2026 CALIFORNIA LEGISLATIVE SUMMARY

June 2, 2026

The deadline for bills to pass the legislative chamber of origin has expired, meaning we have reached the halfway point of the 2026 Legislative session. A significant number of new employment bills passed their house of origin and are beginning to work their way through the second chamber. We have identified the "Top Nine" bills that – if passed – would have the most significant impact on California employers. The "Top Nine" bills would:

1. Regulate employer use of Automated Decision Systems (SB 947)
2. Restrict the use of workplace surveillance tools (AB 1883)
3. Expand mandatory harassment prevention training to include anti-hate speech training (AB 1803)
4. Expand employer's obligation to report employee data to the EDD (SB 1054)
5. Expand bereavement leave to cover the death of a "designated person" (SB 1149)
6. Delay implementation of last year's prohibition on "stay or pay" agreements to January 1, 2027 (AB 1697)
7. Add menopause-related conditions to FEHA's definition of sex, and thus prohibit harassment, discrimination, or retaliation on the basis of such conditions (AB 1940)
8. Require advance notice re: terminations or reduced hiring based on "technological displacement" related to AI (SB 951)
9. Impose annual registration and verification requirements on staffing agencies (SB 1032)

Of course, some of these bills may fail to progress through the legislative process and others may be materially amended. Looking ahead, the deadline for bills to pass key substantive committees is July 2, 2026, and the deadline to pass the second chamber is August 31, 2026. Stay tuned – we will keep you informed of developments as they occur!

In the meantime, below is a brief overview of our "Top Nine" 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.

CONTENTS

TOP NINE PROPOSED NEW CALIFORNIA EMPLOYMENT LAWS

1. Regulation of Employer Use of Automated Decision Systems (SB 947)

This bill would create a comprehensive regulatory scheme governing employer use of automated decision systems (ADS) in the workplace. The bill is similar in scope to SB 7 (the "No Robo Bosses Act"), which passed the Legislature in 2025 but was vetoed by Governor Newsom. SB 947 reintroduces many of the same concepts with revised notice provisions and narrower application in response to the concerns raised in the veto. Please note that last year's amendments to the regulations under the California Consumer Privacy Act (CCPA) impose new requirements regarding the use of automated decisionmaking systems by companies covered by that law. For more information, read our summary below.

The bill sets out detailed definitions, imposes specific obligations and prohibitions on employers, establishes worker data access rights, creates required written notices when ADS are used in disciplinary or termination decisions, and provides robust enforcement mechanisms.

Definitions

The bill would define several key terms, including the following:

- **Artificial intelligence** would mean an engineered or machine-based system that, for explicit or implicit objectives, infers from inputs how to generate outputs that influence physical or virtual environments.

- **Automated decision system (ADS)** would mean any computational process derived from machine learning, statistical modeling, data analytics, or artificial intelligence that issues simplified output (such as a score, classification, or recommendation) used to assist or replace human discretionary decisionmaking and that materially impacts natural persons. The definition expressly excludes tools such as spam filters, firewalls, antivirus software, identity and access management tools, calculators, and databases.

- **Employment-related decision** would include any decision by an employer that materially impacts wages, benefits, compensation, hours, schedule, performance evaluation, hiring, discipline, promotion, termination, job tasks, access to work or training opportunities, productivity requirements, or workplace health and safety.

- **Worker data** would include any information that identifies, relates to, or describes a worker, regardless of how the information is collected, inferred, or obtained.

Employer Requirements

The bill would prohibit an employer from using an ADS in several specific ways. An employer would be prohibited from using an ADS to interfere with compliance with labor, employment, occupational safety and health, or civil rights laws. The bill would prohibit the use of ADS to infer a worker's protected status under Government Code section 12940, to conduct predictive behavior analysis with the intention of

using the analysis to make an employment-related decision, or to predict or take adverse action against a worker for exercising legal rights under state or federal employment laws.

The bill would also restrict the use of individualized worker data for compensation decisions. An employer could not use or rely on such data unless the employer can clearly demonstrate that any compensation differences are based on cost differentials associated with the performance of work or that the data is directly tied to the tasks for which the worker is assigned.

The bill would prohibit an employer from relying solely on an ADS to make any disciplinary, termination, or deactivation decision. If an employer primarily relies upon an ADS output to make such a decision, the employer would be required to assign a human reviewer to conduct an independent investigation. The reviewer would need to evaluate the ADS output together with corroborating information such as supervisory evaluations, personnel files, work product, peer reviews, or witness interviews. If the ADS output cannot be corroborated, or if the reviewer determines that the output is inaccurate, incomplete, or misleading, the employer would be prohibited from using it. The bill would also prohibit an employer from using customer ratings as the sole or primary input in an employment-related decision.

The bill would further create a right for workers to access the most recent twelve months of their own data that was primarily used by an ADS in a disciplinary, termination, or deactivation decision. A worker could make one such request every twelve months, and the employer would be required to provide the information in a manner that protects the privacy of customers, coworkers, and other individuals.

Post Use Notice

The bill would require an employer that primarily relied upon an ADS to make a disciplinary, termination, or deactivation decision to provide the affected worker with a written post use notice at the time the decision is communicated. The notice would need to be in plain language, provided as a stand-alone communication in the same language used for routine workplace communications, and delivered through a simple and accessible method, such as email or hyperlink.

The notice would be required to inform the worker that an ADS was used to assist in the decision and that a human reviewer conducted an independent investigation. It would also need to identify a specific human contact who can provide information regarding the decision, the worker's right to access relevant ADS data, and the worker's protections under the bill.

In addition, when responding to a worker's data access request, the employer would be required to provide a written document that explains the decision for which the ADS was used, identifies the worker input data and output relied upon, describes any corroborating information used beyond the ADS output, identifies the vendor or developer of the ADS, and includes any completed impact assessments involving that ADS.

Enforcement

The bill would prohibit employers from retaliating against workers for exercising rights under the bill, filing complaints, participating in investigations, or assisting in enforcement. The Labor Commissioner would be authorized to investigate alleged violations, issue citations, order temporary relief, or file civil actions. The bill would also provide an alternative enforcement mechanism allowing a worker, or their exclusive representative, to bring a civil action for damages caused by the violation. Public prosecutors would likewise be authorized to enforce the bill.

Available relief would include damages, injunctive relief, attorney's fees and costs, and a civil penalty of five hundred dollars. The bill would specify that it does not preempt local ordinances that offer greater protections. It would further provide that employers that comply with the notice requirements in this bill would not be required to comply with substantially similar state notice requirements, except for privacy-related automated decisionmaking rules under the California Consumer Privacy Act. The bill would not apply to parties covered by a collective bargaining agreement that explicitly waives its provisions, provides for wages and working conditions, and includes protections against algorithmic management. Finally, the bill clarifies that its provisions do not restrict employer compliance with federal regulatory or contractual requirements.

