grounds of lack of qualifications; retaining records; non-retaliation). The new law would have the same enforcement mechanism – the Division of Labor Standards Enforcement (DLSE) would have exclusive jurisdiction to enforce the law, and could award employees

hiring and reinstatement rights, front pay or backpay for each day during which the violation continues, and the value of benefits the laid-off employee would have received. Employers could also be liable for civil penalties of $100 per employee whose rights are violated and liquidated damages of $500 per employee.

However, the new law would both extend the protections to employees laid off due to COVID-19 through 2027 and expand the scope of the statute's rehire obligation to cover employees laid off due to a state of emergency. As currently drafted, the bill would have something of a retroactive effect, as it would apply to employees laid off due to a state of emergency on or after January 1, 2025.

The provisions of the bill attempting to extend protections to employees laid off due to a state of emergency are similar to AB 3216, which was vetoed by Governor Newsom in 2020, and was a predecessor to the existing protection for workers laid off as a result of COVID-19.

Status: Passed the Assembly on party-line vote; passed the Senate Labor Committee and is pending in the Appropriations Committee.

ADDITIONAL NEW CALIFORNIA EMPLOYMENT LAWS

Harassment/Discrimination/Retaliation

Admissions During Bias Mitigation Efforts Do Not Constitute Discrimination (SB 303)

This bill would amend the FEHA to encourage employers to provide bias mitigation trainings and to encourage employees to meaningfully participate in these trainings. Accordingly, new Government Code section 19240.2 would provide that an employee's assessment, testing, admission or acknowledgment of their own personal bias that is made in good faith and solicited or required as part of a bias mitigation training will not, by itself, constitute unlawful discrimination. It would also affirm that an employer's conducting of a bias mitigation training will not, by itself, constitute unlawful discrimination. "Bias mitigation training" will be defined as training, education, and activities provided by the employer for the purpose of educating employees on understanding, recognizing, or acknowledging the influence of conscious and unconscious thought processes and their associated impacts. This bias mitigation training will also include implementing specific strategies to mitigate the impact of the employees' personal biases, including testing for personal bias, analyzing test results, conducting trainings and workshops, using toolkits and tracking bias mitigation and elimination.

Status: Passed the Senate on a party-line vote and has unanimously passed the Assembly Judiciary Committee.

Expansion of Statute of Limitations for Sexual Assault Claims (AB 250)

In 2022, California enacted the Sexual Abuse and Cover Up Accountability Act (AB 2777, codified at Code of Civil Procedure section 240.16) reviving certain claims for damages suffered because of a sexual assault that one or more entities or their agents covered up. This bill would extend the eligibility period for such claims that would otherwise be time barred prior to January 1, 2026, for a sexual assault if (1) one or more

entities are legally responsible for damages arising out of a perpetrator's sexual assault; and (2) the entity or entities (or their agents) engaged in a cover up (as defined). It would also revive such claims directly against the person who committed the sexual assault.

Status: Passed the Assembly and has passed the Senate Judiciary Committee and is pending in the Senate Appropriations Committee.

Human Resources/Workplace Policies

New Job Posting Requirements (AB 1251)

This bill targets the practice of posting "ghost job postings," or postings for positions that a company has no real intention of filing or that may not be available. This bill would add Section 440 to the Labor Code to require private employers who publicly advertise a job posting to include in the posting a statement disclosing whether the posting is for a vacancy for the advertised position or not. The statement would be required to be clear, conspicuous, and written in a legible font.

Status: Passed the Assembly over some opposition; passed the Senate Labor Committee and is pending in the Senate Appropriations Committee.

California Worker Adjustment and Retraining Act (SB 617)

Existing law, the California Worker Adjustment and Retraining (WARN) Act (Labor Code § 1400, *et seq*.), requires employers to provide advance notice to affected employee prior to ordering a "mass layoff," "relocation," or "termination" at a "covered establishment" (as defined in the statute). This bill would change the contents of the notice in several ways:

- This bill would require employers to include in the notice whether: (a) the employer plans to coordinate services, such as rapid response orientation, through the local workforce development board, (b) the employer plans to coordinate services through a different entity, or (c) the employer does not plan to coordinate services with any entity.
- Regardless of whether the employer chooses to coordinate services with the local workforce development board, the employer shall include in the notice a description of the rapid response activities provided by the board, as defined in 29 U.S.C. § 3102, and shall include a functioning email and telephone number to contact the board.
- If the employer chooses to coordinate with the local workforce development board, it shall arrange services with the local workforce development board within 30 days after the date of notice.
- The bill would also require employers to include in the notice a description of the statewide food assistance program known as CalFresh, the CalFresh benefits helpline, and a link to the CalFresh internet website.
- The bill would require employers to include in the notice a functioning email and telephone number of the employer for contact.

Status: Passed the Senate on a unanimous vote; passed the Assembly Labor Committee and is pending in the Appropriations Committee.

Restriction on the Use of Self-Service Checkout at Grocery and Retail Drug Stores (SB 442)

This bill would restrict the use of self-service checkout at grocery retail stores and retail drug establishments and would require these establishments to notify their employees and the public before implementing self-service checkout. This is a streamlined version of 2024's Senate Bill 1446, which passed the Senate but stalled in the Assembly.