Status: Passed the Senate and is pending in the Assembly Labor and Employment, Privacy and Consumer Protection, and Judiciary Committees.

2. Restrictions on the Use of Workplace Surveillance (AB 1883)

This bill appears to be a narrower version of last year's AB 1221, which died in the Assembly Appropriations Committee. The bill would regulate the use of "workplace surveillance tools," defined to mean "any system, application, instrument, or device that collects or facilitates the collection of worker data, activities, communications, actions, biometrics, or behaviors by means other than direct observation by a person, including, but not limited to, video or audio surveillance, continuous incremental time-tracking tools, geolocation, electromagnetic tracking, photoelectronic tracking, or that utilizes a photo-optical system or other means."

The bill would apply to all employers in the state, including government entities and labor contractors, and would protect all workers, including employees and independent contractors.

The bill would prohibit employers from using a workplace surveillance tool on workers to do any of the following:

- Prevent compliance with or violate any federal, state, or local labor, occupational health and safety employment, or civil rights laws or regulations.
- Infer information about workers engaging in activity protected by state or federal law.
- Make inferences about an individual's emotional state.

- Make inferences about an individual based on their gait.
- Collect Neural data.

The bill would also prohibit employers from using facial recognition technology to make inferences about a worker for firing, deactivation, or disciplinary purposes.

Employers would also be prohibited from using a workplace surveillance tool to infer a worker's protected status under Section 12940 of the Government Code (i.e., race, religious creed, color, national origin, ancestry, physical disability, mental disability, reproductive health decisionmaking, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or veteran or military status).

The bill would not prohibit employers from using a workplace surveillance tool to ensure safety, provided that the tool does not incorporate artificial intelligence that makes inferences or predictions based on a worker's emotional, gait, neural data, protected status under Government Code section 12940, or about activity protected by state or federal law.

In addition, the bill has a limited exception for workplace artificial intelligence tools or workplace surveillance tools to the extent the use of the tool is required by, or reasonably necessary to comply with, a federal statute, regulation, or binding federal contract relating to the development of aircraft or products or services for national security, military, space, or defense purposes.

The bill provides for enforcement by the Labor Commissioner or public prosecutor or pursuant to a civil action brought by an employee (or their exclusive representative) who has suffered a violation of the new law, who could seek damages including punitive damages, temporary or preliminary injunctive relief, and reasonable attorney's fees and costs. In addition, an employer who violates the new law would be subject to a civil penalty of $500 per violation.

The bill provides that it does not preempt any city or county ordinance that provides equal or greater protection to workers.

Status: Passed the Assembly on a party-line vote.

3. Expansion of Mandatory Harassment-Prevention Training to Include Anti-Hate Speech Content (AB 1803)

Existing law (Govt. Code § 12950.1) requires employers with five or more employees to provide sexual-harassment prevention training to all employees (two hours for supervisory employees and one hour for nonsupervisory employees) every two years. The required training must also include instruction on the prevention of abusive conduct and harassment based on gender identity, gender expression, and sexual orientation.

This bill would expand the scope of the mandatory training by requiring employers to include anti-hate speech training as an additional component. The bill does not define "hate speech" but would mandate

that this content be integrated into the existing statutory training program delivered to both supervisory and nonsupervisory employees.

Status: Passed the Assembly on party-line votes and pending in the Senate Judiciary and Labor, Public Employment and Retirement Committees.

4. Expansion of Bereavement Leave to Cover Death of "Designated Person" (SB 1149)

Existing Law (Government Code section 12945.7) requires employers to allow up to five days of bereavement leave upon the death of a family member, as defined. Currently, "family member" means spouse, child, parent, sibling, grandparent, grandchild, domestic partner, or parent-in-law. This bill would amend the definition of "family member" to include a "designated person," defined as any individual related to the employee by blood or whose association with the employee is the equivalent of a family relationship. An employer would be allowed to limit an employee to one designated person per 12-month period for bereavement leave.

Status: Unanimously passed the Senate and is pending in the Assembly.

5. Delayed Implementation of Prohibition on Stay-or-Pay Agreements (AB 1697)

Last year, AB 692 was signed into law, making it unlawful to include in any employment contract or require employees to enter "stay or pay" agreements by which employees are obligated to pay an amount of money if their employment terminates, with several limited exceptions. That law specified that it only applied to contracts entered into on or after January 1, 2026. (For more information, see our 2025 Legislative Summary here.)

This bill would not change any of the substantive requirements of AB 692, but would change the effective date, stating that the prohibition on stay-or-pay agreements only applies to agreements entered into on or after **January 1, 2027.** If enacted, the bill would go into effect immediately as an urgency statute.

Status: Passed the Assembly on a party-line vote and is pending in the Senate.

6. Enhanced Wage Reporting and Data Sharing Requirements for Employers (SB 1054)

Existing law provides unemployment insurance benefits to eligible individuals and requires employers to make unemployment insurance contributions and file quarterly wage reports with the Employment Development Department (EDD). Existing law also provides that information obtained in the administration of the Unemployment Insurance Code is confidential, is for the exclusive use of the Director of Employment Development, and is not open to the public, subject to specified exceptions that permit governmental agencies to access the information to verify or determine eligibility for public social services. Existing law further provides that any person who knowingly accesses, uses, or discloses this confidential information without authorization is guilty of a misdemeanor.

This bill would require the EDD to work with employers to modernize and simplify wage-reporting processes, including aligning definitions and deploying user-friendly technology. Beginning July 1, 2027,

employers with ten or more employees and agents reporting wages for ten or more employees would be required to include additional data elements in quarterly wage reports, including each worker's total monthly wage, industry, occupation, worker type, and hours worked. For this purpose, "hours worked" would mean the total hours worked each month, with 40 hours per week permitted for full-time employees; "occupation" would mean either the worker's job title or a classification under the federal Standard Occupational Classification system; and "worker type" would include full-time, part-time, intern, or apprentice status. The bill would authorize the director to require hours-worked data to be submitted separately or more frequently, but not more than monthly.

The bill would also require EDD, by July 1, 2027, to adopt procedures to share hours-worked and other employment data needed to verify eligibility for public benefits such as Medi-Cal and CalFresh, and to coordinate system changes with CalSAWS. Data sharing for benefit verification would begin January 1, 2028, or when EDD notifies the Legislature that automation is complete, whichever is later.

The bill would further require the Director of Employment Development, on or before January 1, 2028, to enable the State Department of Social Services and the State Department of Health Care Services to access hours-worked and other necessary employment data for benefit eligibility verification, and to enable the Office of the California Education Interagency Council to access relevant wage data for purposes related to its work. By expanding the scope of a crime related to unauthorized access or disclosure of confidential information, the bill would impose a state-mandated local program, make related legislative findings regarding limits on public access to information, and provide that no state reimbursement is required.

Status: Passed the Senate and is pending in the Assembly Insurance and Labor and Employment Committees.

7. Addition of Menopause-Related Conditions to FEHA's Definition of "Sex" (AB 1940)

Existing law prohibits discrimination based on protected characteristics, including "sex," which currently encompasses pregnancy, childbirth, breastfeeding, and related medical conditions. This bill would expand FEHA's definition of "sex" to include perimenopause, menopause, post menopause, and related medical conditions, extending anti-discrimination protections to employees experiencing menopause-related symptoms. The bill would also require the CRD, by July 1, 2027, to update its mandatory discrimination poster to notify women of these rights. In addition, the Commission on the Status of Women and Girls would be required to conduct a statewide outreach campaign, developing multilingual educational materials, coordinating with state agencies, and partnering with community organizations, to raise awareness of workplace protections related to menopause.

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

8. Advance Notice re: Termination Based on "Technological Displacement" (SB 951)

Existing law, the California Worker Adjustment and Retraining (WARN) Act (Labor Code § 1400, *et seq*.), requires covered employers to provide advance notice to affected employees prior to ordering a "mass layoff," "relocation," or "termination" at a "covered establishment" (as defined in the statute). As a

general matter, the WARN Act does not require notice if fewer than 50 employees are affected. This bill would create the "California Worker Technological Displacement Act," which would establish a new and different notice requirement before "technological displacement" or "technological cessation in hiring."

"Technological displacement" would mean the elimination of employment positions resulting in layoffs within any 12-month period, caused in whole by an AI system or other automated technology replacing or automating employment positions.

"Technological cessation in hiring" would mean the end of hiring permanently for an occupation or position that is caused in whole by the use of AI or other automation. "Technological cessation in hiring" would not mean an overall reduction in employment positions.

The bill would impose the following new requirements:

- The bill would require all employers (regardless of size) to provide 60-day advanced written notice before any technological displacement affecting 25 or more workers during any 30-day period.
    - "Worker" would mean any employee or independent contractor employed for at least 6 of the prior 12 months but would not include a seasonally employed individual hired with the understanding that their employment is seasonal and temporary, a volunteer, or an intern.
    - The notice would be provided to the affected workers, the Employment Development Department ("EDD"), the local workforce investment board, and the city council members and county board of supervisors of each city and country within which the technological displacement occurs.
    - The notice would be required to contain specific information, including the job functions that will be automated by AI, the specific category or type of AI system that substantially resulted in technological displacement, the justification for, and purpose of, the use of the AI tool, and whether training is available to current workers to transition from eliminated occupations to new ones at the company.
    - Employers who fail to provide the notice would be liable to each worker entitled to notice who lost their employment. These workers would be entitled to back pay and the value of any lost benefits for the period of violation up to a maximum of 60 days. Employers would also be subject to a civil penalty of not more than $500 for each day of violation. Employers would not be subject to the civil penalty if they pay to all applicable workers the pay and benefits they would be owed for the period of violation, and they make this payment within three weeks from the date they order the technological displacement.
- During the 60-day period from when the notice is provided, employers would be prohibited from discharging workers affected by the technological displacement without reasonable and substantiated cause.

- For employers with more than 100 workers, each worker affected by a technological displacement would have the right of first bid on other positions at the employer, except to the extent this would conflict with the provisions of a collective bargaining agreement.

- Employers would also be required to provide written "technology hiring disruption notice" when they execute cessation in hiring caused in whole by the adoption of AI or other automating technology. The notice would be provided to the EDD and the local workforce investment board and would be required to contain specific information.

- The EDD would be required to post quarterly reports regarding the notices received pursuant to the new law on their website and link to a public database of individual notices received from employers

- Any person would be able to report to the Labor Commissioner that an employer has failed to comply with the new notice requirements.

- The bill would establish a private right of action for a person, including a local government or a worker representative, to bring suit for violation of the new law.

- The bill specifies that its provisions would not supersede greater protections provided by a collective bargaining agreement.

Status: Passed the Senate on a party-line vote and is pending in the Assembly.

9. Staffing Agencies: Annual Registration and Verification Requirements (SB 1032)

This bill would require all staffing agencies to register with the Labor Commissioner before conducting any business in California and annually thereafter. Registration could not be issued or renewed unless the agency submits a complete application under penalty of perjury, pays a state registration fee set by the Commissioner, satisfies specified financial accountability requirements including posting a surety bond, and provides proof of a current workers' compensation insurance policy in effect for all employees. If the agency lacks valid coverage, the Commissioner would be required, after a hearing, to deny, suspend, or revoke the registration and notify the Director of Industrial Relations to take appropriate enforcement action.

The bill would require the Commissioner to post a public list of registered staffing agencies on the Department of Industrial Relations website, including each agency's registration information and workers' compensation carrier. Businesses would be prohibited from using any staffing agency without first confirming it is registered. The bill would also authorize a registered staffing agency to bring a civil action against an unregistered agency or against a business that uses one. A prevailing agency could obtain injunctive relief, actual damages or statutory damages up to seventy-five thousand dollars, and attorney's fees.

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

ADDITIONAL PROPOSED NEW CALIFORNIA EMPLOYMENT LAWS

Harassment/Discrimination/Retaliation

Uniform Statewide Definition of "Sex Discrimination" Across All California Codes (AB 2563)

Existing law provides various protections against sex-based discrimination under the California Constitution, the Unruh Civil Rights Act, and the Fair Employment and Housing Act (FEHA). These statutes and constitutional provisions prohibit discrimination based on sex, gender, pregnancy, and related medical conditions, but the scope and terminology vary across different state codes.

This bill would create a uniform, expansive definition of "sex discrimination" that applies across all California codes. Under the bill, any state law prohibiting discrimination on the basis of sex or gender must be interpreted to include discrimination based on a wide range of characteristics, including gender identity, gender expression, sexual orientation, intersex traits, conformity to sex or gender stereotypes, pregnancy-related medical conditions, and access to or use of reproductive or gender-affirming care. The bill would also amend the Unruh Act and FEHA to adopt this expanded definition. These provisions are expressly tied to, and must be construed liberally to effectuate, the existing protections in the California Constitution regarding equal protection, privacy, safety, happiness, and reproductive freedom.

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

Expansion of Workplace Violence Restraining Order Rules to Allow Restraining Order on Behalf of Reasonably Identifiable Group of Employees (AB 1961)

Existing law (Code of Civil Procedure section 527.8) allows an employer or collective bargaining representative to seek a workplace violence restraining order on behalf of an employee who has suffered harassment, unlawful violence, or a credible threat of violence and on behalf of other employees at the workplace.