The bill would apply to:

- "Grocery retail stores," which means either:
    - A "grocery establishment," defined as a retail store over 15,000 square feet that sells primarily household foodstuffs for offsite consumption and in which sale of other household supplies or other products is secondary to the primary purpose of food sales; or
    - A "superstore," defined as a store over 75,000 square feet that generates sales or use tax pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law and devotes more than 10% of sales floor area to the sale of nontaxable merchandise.
- "Retail drug establishments," defined to mean any person or entity that has 75 or more businesses or establishments within the state and is identified as a retail business or establishment in the North American Industry Classification System within the retail trade category 45611.

The bill would prohibit most grocery retail stores and retail drug establishments from providing self-service checkout for customers unless *all* the following conditions are satisfied:

1. At least one manual checkout station is staffed by an employee who is available at the time a self-service checkout option is available.
2. The employer has established a workplace policy that limits self-service checkouts to purchases of no more than 15 items and has signage indicating the number of items that are permitted.
3. The employer has established a workplace policy that prohibits customers from using self-service checkout to purchase items that require identification (like alcohol) or items subject to theft-deterrent measures that are affixed to the item, including electronic surveillance, ink, or other tags, that require the intervention of an employee to remove before purchase.
4. An employee shall not be assigned to any other duties, including operating a manual checkout station, when monitoring a self-service checkout station.

5. Covered establishments would also be required to include self-service checkout in their analysis for potential work hazards in their Injury and Illness Prevention Programs.

Separately, grocery establishments and retail drug establishments would be required to notify workers and their collective bargaining representatives at least 60 days in advance of the implementation of self-service checkout through the establishment's normal channels of communication.

A violation of these rules would subject an employer to a civil penalty of $1,000 per violation per day, not to exceed an aggregate penalty of $200,000, to be assessed by the DLSE. Any worker eligible to receive notice or a representative of a collective bargaining unit would be allowed to file a complaint with the DLSE to seek enforcement of the law.

Finally, the bill specifies that it would not preempt any city or county ordinance that provides equal or greater protection to workers.

Status: Passed the Senate on a party-line vote; passed the Assembly Labor Committee and is pending in the Assembly Appropriations Committee.

Designation of Diwali as a State Holiday (AB 268)

Existing law designates specific days as state holidays and designates certain holidays on which community colleges and public schools are authorized to close. Existing law entitles state employees (with some exceptions) to be given time off with pay for specified holidays. This bill would add Diwali to the list of state holidays, authorize community colleges and public schools to close on Diwali, and authorize state employees to elect to take time off with pay in recognition of Diwali. However, Diwali would be excluded from designation as a judicial holiday (along with certain other state holidays).

Status: Passed the Assembly; passed the Senate Governmental Organization Committee and Education Committee and is pending in the Appropriations Committee.

Occupational Safety and Health

Face Coverings in Public Places (AB 1326)

This bill would add sections 28050-28052 to the Health and Safety Code to clarify that individuals have the right to wear a mask (as defined) on their face in public places for the purpose of protecting individual health or the public health, with regard to communicable disease, air quality or other health factors. "Public place" would be defined to include an employment setting or other workplace. The bill specifies that the right to wear a mask does not modify or limit requirements for the removal of a mask relating to various situations, including security protocols to identify an individual, a bona fide occupational qualification, or emergency health care protocols.

Status: Passed the Assembly; passed the Senate Health and Judiciary Committees.

Occupational Safety: Face Coverings (AB 596)

Until February 3, 2025, regulations promulgated by the Occupational Safety and Health Standards Board (Cal OSHA) prohibited employers from preventing employees from wearing face coverings unless it would create a safety hazard. This bill would codify that regulation and extend its application indefinitely. "Face covering" is defined to include surgical masks, medical procedure masks, respirators worn voluntarily, or tightly woven fabric or nonwoven material of at least two layers that completely cover the nose and mouth and is secured to the head with ties, ear loops, or elastic bands that go behind the head. However, the bill would authorize an employer, for identification purposes, to ask any person on the worksite to momentarily remove their face covering. A violation of these standards and regulations under specific circumstances will be considered a crime.

Status: Passed the Assembly and is pending in the Senate Appropriations Committee.

Department of Industrial Relations: Advisory Committee – Occupational Safety and Health (AB 694)

This bill aims to address the understaffing and vacancies within the Division of Occupational Safety and Health by mandating a comprehensive study and making recommendations for the design of a Compliance Safety and Health Officer workforce development pipeline program. This bill requires the Department of Industrial Relations to contract with the University of California, Berkeley Labor Occupational Health Program and the University of California, Los Angeles Labor Occupational Safety and Health Program to conduct this study. The University of California may subcontract this responsibility to other specified entities.

Additionally, this bill requires the University of California to convene an advisory committee consisting of members from specified state agencies, worker advocacy organizations, and other academic institutions (as prescribed), and which must include at least two members who are representatives from central California, to make recommendations regarding the scope of the study, and the committee must meet at least once within the first 60 days of the contract's commencement. Additionally, this bill requires the University of California and its subcontractors to issue a report detailing the understaffing and vacancies within the division. This report will be posted on the Division of Occupational Safety and Health's website and disseminated to the advisory committee members, the Governor, and specified legislative committee chairs within 18 months of entering the contract.