This bill would allow an employer to seek a workplace violence restraining order on behalf of all employees at the workplace or location at which a group of employees perform their primary job duties if harassment, unlawful violence, or a credible threat of violence is directed at that workplace or location. The bill would not require an employer to name any individual employee as a protected party. The court would be able to issue an order enjoining a party from telephoning, contacting, or coming within a specified distance of the workplace or location.

The bill would require the Judicial Council to update or modify its forms regaled to workplace violence restraining orders, but not until January 1, 2028.

Status: Unanimously passed the Assembly and is pending in the Senate.

Remote Appearances and Electronic Filings re: Workplace Violence Restraining Orders (AB 2179)

Existing law (Code of Civil Procedure section 527.8) allows an employer or collective bargaining representative to seek a workplace violence restraining order on behalf of an employee who has suffered harassment, unlawful violence, or a credible threat of violence. This bill would allow any party or witness to appear remotely at a hearing on such a petition and would prohibit any fee for appearing remotely. The bill would also require courts to allow filings related to such protective orders to be submitted electronically. Both new rules would take effect July 1, 2027.

Status: Passed the Assembly on a unanimous vote and is pending in the Senate.

Human Resources/Workplace Policies

Pregnancy as a Triggering Event for Enrollment or Changing a Health Benefit Plan (AB 2066)

Existing law (Health and Safety Code section 1399.849) requires health care service plans or disability insurers to allow an individual to enroll in or change their health benefit plan as a result of specified triggering events. This bill would make pregnancy a triggering event for purposes of enrollment or changing a health benefit plan.

Status: Unanimously passed the Assembly and is pending in the Senate.

Training for Opioid Overdose Reversals (AB 2150)

In 2024, California enacted a law (Labor Code section 6723) requiring the Occupational Safety and Health Standards Board to submit a draft rulemaking proposal before December 1, 2027 to revise applicable regulations and require all first aid materials in a workplace to include naloxone hydrochloride or another opioid antagonist approved by the U.S. Food and Drug Administration to reverse opioid overdose and instructions for using the opioid antagonist.

This bill would require that any employer that requires cardiopulmonary resuscitation (CPR) certification training of its employees must also require those employees to take an online video training on the use of naloxone to increase the rate of opioid overdose reversals. The Training would be offered by the American Heart Association or the American Red Cross, and employers would be required to pay the costs for the training. The new training would be separate from the existing CPR training. The Emergency Medical Services Authority would be required to review and approve the training modules to ensure they include certain specified topics.

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

Increased Prohibition on Immigration-Related Practices (AB 2495)

This bill arises from the concern that unscrupulous employers use unfair immigration-related practices to preemptively silence immigrant workers and compel them to accept substandard working conditions. Existing law (Labor Code section 1019) prohibits an employer or other person from engaging in, or

directing another person to engage in, an unfair immigration-related practice for the purpose of, or with the intent of, retaliating against a person for exercising a right protected under state labor and employment laws. This bill would make several changes to that law:

- First, the law currently prohibits retaliation against a person for exercising rights protected under the Labor Code or local ordinances. This bill would expand the law to also prohibit retaliating against a person for *attempting to exercise* any rights, and would clarify that people are protected for exercising or attempting to exercise rights protected under *federal statutes or regulations.*
- Second, the bill would add a new probation – it would be unlawful for an employer or any other person to engage in any other conduct related to any person's actual or perceived immigration status that would dissuade a reasonable person from engaging in conduct the person has a legal right to engage in under local, state, or federal law applicable to employees, or to induce a reasonable person to engage in conduct the person has a legal right to abstain from under such laws.
- Third, the bill would expand the remedies for violation of the law.
    - The law currently allows for equitable relief, damages, and suspension of licenses, as well as attorneys' fees and costs.
    - This bill would also provide that an employer who violates the section would be liable for **a civil penalty not exceeding $10,000 per person** for each violation of the section, to be awarded to the employee or person who suffered the violation.

Status: Passed the Assembly on a party-line vote and is pending in the Senate.

Study Regarding Possible Imposition of Milage Tax (AB 1421)

The California State government has been investigating the possibility of alternatives to the gasoline tax, as more electric vehicles are in use, which has reduced gasoline purchases. This bill instructs the California Transportation Commission to prepare research and recommendations related to a road user charge or mileage-based system. These are effectively taxes on driving, rather than taxes on gasoline. The report must be submitted by January 1, 2027. While this bill does not actually impose a mileage tax, employers should be aware that if the government moves in this direction, employers would likely be required to reimburse the tax for employees who drive personal vehicles for business reasons pursuant to Labor Code section 2802. We will continue to monitor this issue.

Status: Passed the Assembly over bi-partisan opposition and is pending in the Senate Rules Committee.

Wage and Hour

Increased Penalties for Subsequent Failures to File Pay Data Reports (SB 1237)

Existing Law (Government Code section 12999) 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. Last year, the Legislature amended the law to make penalties for violation of the law mandatory. If the CRD asks, the court must impose a civil penalty

up to $100 per employee upon any employer who fails to file the required report and up to $200 for a subsequent failure to file. This bill would increase the maximum penalty for a subsequent failure to file to $1,000 per employee.

In addition, the bill would amend Section 12907 of the Government Code to require the CRD to annually publish a report of the annual budgetary and enforcement information for the Civil Rights Enforcement Fund, which consist of any attorney's fees and costs awarded by a court to the CRD when the department is the prevailing party in a civil action brought under the California Fair Employment and Housing Act. The report would include the total amount of civil penalties assessed, collected, and outstanding, and the allocation or use of collected penalty revenues.

Status: Passed the Senate on a party-line vote and is pending in the Assembly.

Increased Minimum Wage for Agricultural Employees (AB 2646)

Existing law establishes a minimum wage for most employees across the state of $16.90. This bill would increase the minimum hourly wage for an "approved agricultural employee" and "corresponding employee" to $19.75/hour, subject to upward adjustment for cost-of-living adjustments each year, beginning January 1, 2027.

The bill would define "approved agricultural employee" to mean an employee engaged in agriculture who is a resident outside of the state and is permitted to work in the state on a temporary or seasonal basis through an application process where the Labor and Workforce Development Agency or the Employment Development Department has approved, in part or in whole, an application or job order to hire agricultural workers from outside of the state on a temporary or seasonal basis. "Corresponding employee" would mean an employee engaged in agriculture who is a resident of the state and who performs the same, or substantially similar work during the same time period as an approved agricultural employee employed by the same employer in the same county. It appears that this bill is a response to the federal Department of Labor's recent rule change regarding compensation for H2A visa holders (which substantially reduced the required pay rate for those workers).

Status: Passed the Assembly on a party-line vote and is pending in the Senate.

Disclosure of Wage-and-Hour Violations as Condition of Submitting Bid to a Local Agency (AB 1838)

Existing law governs the procurement process for contracts of specified public entities. This bill would create a new Section 2011 in the Public Contract Code and specify that as a condition of submitting a bid to a local agency for a public works contract, a contractor shall fully disclose any history of wage-and-hour violations and provide supporting documentation. At a minimum, the contractor would be required to submit a written disclosure of any federal, state, or local wage-and-hour violations within the past five years, documents demonstrating that each disclosed violation has been corrected or resolved, and a written statement escribing all actions taken to prevent future wage-and-hour violations. For purposes of this rule, "violation" would mean a final judgement, order, or determination by a court or administrative agency finding a contractor liable for owed wages or related damages, interest, fines, or penalties. A

contractor would *not* be disqualified for any judgment, order or determination that is under appeal, provided the contractor has secured the possible payment through a bond or other appropriate means.

Status: Passed the Assembly on a near party-line vote and is pending in the Senate.

Exemption from Meal Period Requirements for Stationary Engineers Covered by Collective Bargaining Agreements (AB 2078)

Existing law (Labor Code section 512) requires employers to provide employees with meal periods of at least 30 minutes if employees work for more than 5 hours in a workday and requires employers to provide a second meal period if employees work for more than 10 hours in a workday. There are several limited exceptions to this rule, including for various types of employees who are covered by a valid collective bargaining agreement that expressly provides for meal periods (among other things).

This bill would exempt employees who perform building maintenance work as a stationary engineer from the meal period requirements if they are covered by a valid collective bargaining agreement that meets the requirements set forth in the statute.

"Stationary engineer" would be defined to mean a skilled tradesperson located in a fixed facility who operates, maintains, monitors, and repairs stationary mechanical equipment and building systems, including those involving boilers, chillers, heating, ventilation, and air conditioning systems, pumps, compressors, power generation equipment, and other critical plant machinery.

Status: Passed the Assembly on a unanimous vote and is pending in the Senate.

Change to Policies regarding Changes to Prevailing Wage for Public Works Projects (AB 1198)

Current law requires that workers on public works projects must be paid the prevailing wage, as determined by the Director of Industrial Relations. Current law provides *until July 1, 2026,* if the director determines during any quarterly period that there has been a change in any prevailing rate of per diem wages in a locality, the director is required to make that change available to the awarding body and their determination is final; but the determination does not apply to public works contracts for which the notice to bidders has been published. Current law provides that *starting on July 1, 2026*, that process would change, such that if the director determines there is a change in any prevailing wage, the determination will apply to any contract that is awarded or for which notice is published after July 1, 2026; and any contractor, awarding body, or worker representative could challenge the change in rates pursuant to a specific procedure.

This bill would change the effective date for this change in procedure from July 1, 2026 to July 1, 2027. It would also specify that the new (post July 1, 2027) procedure will not apply to contracts for certain defined housing development projects.

Status: Passed the Assembly with bipartisan support and is pending in the Senate.

Artificial Intelligence

Report on the Labor Force Impact of Artificial Intelligence (AB 2545)

This bill would establish the California Artificial Intelligence Worker Impact Data Assessment Project and a related Advisory Panel within the EDD. The bill specifies the membership of the panel, which would include various experts appointed by the governor, the Speaker of the Assembly, and the Senate Rules Committee. The EDD and the new Advisory Panel would assess data sources and collection methods regarding the use and impact of advanced AI systems on the labor force and compile a report on these data collection systems and any gaps in data collection. They would be required to submit the report to the Legislature on or before January 1, 2028. The report would be required to include specific information regarding data collection and gaps, as well as policy recommendations including how to effectively support workers impacted by AI and how to ensure workforce pipelines remain open for positions with expertise. The law would only remain in effect until January 1, 2029.

Status: Unanimously passed the Assembly and is pending in the Senate.

Public Sector/Labor Relations

Public Employment: Disqualification Based on Prior Immigration-Enforcement Employment (AB 1896)

Existing law establishes numerous qualifications and disqualifying conditions for peace officers and other public employees, including felony convictions, certain mental-health findings, and revocation of law-enforcement certification. Existing law also requires peace officers to meet minimum hiring standards such as good moral character and freedom from bias, and authorizes the Department of Human Resources to deny eligibility for state civil-service positions based on misconduct. In addition, existing Government Code provisions make individuals ineligible for public employment in certain circumstances tied to loyalty oaths or foreign political activity.

This bill, called Get The Feds Out ("GTFO") Act, would add a new disqualification: individuals who were employed by an entity engaged in immigration enforcement between January 20, 2025, and January 20, 2029 would be barred from holding any public employment in California, state, county, city, district, or other public agency, unless their work occurred within specified California or local law-enforcement entities operating under state-law limitations. The bill would also apply this disqualification specifically to peace officers, incorporate it into the minimum standards for peace-officer certification, and authorize CalHR to refuse examination or appointment on this basis. Because it expands obligations for public agencies to verify eligibility, the bill would create a state-mandated local program.

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

State Employment: Telework Program Requirements (AB 1729)

Existing law requires state agencies to review their operations, determine where telecommuting is practical and beneficial, and implement agency telecommuting plans. The Department of General Services (DGS) oversees these programs by developing statewide policies, procedures, and guidelines and by establishing criteria to evaluate the effectiveness of the state's telecommuting program. This bill would update and expand these requirements by replacing the term "telecommuting" with "telework" and revising the framework governing state telework programs. The bill would require DGS to create a public telework dashboard tracking the cost-effectiveness and efficiency benefits of telework, including savings from reduced office space and operating costs. Each state agency would also be required, every ten years, to evaluate its telework program to ensure it aligns with operational needs and supports recruitment and retention. The bill would take effect immediately as an urgency statute.

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

State Provided Benefits

Workers' Compensation: Prepaid Card Payments (AB 1683)

Existing law prohibits disability indemnity payments from being made by any written instrument unless it is immediately negotiable and payable in cash, but it allows employers, until January 1, 2027, to deposit temporary or permanent disability indemnity payments into an employee's prepaid card account if the employee consents. The prepaid card must meet specified requirements, including free full-balance withdrawal, access to in-network ATMs, no fees for point-of-sale purchases, and no credit features. This bill would remove the January 1, 2027 sunset and make this prepaid card payment option permanent. All existing safeguards would remain, including employee written consent, limitations on permissible fees, the ability for either party to change the payment method with 30 days' written notice, and protections for delayed transactions caused solely by state or federal banking regulations.