Status: Passed the Assembly Labor and is pending in the Senate Appropriations Committee.

Wage and Hour

Expansion of Employer Pay Data Reporting Requirements (SB 464)

Existing Law (Government Code section 12999), enacted in 2020 and amended in 2022, requires private employers with 100 or more employees (or 100 or more labor contractor employees) to submit annual pay data reports to the Civil Rights Division (CRD), including mean and median hourly rates for employees with each combination of race, ethnicity, and sex within each job category at each establishment. This bill

would require employers to collect and store any demographic information they gather for the purpose of submitting the pay data reports separately from employees' personnel records.

The bill would also create a new Section 12999.1, which would mandate that a *public* employer with 100 or more employees would also be required to submit a pay data report, starting in May 2027. "Public Employer" would mean the employer of any employee in the state "civil service," as that phrase is defined in Article VII of the state Constitution, but would not include a local agency, as defined in Government Code Section 3511.1(c) ("a county, city, whether general law or chartered, city and county, town, school district, municipal corporation, district, political subdivision, or any board, commission, or agency thereof, or other local public agency"). The public employer pay data reports would be required to include data related to ethnicity, race, disability, veteran status, and gender organized by job category as listed in the civil service pay scale.

Status: Passed the Senate on a party-line vote; passed the Assembly Labor Committee and the Judiciary Committee and is pending in the Appropriations Committee.

Expanded Notice Requirement re: Wage Garnishment (AB 774)

This bill makes numerous changes to the Code of Civil Procedure concerning enforcement of judgments. Of interest to employers, it alters the requirements for employers who are required to garnish employees' wages to satisfy civil judgments.

Existing law, the Wage Garnishment Law (Code of Civil Procedure section 706.010, *et seq*.) authorizes a levy of execution on an employee's earnings by service of an earnings withholding order by the levying officer or the employer and requires the employer to provide the judgment debtor a copy of the earnings withholding order and notice of the earnings withholding order, as specified. Existing law requires the employer to complete an employer's return and return it to the levying officer. Under existing law, the employer's return and the form for its return are required to set forth specified information, including the name, address, and, if known, the judgment debtor's social security number.

This bill would require the employer's return to include information setting forth the date on which the employer provided the judgment debtor with the earnings withholding order and notice of earnings withholding order, the name and title of the person who provided the order and notice, and a description of the manner in which the order and notice were provided.

Status: Unanimously passed the Assembly; passed the Senate Judiciary Committee and is pending in the Appropriations Committee.

Allowing Labor Commissioner to Enforce Rule Against Taking Employee Gratuities (SB 648)

Existing law (Labor Code section 351) prohibits employers from taking any gratuity left for an employee, or from deducting any amount from an employee's wages on account of a gratuity, or from requiring an employee to credit a gratuity against wages owed. However, courts have found there is no direct mechanism to enforce this law. This new bill would give the Labor Commissioner authority to investigate and issue a citation or file a civil action for gratuities taken or withheld in violation of Section 351.

Status: Passed the Senate and the Assembly.

Publication and Enforcement of DLSE Orders, Decisions, and Awards (SB 261)

Current law allows the Division of Labor Standards Enforcement (DLSE), under the direction of the Labor Commissioner, to investigate employee complaints and to provide for a hearing in any action to recover wages, penalties, and other demands for compensation. Existing law (Labor Code section 98.1) allows the Labor Commissioner to file and serve a copy of an order, decision, or award after such a hearing.

The bill would also create Labor Code section 98.15, which would require the DLSE to post on its website for seven years the names and contact information of any employer with an unsatisfied order, decision, or award as to which the time to appeal has expired or an unsatisfied final court judgment based on the order, decision, or award. Before posting this information, The DLSE would be required to provide notice to the employer; and the posting shall only be removed if there has been full payment of any unsatisfied judgement or the employer has entered into an approved settlement; *and* the employer has submitted a certification, under penalty of perjury, that all violations identified in the order have been remedied or abated.

Next, the bill would create Labor Code section 238.05, which would provide that if a final judgment against an employer arising from nonpayment of wages for work performed in this state remains unsatisfied 180 days after the time to appeal has expired and no appeal is pending, the employer shall be subject to a civil penalty not to exceed three times the outstanding judgment, including post-judgment interest. There would be an exception if an employer reaches an accord with an individual holding an unsatisfied judgment pursuant to Labor Code section 238, subdivision (b) and remains in compliance with the accord until its full satisfaction.

Finally, the bill would create Labor Code section 238.10, which would allow a court to award a prevailing plaintiff all reasonable attorney's fees and costs in any action brought to enforce a final judgment against an employer arising from the employer's nonpayment of wages for work performed in the state, or to otherwise induce compliance by or impose lawful consequences on a judgment debtor for nonsatisfaction of such final judgment.

Status: Passed the Senate on a party-line vote; passed the Assembly Labor and Judiciary Committees and is pending in the Appropriations Committee.

Denial of License/Permit Based on Unsatisfied Judgment for Nonpayment of Wages (AB 485)

Existing law (Labor Code section 238) provides that if an employer has an unsatisfied judgment for nonpayment of wages, the employer may not continue to do business in California, unless the employer has obtained a bond (as specified). In addition, current law (Labor Code section 238.4) provides that employers in the long-term care industry who violate Section 238 may be denied a license by the State Department of Public Health.

This bill would create a new Labor Code section 238.7 and provide that an employer that is required to obtain a license or permit from any state agency shall be denied a permit or license if they are in violation

of Section 238. The bill would allow the State Public Health Officer to exempt a hospital employer from these requirements upon a determination that a denial, suspension, or revocation of the hospital's license, permit, or renewal could have imminent or substantial adverse effects upon public health or safety or would violate constitutional law.

Status: Passed the Assembly; passed the Senate Labor and Judiciary Committees; pending in the Senate Appropriations Committee.

Notice of Potential Tax Fraud re: Noncompliant Judgement Debtor with Unpaid Wage Order (SB 355)

Existing law allows the Labor Commissioner to issue orders, decisions, awards, and judgment against an employer related to specified violations of labor law. This bill would create Section 96.9 in the Labor Code, which would require an employer subject to a final judgment requiring payment to an employee or the state pursuant to Sectio 98.2 to provide documentation to the Labor Commissioner within 60 days that the judgment has been fully satisfied, or a bond has been issue (as specified), or the judgment debtor has entered into an agreement for the judgment to be paid in installments. If a judgment debtor failed to comply with that filing requirement, it would be liable for an additional civil penalty of $2,500 in a citation issued by the Labor Commissioner. In addition, if a judgment debtor does not comply with the filing requirement, the Labor Commissioner would submit the unsatisfied judgment to the Tax Support Division of the Employment Development Department as a notice of potential tax fraud and notify the judgment debtor that the civil penalty is due within 90 days.

Status: Passed the Senate on a unanimous vote; passed the Assembly Labor Committee and is pending in the Assembly Judiciary Committee.

Suspension of Contractor's License, Civil Action for Failure to Pay Wages (AB 1002)

This bill would add section 7036 to the Business and Professions code and would allow the Attorney General to bring a civil action to impose discipline upon, to deny an application for, or to deny continued maintenance of, a contractor's license. The action could be brought on the grounds that a person has failed to pay their workers' wages, has not fulfilled a wage judgment or is in violation of a court order regarding payment of wages to their workers. The AG would be required to notify the registrar of contractors at least 30 days prior to filing a civil complaint, and the Contractors State License Board would be able to intervene in any court proceedings brought pursuant to this rule. The AG could seek an order directing the registrar to suspend or revoke, or deny an application for, or deny the continued maintenance of, a contractor's license. Any order for suspension, revocation, or application denial would be considered disciplinary action within the meaning of Section 7071.8 and legal action within the meaning of Section 7124.6.

The bill would specify that a good faith mistake regarding which wage rate applies to a particular category of work, including for uprose of payment of prevailing wages, would not constitute a violation under this section.

Status: Passed the Assembly over minimal opposition; passed the Senate Business, Professions and Economic Development Committee and the Judiciary Committee and is pending in the Senate Appropriations Committee.

Direct Contractor and Subcontractor Liability for Wage Claims (SB 597)

Current Law (Labor Code section 218.8) applies to direct contractors making or taking a contract for the erection, construction, alteration or repair of a building or other private work. Those Direct Contractors are liable for any debt incurred by a subcontractor and owed to a *wage claimant* for the wage claimant's performance of labor. A "direct contractor" is a contractor that has a direct contractual relationship with an owner.

This bill would add an expiration date to Section 218.8, stating that it would only apply to contracts entered into before January 1, 2026. For contracts entered after that date, it would add a new Section 218.9, which would make director contractors liable for "*indebtedness, including any for the performance of labor* described in subdivision (b) of Section 8024 of the Civil Code, incurred by a subcontractor. A "direct contractor" would be a contractor that has a direct contractual relationship with an owner *or* any other person or entity engaging contractors or subcontractors on behalf of an owner. The bill would prohibit a direct contractor from being held liable for indebtedness with respect to fringe or other benefit contributions if they make contribution payments by joint check, as specified.

Existing law also provides for a streamlined, ministerial approval process for certain housing developments that meet specified requirements. Existing law requires these developments to meet specified labor standards, including making health care expenditures for each employee. Joint labor-management cooperation committees currently have standing to sue a construction contractor for failure to make these health care expenditures. This bill would grant a joint labor-management cooperation committee standing to sue pursuant to the new liability provision in the new Section 218.9.

Status: Passed the Senate on a unanimous vote; passed the Assembly Labor and Judiciary Committees and is pending in the Appropriations Committee.

Meal Period Exception for Employees of Water Corporation (SB 693)

Current law (Labor Code section 512) sets out the rules requiring employers to provide non-exempt employees with meal periods. Under existing law, employees in certain occupations are exempted from the meal period rules if they are covered by a valid collective bargaining agreement and that agreement expressly provides for various items, including meal periods for the employees. This bill would extend that exception to cover employees employed by a water corporation (and subject to the requisite collective bargaining agreement).

Status: Passed the Senate and the Assembly.