Status: Passed the Assembly and is pending in the Senate Labor, Public Employment and Retirement Committee.

Expansion of Family Temporary Disability Insurance Coverage for Active Duty Obligations (AB 2054)

This bill would expand eligibility for California's Family Temporary Disability Insurance (FTDI) program by broadening the definition of "covered active duty" for purposes of qualifying exigency leave. Under existing law, an employee may receive FTDI benefits when taking leave to address qualifying exigencies related to a family member's covered active military duty, but that coverage has generally been limited to deployments to a foreign country. The bill would amend the Unemployment Insurance Code to expand the types of military service that qualify. Specifically, "covered active duty" would include military training, deployments that do not involve a foreign country, and, for members of the reserve components, including the National Guard, service pursuant to a call or order to either federal or state active duty. As a result, an employee would be eligible for FTDI benefits when taking qualifying exigency leave related to

a spouse's, domestic partner's, child's, or parent's expanded forms of military service, including service by reservists and National Guard members.

The bill would not impose new paid leave obligations on employers or alter employer-provided benefits. It would instead expand access to state-administered wage replacement benefits paid from the Unemployment Compensation Disability Fund, which is funded through employee payroll contributions.

Status: Unanimously passed the Assembly and is pending in the Senate.

Privacy

Deletion of Personal Information under the CCPA (SB 923)

The California Consumer Privacy Act (CCPA) applies to defined companies in California and grants consumers (including employees) certain rights with respect to personal information that is collected by the business, including the rights to request that the business delete their personal information and to direct a business not to sell or share the consumer's personal information with third parties. The CCPA currently gives consumers the right to request that a business delete personal information that the business has collected *from* the consumer/employee, with certain exceptions. This bill would expand that right to allow the consumer to request the deletion of personal information the business has collected *about* the consumer/employee.

In addition, existing law states that if a business operates exclusively online and has a direct relationship with the consumer from whom it collects personal information, the business must provide consumers an email address for submitting personal information request. This bill would also require that business to make available an online method, such as web form or online portal, for personal information requests.

Status: Unanimously passed the Senate and is pending in the Assembly.

Privacy Settings in Operating Systems and Applications (AB 2561)

Existing law, beginning January 1, 2027, prohibits a business from developing or maintaining a browser that does not include functionality configurable by a consumer that enables the browser to send an opt-out preference signal to businesses with which the consumer interacts through the browser.

This bill would require an operating system or application to configure a user's default privacy setting to be the most privacy-protective setting offered by the operating system or application and would prohibit changing a user's privacy setting without the user's explicit consent.

For purposes of this bill, "Application" would mean a software program, mobile app, or desktop app that collects, processes, or stores personal information about a user in the state and that provides privacy settings allowing the user to control the collection, use, sharing, or disclosure of that personal information.

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

Prohibition on Surveillance Pricing (AB 2564)

This bill would prohibit a retailer from engaging in surveillance pricing, with certain exceptions. The bill would define "surveillance pricing" to mean offering or setting a customized price for a good for a specific consumer or group of consumers, based, in whole or in part, on personally identifiable information collected through electronic surveillance technology, as specified. The bill would provide that only a public prosecutor may bring an action against a violator of these provisions to recover specified civil penalties, injunctive relief, and reasonable attorney's fees and costs, and would authorize a consumer to bring an action for injunctive relief and reasonable attorney's fees and costs. The bill would declare that any waiver of these provisions is against public policy and is void and unenforceable.

Status: Passed the Assembly over bipartisan opposition is pending in the Senate.

Miscellaneous

Expanding Access to Construction Apprenticeships for Underrepresented Workers (AB 1980)

This bill would establish the Equal Representation in Construction Apprenticeships Grant Program within the Labor and Workforce Development Agency for purposes of increasing equitable access to building and construction career pathways for women, nonbinary individuals, and other underrepresented groups. It would direct the department to award grants to qualified organizations such as unions, workforce boards, community-based programs, and apprenticeship sponsors that operate or partner with registered pre-apprenticeship or apprenticeship programs. The bill would require grant funds to be used for specified purposes, including participant stipends, childcare and transportation assistance, outreach, job placement support, and worksite-culture improvements. The bill would also prioritize applications serving low income individuals, single parents, unemployed or underemployed workers, and communities disproportionately affected by poverty. This bill would require grantees to report outcome data to the state with the department providing a summary report to the legislature.

Status: Unanimously passed the Assembly and is pending in the Senate.

Women in the Construction Industry: Data Collection and Reporting (AB 2550)

Existing law requires the Employment Development Department (EDD) to promote training for women in nontraditional occupations, including construction, and defines nontraditional occupations as those in which women represent no more than 25 percent of the workforce. This bill would require EDD to collect specified data on women in the construction industry, including workforce supply, geographic distribution, diversity characteristics, current and projected demand, and the educational capacity to train, certify, and license women in construction. The bill would require EDD to submit a report to the Legislature by July 1, 2027, and every three years thereafter, and to post the report publicly on its internet website.

***Status*:** Unanimously passed the Assembly and is pending in the Senate.

Validity of Arbitration Agreements (AB 2155)

Existing law generally makes written agreements to arbitrate valid and enforceable under the California Arbitration Act, and federal law under the Federal Arbitration Act (FAA) likewise enforces arbitration agreements except in specific circumstances, such as certain transportation-worker contracts and claims involving sexual harassment or sexual assault. This bill would provide that an arbitration agreement is not enforceable under the California Arbitration Act to the extent it would not be enforceable under the Federal Arbitration Act. The bill is intended to incorporate into California law all exclusions recognized under federal law, including the FAA's exemption for transportation workers engaged in interstate commerce and the federal law prohibiting forced arbitration of sexual assault and sexual harassment claims.

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

Transportation Network Company Drivers: Certification Procedures and Appeals (AB 2682)

Existing law under the Transportation Network Company Drivers Labor Relations Act grants transportation network company (TNC) drivers collective bargaining rights and authorizes the Public Employment Relations Board (PERB) to adjudicate unfair practice claims involving TNCs and driver organizations. This bill would authorize any charging party, respondent, or intervenor aggrieved by a final PERB decision or order in an unfair practice case to petition the court of appeal for a writ of extraordinary relief, excluding decisions declining to issue a complaint. The bill would establish procedures for filing and reviewing such petitions, define standards of judicial review, and authorize PERB to seek court enforcement of final decisions when no petition is filed or when a party fails to comply.

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

Revisions to Labor Commissioner Administrative Proceedings (SB 1316)

This bill makes several changes to administrative proceedings before the Labor Commissioner.

First, existing law (Labor Code section 98.2) sets out the procedure for proceedings following a Labor Commissioner award. Currently, the Labor Commissioner can create a lien on real property for amounts due under a final order in favor of an employee. That lien continues for ten years. This bill would authorize the lien to be renewed for additional 10-year periods.