NEW LAW: **Rest Period Exemption for Employees who Hold Safety-Sensitive Positions at a Petroleum Facility (AB 751)**

Existing law (Labor Code Section 226.75) provides a temporary exemption from California's rest period requirements for specified employees who hold a safety-sensitive position at a petroleum facility, to the extent that the employee is required to carry and monitor a communication device and to respond to emergencies or is required to remain on employer premises to monitor the premises and respond to emergencies. Existing law requires another rest period to be authorized in the case of an interrupted rest period, and, if circumstances do not allow for the employee to take a rest period, requires the employer to pay the employee one hour of pay at the employee's regular rate of pay for the rest period that was not provided. This exemption is set to expire January 1, 2026.

This bill, which was signed into law on July 14, 2025m, extends the exemption indefinitely and extends the exemption to "other refineries," which means establishments that produce fuel through the processing of alternative feedstock as described in Labor Code section 7853, subdivision (c).

Status: Passed the Assembly and the Senate; approved by the governor and chaptered on July 14, 2025.

Independent Contractor Classifications

Employer Indemnification Obligations Expanded to Personal and Commercial Vehicles Owned by Employees (SB 809)

Labor Code section 2802 requires employers to indemnify employees for all necessary expenditures or losses incurred by the employee in director consequence of the discharge of their duties. This bill would add new Labor Code section 2802.2 to state that the employer's indemnification obligations apply to the use of a vehicle, including a personal or a commercial vehicle, owned by an employee and used by that employee in the discharge of their duties.

With the 5-year exemption for the construction industry to comply with the so-called ABC Test having expired in 2024, this bill would take additional steps to ensure and potentially incentivize construction industry employers to comply as it relates to truck owners that they use.

First, it would add new Labor Code section 2775.5 to clarify that the mere ownership of a vehicle, including a personal vehicle or a commercial vehicle, used by a person in the providing labor or services for remuneration does not make that person an independent contractor. Rather, that individual's status as an employee or an independent contractor would still be determined by Labor Code section 2775, including the so-called "ABC Test."

Second, under the Motor Carrier Employer Amnesty Program administered by the Labor Commissioner and the Employment Development Department, motor carriers performing drayage service were able to be relieved of misclassification liability by entering into a settlement agreement prior to 2017 and reclassifying all their commercial drivers as employees. This bill would establish a similar program (i.e., the Construction Trucking Employer Amnesty) whereby construction contractors could also be relieved of certain misclassification liability by agreeing to properly classify all drivers performing construction work

as employees and entering into a settlement agreement with provisions identified in new Labor Code section 2750.9 by January 2029. If a construction driver declines to accept the settlement agreement terms, an eligible construction contractor must reclassify the construction driver as an employee, and the driver would be precluded from pursuing certain penalties for a claim arising during the period of time covered by the settlement agreement.

Third, it would incentivize employers to adopt the two-check system whereby the trucking companies would pay truck-owner drivers with two separate checks: one for their labor and one check for use of their commercial vehicles. Accordingly, SB 809 would require construction trucking companies to indemnify a commercial motor vehicle driver who owns the commercial vehicle they use in discharge of their duties for the "use, upkeep and depreciation" of that commercial vehicle. It would also specify how the amount of that reimbursement may be determined and how it may be paid.

In this regard, SB 809 seeks to incentivize construction employers via the amnesty program to reclassify their independent contractors to employers and seeks to provide clarity to these employers that they can meet their indemnification obligations by adopting this two-check system.

Status: Passed the Senate on a party-line vote and has passed the Assembly Labor and Judiciary Committees and is pending in the Assembly Appropriations Committee.

Additional Proposed Changes to the Exemptions from the ABC Test for Worker Classification Purposes (AB 1514)

In 2020, California enacted Labor Code section 2775 codifying the so-called "ABC Test" enunciated by the California Supreme Court in *Dynamex Operations W. v. Superior Court* (2018) 4 Cal.5th 903, for determining whether an individual is an employee or an independent contractor. The Legislature has also subsequently specified various occupations and business relationships that are exempt from the ABC Test and that instead would be governed by the so-called *Borello* "multi-factor" test for classification purposes. (Labor Code section 2776 *et seq.*).

On an annual basis thereafter, the Legislature has considered additional bills to expand or modify these exemptions, and this bill would do so for two industries. First, for licensed manicurists, it would extend the exemption past the current exemption deadline of January 1, 2025 until January 1, 2029. Second, it would similarly extend the exemption for commercial fishers until January 1, 2031.

It would also require the EDD and the DLSE to annually report (beginning June 1, 2026) the number of claims filed by licensed manicurists against business or establishment owners dating back to January 1, 2020.

Status: Unanimously passed the Assembly and has passed the Senate Labor Committee and is pending in the Senate Appropriations Committee.

Public Sector/Labor Relations

Expanded PERB Jurisdiction to Handle NLRA Issues (AB 288)

Citing concerns that the National Labor Relations Board (NRLB) may cease to exist or otherwise be unable to adjudicate private sector union employees complaints under the National Labor Relations Act (NLRA), this bill would create state court jurisdiction for the Public Employment Relations Board (PERB) for NLRA-related unfair labor practice charges. Amongst other things, it would authorize NLRA-covered private sector union employees to petition the PERB should the NLRA be repealed or narrowed so as to no longer apply to that employee, or if the NLRB failed to address the employee's CBA rights within six months of a petition.