Second, existing Law (Labor Code section 1174.5) provides that if a person has failed to provide documents pursuant to a written request from the Labor Commission, they cannot use those documents as evidence in an administrative proceeding contesting a citation or in specified writ proceedings. This bill would additionally prohibit a person from in any other way using or relying on as evidence those withheld materials, including, but not limited to, attempting to impeach any witnesses.

Third, this bill would create a new section in the Labor Code (Section 1742.05), which would prohibit a contractor or subcontractor engaged in public works from using as evidence any documents that are not

provided in response to a written request by the Labor Commissioner in accordance with specified procedures.

Status: Passed the Senate on a unanimous vote and is pending in the Assembly.

NEW FEDERAL REGULATIONS AND GUIDANCE

Proposed Regulations Defining Independent Contractor Status

The federal Department of Labor (DOL) has proposed a rule to define employee and independent contractor status under the Fair Labor Standards Act (FLSA), Family and Medical Leave Act (FMLA) and Migrant and Seasonal Agricultural Worker Protection Act (MSPA). The new proposed rule would replace the 2024 rule put in place by the Biden administration and return to the 2021 rule from the first Trump administration. The DOL accepted public comments through April 28, 2026.

According to the DOL, the new regulations would "[a]pply an 'economic reality' test to determine whether a worker is in business for himself or herself as an independent contractor or is an employee economically dependent on an employer for work; identify and explain two 'core factors' to help determine if a worker is economically dependent on an employer for work or in business for him- or herself: The nature and degree of control over the work, [and] The worker's opportunity for profit or loss based on initiative and/or investment; [and would] Identify other factors to help determine a worker's status as an employee or independent contractor, including the amount of skill required for the work, degree of permanence of the working relationship, and whether the work is part of an integrated unit of production."

The proposed regulations are available here and the DOL's Press Release is accessible here. These proposed regulations must still go through additional administrative steps before being finalized and may draw court challenges. It is unclear the amount of deference these regulations will be granted in the wake of the Supreme Court's *Loper Bright* decision. In light of this uncertainty, employers must still comply with state law regarding classification of employees and independent contractors and should consult federal caselaw in the applicable jurisdiction for guidance.

Proposed Regulations Defining Joint Employment

The DOL has also proposed amended regulations defining the joint employer relationship for purposes of the FLSA, FMLA, MSPA. The DOL is accepting public comment until June 22, 2026.

According to the DOL, the new regulations would "[a]dvise that **horizontal joint employment** exists when separate employers are sufficiently associated with respect to the employment of the same employee, but that business relationships which have little to do with the employment of specific employees—such as sharing a vendor or being franchisees of the same franchisor—are alone insufficient to establish joint employment" and "[a]dopt a four-factor analysis for use in every case of potential **vertical joint employment**, examining whether the potential joint employer: 1. hires or fires the employee; 2. supervises and controls the employee's work schedule or conditions of employment to a substantial

degree; 3. determines the employee's rate and method of payment; and 4. maintains the employee's employment records."

The proposed regulations are available here, and the DOL's Notice of Proposed Rulemaking is accessible here. These proposed regulations must still go through additional administrative steps before being finalized, and may draw court challenges. As noted above, it is unclear the amount of deference these regulations will be granted pursuant to the Supreme Court's *Loper Bright* decision. In light of this uncertainty, employers should consult applicable state rules and federal caselaw in the applicable jurisdiction for guidance regarding joint employer risk.

NEW STATE REGULATIONS

Proposed **PAGA Regulations**

The California Labor and Workforce Development Agence (LWDA) announced proposed new PAGA regulations on February 5, 2026. If adopted, these would be the first regulations implementing PAGA.

In issuing the regulations, the LWDA emphasized that PAGA actions are not designed to promote private enforcement but are instead intended to be law enforcement actions in furtherance of the public interest. The regulations are intended to implement PAGA, as it was amended in 2024. The LWDA points out that "[t]he 2024 reforms evince a legislative intent to increase Agency oversight of PAGA and provide more robust early resolution avenues for employers, both with a goal of achieving more timely remedies to make employees whole without the type of protracted and costly litigation that previously has led to criticism of the Act."

The regulations include extensive and specific administrative requirements for various proceedings before the LWDA in connection with PAGA matters. Here, we outline some of the most significant substantive proposals, but this is not an exhaustive summary of the proposed regulations.

- ***PAGA Notice & Restrictions on High-Frequency Filers***

Before filing suit under PAGA, employees must first provide notice to the Agency and the employer. Current law requires the notice to identify the specific provisions of the Labor Code the employer allegedly violated and include the facts and theories supporting each alleged violation. However, the LWDA notes that in practice, the notices they receive in many cases fail to satisfy the purpose of the notice requirement. They draw attention to the use of templates by high-frequency filers to repeat conclusory, boilerplate allegations, which are not useful for the LWDA and do not provide sufficient information to employers. The LWDA provides some remarkable statistics:

In fiscal year 2024-2025, 8,846 PAGA notices were filed. During this one-year period:

- Five law firms filed a total of 2,086 PAGA notices—about one-quarter (24%) of all PAGA notice filings;
- Three law firms filed on average more than one PAGA notice per day, with one filing 605 notices, another filing 535, and the third filing 409;

- Four law firms filed more than 300 PAGA notices;
- Eight law firms filed more than 200 PAGA notices;
- Five attorneys filed a total of 1,571 PAGA notices, accounting for about 18%, or almost one-fifth, of all PAGA notices;
- Ten attorneys filed a total of 2,192 PAGA notices, accounting for about one-quarter (25%) of all PAGA notices; and
- One attorney filed 597 PAGA notices and another filed 368.

The LWDA also notes that in many circumstances, attorneys who file PAGA notices do not report filing PAGA lawsuits, showing an apparent strategy to use PAGA notices as a bargaining chip to seek quick individual settlements.

The proposed regulations provide guidance regarding the facts and theories alleged in a PAGA notice. The proposed regulations require the LWDA to prepare a notice form that employees would be required to use. The regulations would also describe the required contents of a PAGA notice, including background information regarding the employee's employment, specific Labor Code sections allegedly violated, the facts and theories supporting the violations alleged, and the basis for the civil penalties sought. In addition, an employee or attorney filing a notice would be required to sign a certification stating that the claims are not presented for an improper purpose, have legal support, and have evidentiary support or are likely to have evidentiary support after investigation and discovery.

The regulations would also specify that no violation or theory of violation may be alleged in any subsequent lawsuit or included in any settlement agreement unless the violation, or theory of violation, was included in a PAGA notice or amended PAGA notice.