Such workers would be able to petition the PERB to do the following: (1) certify the worker's union as the exclusive bargaining representative for any group of similarly situated workers who have designated the union by majority vote; (2) decide unfair labor charges if the NLRB has excessively delayed processing of the charge; or (3) order the worker's employer to participate in "binding mediation." The PERB would have the authority to determine whether a majority of similarly situated workers selected a union to exclusively represent them, to certify the union, and to order the employer to bargain with that union. It would also be authorized to use the PERB's or the NRLB's precedents to decide unfair labor practice charges and to order all appropriate relief for a violation, including civil penalties. This bill would also authorize California state courts to review any action taken by the PERB under these expanded powers.

Status: Passed the Assembly with bipartisan support and has passed the Senate Labor and Judiciary Committees and is pending in the Senate Appropriations Committee.

Labor Relations Protections for Transportation Network Drivers (AB 1340)

This bill represents the latest salvo in the ongoing battle regarding the proper classification of so-called Transportation Network Company (TNC) Drivers, and such drivers' ability to organize. Quickly summarized, in 2019, the California Legislature enacted AB 5, codifying the 3-part test (aka the "ABC Test") for employment status announced in the California Supreme Court's *Dynamex* decision. In 2020, California voters passed Proposition 22 exempting TNC Drivers from the ABC Test, essentially making them independent contractors and, thus, unable to unionize under the National Labor Relations Act (NLRA). Arguing that federal labor law does not apply to independent contractors or preempt state law regulating independent contractors, this bill would essentially create labor protections for TNC Drivers under California law, rather than federal law.

Accordingly, it would establish the Transportation Network Company Drivers Labor Relations Act (the TNCDLRA) to provide TNC Drivers the opportunity to self-organize and designate representatives of their own choosing. It would also authorize and require the Public Employment Relations Board (PERB) to protect TNC Drivers collective bargaining rights under the TNCDLRA.

For purpose of the TNCDLRA, a "TNC" would be defined as a person or company operating in California that provides prearranged transportation services for compensation using an online-enabled application

or platform to connect passengers with drivers using a personal vehicle. "TNC Drivers" would mean any person who uses a vehicle in connection with a TNC's online-enabled application or platform to connect with passengers. "Active TNC Driver" would mean a TNC Driver who has driven at least the median number of rides during the past six month of all TNC drivers who have completed at least 20 rides during that time in the state of California.

Broadly speaking, the TNCDLRA would authorize TNC Drivers to form, join and participate in so-called TNC driver organizations of their own choosing to engage in concerted activities, including collective bargaining. It would also enact detailed rules regarding certification and decertification procedures, including pre-certification election procedures, that are similar to but not entirely duplicative with those existing under the NLRA.

It would also require TNC's to submit to PERB on January 1, 2026 and every three months thereafter, the names, contact information and ride history for all TNC Drivers who have provided at least 20 rides with the state of California within the prior six months.

It would also enumerate a number of items that would constitute an unfair labor practice by the TNC, including failing to provide the PERB the list discussed above, failing to negotiate in good faith with a certified union, failing to provide information needed by a certified union to discharge its representational duties and dominating or interfering in the formation of a driver union.

Status: Passed the Assembly on a party-line vote and has passed the Senate Labor and Transportation Committees and is pending in the Senate Appropriations Committee.

Notice Requirements Before Issuing Request for Proposals for Work Within Scope of Recognized Employee Organizations (AB 339)

This bill would require the governing board of a local agency to provide at least 60 days' written notice to a recognized employee organization before issuing a request for proposal, request for quotes or renewing or extending an existing contract to perform services within the scope of work of the job classifications represented by the employee organization, subject to certain exceptions. This notice must include specific information, including the anticipated duration of the organization, and require the public agency to meet in good faith with the recognized employee organization if it demands to meet and confer.

Status: Passed the Assembly and has passed the Senate Labor Committee and is pending in the Senate Appropriations Committee.

Union-Related Privileges Proposed (AB 340 and AB 1109)

Two bills (AB 340 and AB 1109) would protect communication between employees and union representatives albeit in slightly different contexts. AB 340 would add Government Code 3558.9 to prohibit a public employer from questioning a public employee or their union representative about communications made in confidence between the employee and the union representative relating to any matter within the scope of the recognized employee organization's representation. It would also prohibit

the public employer from compelling the public employee or their union representative to disclose confidential communications to a third party.

AB 1109 would add Evidence Code section 1048 to establish that a represented employee and their union representative have a privilege to refuse to disclose in any court, agency or administrative proceeding, any confidential communication (as defined) between the employee or former employee and the union agent made while the union agent was acting in the agent's representative capacity. It would also establish that the represented employee has the privilege to prevent another from disclosing, in connection with such a proceeding, a confidential communication between the agent and a union agent that is privileged. AB 1109 appears similar to a previous proposal vetoed by Governor Newsom.

Status: AB 340 passed the Assembly with strong bi-partisan support and has passed the Senate Judiciary Committee and is pending in the Senate Appropriations Committee; AB 1109 has passed the Assembly with some bipartisan support and has passed the Senate Labor Committee and is pending in the Senate Appropriations Committee.

Background Checks for Certain University of California Employees (AB 922)

This bill is intended to address recent notification from the Federal Bureau of Investigations that state entities currently lack sufficient statutory authority to access the Criminal Justice Information System. Accordingly, it would authorize the University of California to allow the Department of Justice to conduct background checks during the final stages of the application process for prospective employees, contactors, and volunteers.