The proposed regulations also provide that any attorney or law firm that has filed 200 or more PAGA notices in the prior 12-month period would be required to provide a certification with each PAGA notice by the aggrieved employee that the employee has reviewed the PAGA notice and believes the allegations have support.

The LWDA would also be allowed to designate a person or attorney as a vexatious filer on grounds that they have repeatedly filed PAGA notices that do not comply with legal requirements, but only after giving notice to the allegedly vexatious filer and an opportunity to be heard. Vexatious filers would then be subject to a prefiling screening order, pursuant to which the LWDA would review any PAGA notice they file to determine if it complies with the applicable legal requirements.

- ***Administrative "Cure" Procedures for Small Employers***

The proposed regulations would set out extensive administrative requirements for the small-employer cure procedure.

The proposed regulations provide instructions for who must be counted to determine whether the employer employed fewer than 100 employees – specifically, the term "employee" includes all exempt and non-exempt current and former employees employed at any time during the one-year period before

the filing of a PAGA notice, including full-time, part-time, temporary-, seasonal, and intermittent employees, and without regard to the location of the employees.

The proposed regulations would also describe the content required in a cure proposal.

- ***Administrative "Cure" Procedures for Wage Statement Violations***

The proposed regulations set out the administrative requirements of the cure procedure.

- ***Settlement Procedures***

Although existing law requires plaintiffs to submit proposed settlement agreements to the LWDA, the Agency is seeking to make its oversight and review of proposed settlement agreements more effective. Thus, the proposed regulations would require the plaintiff to also submit a copy of the motion for approval of the settlement, with all declarations or other documents filed with the court.

The proposed regulations would also require a settling plaintiff to provide notice to other employees who have pending PAGA claims against the same employer. Other employees with pending PAGA actions would be able to submit comments in favor of or against the proposed settlement to the LWDA.

The LWDA says this will provide improved transparency and coordination of multiple PAGA actions and will better protect the interests of the state and other workers to ensure PAGA settlements are adequate, fair, and reasonable.

The proposed regulation would prohibit an employee and employer from settling any claim not identified in a PAGA notice and would prohibit an employee from filing an amended PAGA notice to add new claims not previously alleged as part of, or after an employee has reached, a proposed settlement agreement with an employer in a pending civil action.

The proposed regulations clarify that a private agreement between and employee and employer after the employee has filed a PAGA notice but before filing a PAGA **lawsuit cannot release the employer from claims under PAGA** or purport to release claims belonging to the state or other persons.

For more information and the text of the proposed regulations, visit: https://www.labor.ca.gov/resources/paga/rulemaking-labor-code-private-attorneys-general-act-of-2004/.

New Privacy Regulations Going Into Effect

The California Consumer Privacy Act (CCPA) applies to certain defined companies in California and grants consumers (including employees) certain rights with respect to personal information that is collected by the business, including the rights to request that the business delete their personal information and to direct a business not to sell or share the consumer's personal information with third parties. Last year, the California Privacy Protection Agency approved new regulations covering cybersecurity audits, risk assessments, automated decisionmaking technology, insurance companies, and updates to existing CCPA

regulations. These new regulations went into effect January 1, 2026, but have various dates by which covered businesses must comply with the new provisions. Employers covered by the CCPA should ensure they assess whether they are required to comply with these new regulations and take steps to comply by the applicable deadlines.

This is *not* a comprehensive summary of the regulations. For more information, visit the California Privacy Protection Agency website: https://cppa.ca.gov/regulations/. You can access the complete amended regulations here: https://cppa.ca.gov/regulations/pdf/ccpa_updates_cyber_risk_admt_appr_text.pdf

- **Automated Decisionmaking Technology**
  - "Automated decisionmaking technology" (ADMT) is defined as any technology that processes personal information and uses computation to replace human decisionmaking or substantially replace human decisionmaking.
    - For purposes of the regulation "substantially replace human decisionmaking" means a business uses the technology's output to make a decision *without human involvement*. Human involvement requires the human reviewer to:
      - Know how to interpret and use the technology's output to make the decision;
      - Review and analyze the output of the technology, and any other information that is relevant to make or change the decision; and
      - Have the authority to make or change the decision based on their analysis.
  - The new regulations apply to businesses that use ADMT to make a significant decision concerning a consumer. "Significant decision" include employment-related decisions.
  - There are numerous detailed requirements for businesses that use ADMTs for these purposes, including:
    - Pre-use notice to consumers
    - Providing consumers the ability to opt-out of the businesses' s use of ADMT
    - Providing consumers the right to access information about the use of ADMT with respect to the consumer
  - As noted below, businesses that use ADMTs to make significant decisions must also complete risk assessments.
  - Businesses that use ADMT to make significant decisions must comply with the requirements beginning January 1, 2027.
- **Cybersecurity Audits**
  - The regulations require every business whose processing of consumers' personal information presents significant risk to consumers' security to complete an annual cybersecurity audit. A business's processing of consumers' personal information presents a significant risk if:
    - The business derives 50 percent or more of its annual revenues from selling or sharing consumers' personal information; or
    - The business had gross revenues over $25 million in the prior year, *and*
      - Processed personal information of 250,000 or more consumers or households in the prior year, or

- Processed the sensitive personal information of 50,000 or more consumers in the prior year.
  - The dates by which businesses are required to complete cybersecurity audits vary by the size of the business and range from 2028 to 2030.
  - The regulations set out extensive requirements for the thoroughness and independence of cybersecurity audits, the scope of cybersecurity audits, and the contents of the audit report.
- **Risk Assessments**
  - Businesses whose processing of consumers' personal information presents significant risks to consumers' privacy must conduct a risk assessment before initiating that processing. The following activities present significant risks to consumers' privacy:
    - Selling or sharing personal information
    - Processing sensitive personal information (except that a business that processes the sensitive personal information of its employees or independent contractors for specified employment reasons is not required to conduct a risk assessment based on this processing)
    - Using ADMT for a significant decision concerning a consumer (This includes using and ADMT to make employment decisions.)
    - Using automated processing to infer or extrapolate a consumer's intelligence, ability, aptitude, performance at work, economic situation, health (including mental health), personal preferences, interests, reliability, predispositions, behavior, location, or movements under certain circumstances
    - Processing personal information of consumers which the business intends to use to train an ADMT
  - Businesses subject to these requirements must begin compliance by January 1, 2026 and submit information regarding the assessments by April 1, 2028.
  - The regulations set extensive requirements for the contents of the risk assessment and the timing and retention requirements for risk assessments.

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

- Michael Kalt (mkalt@wilsonturnerkosmo.com)
- Katie M. McCray (kmccray@wilsonturnerkosmo.com)
- Patricia Clark (pclark@wilsonturnerkosmo.com)