This bill would not, however, authorize hiring practices inconsistent with California's recently enacted hiring protections for individuals with a conviction history (Government Code section 12952).

It would also require the University of California to immediately notify the Department of Justice when an individual for whom notification service is requested is no longer in a position for which such background checks are required.

Status: Unanimously passed the Assembly and has unanimously passed the Senate Education and Public Safety Committees and is pending in the Senate Appropriations Committee.

State Provided Benefits

Paid Family Leave for Care of "Designated Person" (SB 590)

This bill aims to expand the scope of California's paid family leave program. Currently, the program provides wage replacement benefits for up to 8 weeks to workers who take time off to care for a seriously ill family member. This bill, effective July 1, 2027, will extend eligibility to individuals caring for a "designated person," defined as anyone related by blood or whose relationship with the employee is equivalent to a family relationship. Employees will be able to identify this designated person when filing a claim for benefits.

Status: Passed the Senate and is pending in the Assembly Appropriations Committee.

Tightened Regulations for Workers' Compensation Insurance for Contractors (SB 291)

Existing law exempts an applicant or licensee who has no employees from the requirement to have on file with the Contractors State License Board ("CSLB") a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, provided that they file a statement with the CSLB certifying that they do not employ any person (as specified), and who does not hold a specified license issued by the board (as defined). This bill proposes to repeal the current exemption by January 1, 2027, instead of the previously set date of January 1, 2028. This change will affect both applicants or licensees organized as joint ventures, and applicants and licensees who have no employees, have no disciplinary actions, and do not undertake projects over $2,000. The $2,000 valuation applies to a single work or operation and cannot be circumvented by dividing the contracts to evade this requirement.

This bill also introduces stricter penalties related to false filings of exemption certificates for workers' compensation insurance. It mandates a minimum civil penalty of $10,000 per violation for sole owner licensees, or $20,000 for any partnership, corporation, limited liability company or tribal business licensee, found employing workers without maintaining the required workers' compensation coverage. Additionally, CSLB is prohibited from renewing or reinstating licenses for those under disciplinary action until they provide valid proof of workers' compensation insurance.

To further ensure compliance, this bill requires the CSLB to develop an open book examination by January 1, 2027. This examination will be included in the license renewal process, requiring licensees to certify under penalty of perjury that they do not have employees and understand the penalties for non-compliance. This is to ensure that the financial thresholds for exemptions remain relevant and fair over time. However, this bill specifies that the exemptions do not apply to any applicant or licensee with an active C-39 classification, which pertains to roofing contractors, due to the higher risks associated with this type of work.

Status: Passed the Senate and is pending in the Assembly Appropriations Committee.

Real Property Transfers by Uninsured Employers (SB 847)

Under existing law, employers must secure workers' compensation for their employees, and if the employer has not secured the payment of compensation or is illegally uninsured, a lien can be filed against their property or the property of substantial shareholders. This bill addresses situations where uninsured employers, or substantial shareholders, attempt to evade financial responsibilities by transferring ownership of real property after an employee' s injury but before a lien is recorded.

This bill authorizes the Administrative Director of the Division of Workers' Compensation ("Director") to determine whether such property transfers were intended to retain a beneficial interest for the uninsured employer or substantial shareholder, effectively creating a resulting trust for their benefit. This bill would allow the Director to make a *prima facie* finding that the transaction resulted in a beneficial trust for the uninsured employer when specified circumstances are present, such as the deed indicates that the

transfer was made as a gift or that no transfer tax to the county was paid, among others. If the Director determines that a resulting trust exists, a certificate of lien shall be attached to the resulting trust and would require the Director to mail written notices of that determination to the transferor and transferee (as prescribed).

Status: Passed the Senate and is pending in the Assembly Appropriations Committee.

Farmworker Workers' Compensation Payments for Heat-Related Injuries (AB 1336)

This bill would create a disputable presumption that where an employer failed to comply with heat illness prevention standards (as defined) and there is a heat-related injury to the farmworker, it arose out of and in the course of employment. This bill will require the Workers Compensation Appeals board to find in favor of the farmworker if the employer fails to rebut the presumption. This bill also specifies compensation awarded for heat-related injury to farmworkers is to include, among other things, medical treatment and disability.

Additionally, this bill would establish the Farmworker Climate Change Heat Injury and Death Fund that would consist of a one-time transfer of $5,000,000 derived from non-general funds of the Workers' Compensation Administration Revolving Fund for the purpose of administrative costs associated with this presumption.

This bill is identical to SB 1299 (introduced in 2024) which Governor Newsom vetoed last year.

Status: Passed the Assembly and is pending in the Senate Appropriations Committee.

Miscellaneous

Ensured Accountability for AI-Related Harm (AB 316)

This bill seeks to enhance accountability for the use of AI by prohibiting developers and users from claiming that an AI system autonomously caused harm to a plaintiff. Under existing law, individuals are responsible for injuries caused by their lack of ordinary care or skill in managing their property or person. Additionally, developers of generative AI systems released after January 1, 2022, must provide documentation on their websites about the data used to train these systems. This bill builds on these requirements by ensuring that developers and users cannot evade responsibility by arguing that the AI acted independently.

Status: Passed the Assembly and is pending in the Senate Appropriations Committee.

California Consumer Privacy Act of 2018: Opt-Out Preference Signal (AB 566)

This bill amends the California Consumer Privacy Act of 2018 (CCPA) to enhance consumer privacy protections. Specifically, it requires businesses to develop and maintain browsers and browser engines that include a setting enabling consumers to send an opt-out preference signal. This signal communicates the consumer's choice to opt out of the sale and sharing of their personal information to businesses they

interact with online. This bill mandates that this setting be easy for consumers to locate and configure. Additionally, this bill authorizes the California Privacy Protection Agency to adopt regulations necessary to implement and administer these provisions.

Status: Passed the Assembly and is pending in the Senate.

NEW LOCAL ORDINANCES

Numerous Cities Increase Minimum Wages

Many California cities and counties have minimum wages in excess of the state minimum wage that increase automatically each year. Some localities implement increases on January 1 each year, while others make changes on July 1. Here are the new minimum wages that went into effect on July 1, 2025. (This omits the localities that increased their minimum wages on January 1, 2025.)

City or County	Effective July 1, 2025
Alameda	$17.46
Berkeley	$19.18
Emeryville	$19.90
Fremont	$17.75
Long Beach	$25.00 (Hotel workers) $18.58 (Concessionaire workers)
Los Angeles (City)	$17.87
Los Angeles (County)	$17.81
Malibu	$17.27
Milpitas	$18.20
Pasadena	$18.04
San Francisco (City and County)	$19.18
Santa Monica	$17.81
West Hollywood	$20.22 (hotel employees only)

For a full list of California local minimum wages, visit UC Berkeley Labor Center's list here.

City of Los Angeles Ordinance to Raise Minimum Wage to $30.00 an Hour for Hotel and Airport Employees on Hold

The City of Los Angeles has placed on hold a new ordinance that would increase the minimum wage for hotel and airport employees over a series of increases, reaching $30.00 an hour by July 1, 2028. The minimum wage for employees working at hotels with 60 or more guest rooms is currently $20.32 an hour and was set to increase as follows: to $22.50 an hour effective July 1, 2025, to $25.00 an hour effective July 1, 2026, to $27.50 an hour effective July 1, 2027, and to $30.00 an hour effective July 1, 2028. These

minimum wage increases were intended to also apply to private companies working at Los Angeles International Airport, including airlines and concessions.

However, the ordinances are on hold while the City reviews a referendum petition against the ordinance.

NEW STATE REGULATIONS AND GUIDANCE

New re: AI and Automated-Decision Systems Go Into Effect October 1, 2025

The Civil Rights Council of the California Civil Rights Department has amended its regulations concerning the Fair Employment and Housing Act ("FEHA") to address automated-decision systems in the workplace. These regulations aim to protect against employment discrimination given the growing concerns over employers' increasing use of artificial intelligence (AI) and automated-decision systems to make or facilitate employment decisions resulting in "algorithmic discrimination." **These regulations will go into effect on October 1, 2025**. All employers should note that the amended regulations extend the required retention period for certain employment-related records. In addition, all employers or other entities using automated-decision systems to facilitate human decision-making regarding employment benefits should carefully review the regulations and consult counsel if necessary. The regulations clarify how existing anti-discrimination laws apply to the use of AI and ADSs in employment decisions such as hiring, promotion, and compensation. Please see our Special Alert for more information.

CRD Publishes Guidance and Notices for Victims of Violence Leave

Last year, California enacted a law expanding employees' right to time off and right to be accommodated if they or their family members are victims of violence. We summarized the law in our 2024 Legislative Update, available here. Among other things, the new law requires employers to inform each employee of their rights under the bill in writing. The law specifies that the Civil Rights Department ("CRD") would create a form for such notice (entitled "Survivors of Violence and Family Members of Victims Right to Leave and Accommodations"), and that employers would not be required to comply with the notice requirement until the department posted the form on its website. On July 7, 2025, the CRD published the model notice, which you can access here. While employers are not required to use the model notice, they must issue a notice that is substantially similar in content and clarity to the CRD's form. Employers are required to provide this notice to new employees upon hire, to all employees annually, at any time upon request, and any time an employee informs an employer that the employee or the employee's family member is a victim. California employers that have not yet provided written notice of the law should begin complying with the notice requirements.

The CRD also published new guidance on victims leave with responses to frequently asked questions, available here.

Cal/OSHA Protections Extended to Domestic Workers Starting July 1

In 2025, SB 1350 was signed into law, changing the definition of "employment" for purposes of the California Occupational Safety and Health Act, expanding it to include household domestic service (with some exceptions, including when an individual privately employs persons to perform ordinary domestic household tasks in their own residence). That bill went into effect on July 1, 2025. Cal/OSHA says these workplace safety and health protections will allow it to enforce regulations for covered employers in the domestic services industry. This includes requirements for safe tools and equipment, hazard training, and protections against unsafe working conditions. CalOSHA has published FAQs and Fact Sheets for businesses, homeowners and workers, available here: https://www.dir.ca.gov/dosh/Domestic-Service-Workers/Guidance-and-Resources.html

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If you have questions about how these new laws and regulations may affect your business, please contact us.

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