

Date of Hearing: January 7, 2026

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Blanca Rubio, Chair

AB 1245 (Stefani) – As Amended January 5, 2026

SUBJECT: State contracts: certification process: forced labor and human trafficking.

SUMMARY: This bill revises, for a contract entered into or renewed on or after January 1, 2027, specified state contracting requirements to require contractors and subcontractors to certify that contracts comply with specified human trafficking prohibitions and a detailed series of labor standards; creates a new requirement for contractors and subcontractors to develop and implement compliance plans, as specified; and expands the list of potential sanctions for violations of these provisions. The bill provides that specified provisions (compliance plan) apply only to contracts with an estimated value exceeding \$550,000, as specified. Specifically, **this bill:**

- 1) Requires, for a contract entered into or renewed on or after January 1, 2027, every contractor working with a state agency for the procurement or laundering of apparel, garments, or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, to certify that the contract, among other things, complies with the requirement that contractors, contractor employees, subcontractors, subcontractor employees, and their agents are prohibited from all of the following:
 - a. Engaging in severe forms of trafficking in persons during the performance period of the contract.
 - b. Using forced labor in the performance of the contract.
 - c. Destroying, concealing, confiscating, or otherwise denying access by an employee to the employee's identity or immigration documents, regardless of the issuing authority.
 - d. Using misleading or fraudulent practices during the recruitment or hiring of employees, including failing to disclose, in a format and language understood by the employee or potential employee, basic information or making material misrepresentations regarding the key terms and conditions of employment, as specified.
 - e. Using recruiters that do not comply with state labor laws and the laws of the country that the recruiting takes place.
 - f. Charging employees or potential employees recruitment fees.
 - g. Failing to provide or pay for the cost of required return transportation upon the end of employment, as specified.
 - h. Providing or arranging housing that fails to meet the housing and safety standards of the country where the work is performed.
 - i. If required by law or contract, failing to provide an employment contract, recruitment agreement, or other required work document in writing, as specified.
- 2) Requires contractors and subcontractors to notify employees of the prohibited activities described above and the actions that may be taken against them for violations.
- 3) Provides that the contractor is ineligible for, and shall not bid on, or submit a proposal for, a contract described above if that contractor has failed to certify compliance, as specified.

- 4) Requires a contractor to exercise due diligence in ensuring that its subcontractors comply with the provisions in 1), above, including requiring each subcontractor to sign a certification.
- 5) Provides that specified provisions (compliance plan), as described below apply only to contracts with an estimated value exceeding \$550,000, as specified.
- 6) Requires a contractor, before a contract or subcontract is awarded, to provide or obtain from the proposed subcontractor and then provide to the contracting officer a certification that states both of the following: the contractor and/or subcontractor has implemented a compliance plan, as specified; and the contractor and/or subcontractor has conducted due diligence, as specified.
- 7) Requires the compliance plan to comply with all of the following criteria:
 - a. The compliance plan shall be appropriate to the size and complexity of the contract and the nature and scope of its activities, as specified.
 - b. The compliance plan shall include, at minimum, all of the following:
 - i. An awareness program to inform employees about the prohibited activities described above and the actions that will be taken against them for violations.
 - ii. A process for employees to report activity inconsistent with the above provisions, as specified.
 - iii. A recruitment and wage plan, as specified.
 - iv. If the contractor or subcontractor intends to provide or arrange housing, a housing plan that ensures that the housing meets the housing and safety standards of the country where the work is performed.
 - v. Procedures to prevent subcontractors and agents at any tier and at any dollar value from engaging in trafficking in persons, including the prohibited activities described above and to monitor, detect, and terminate any agents, subcontracts, or subcontractor employees that have engaged in the prohibited activities.
- 8) Requires a contractor and subcontractor to comply with all of the following:
 - a. Disclose to the contracting officer and the state agency with oversight information sufficient to identify the nature and extent of a violation of a prohibited activity described above and the individuals responsible for the conduct.
 - b. Provide timely and complete responses to state auditors' and investigators' requests for documents.
 - c. Cooperate fully in providing reasonable access to their facilities and staff, inside and outside the state, to allow contracting agencies and other responsible government agencies to conduct audits, investigations, or other actions to ascertain compliance with this section and other anti-human trafficking laws.
 - d. Protect all employees suspected of being victims of or witnesses to prohibited activities before returning to the country from which the employee was recruited.
 - e. Not prevent or hinder an employee from cooperating fully with government authorities.

- 9) Requires contracts to provide suitable remedies, including termination, to be imposed on contractors and subcontractors that fail to comply with these provisions.
- 10) Provides, for a contract entered into or renewed on or after January 1, 2027, authorize additional sanctions, including, among others, requiring a contractor to remove a contractor employee from the performance of the contract, requiring the contractor to terminate a subcontractor, and suspending contract payments until the contractor has taken appropriate remedial action. The bill would also specify that these requirements govern contracts and subcontracts entered into by a state agency, regardless of place of performance.
- 11) Provides that if a contractor, contractor employee, subcontractor, subcontractor employee, or agent violates specified provisions of the Penal Code, the federal Trafficking Victims Protection Act of 2000, Federal Executive Order 13627, or this bill the contractor must complete specified notification and other requirements, as defined.
- 12) Authorizes an administrative law judge, during a hearing requested by a contractor on the imposition of sanctions, to consider both mitigating and aggravating factors, as specified.
- 13) Authorizes, for a contract entered into or renewed on or after January 1, 2027, an administrative law judge, during a hearing requested by a contractor on the imposition of sanctions, to consider both mitigating and aggravating factors, as specified.
- 14) Provides, for a contract entered into or renewed on or after January 1, 2027, authorize the state agency to limit its investigation to credible information.
- 15) Specifies that requirements set forth in this bill shall govern contracts and subcontracts entered into by a state agency, regardless of place of performance.
- 16) Includes various other definitions, as specified.
- 17) Makes technical and conforming changes.

EXISTING LAW:

- 1) Under the California Occupational Safety and Health Act, assures safe and healthful working conditions for all California workers by authorizing the enforcement of effective standards, assisting and encouraging employers to maintain safe and healthful working conditions, and by providing for research, information, education, training, and enforcement in the field of occupational safety and health. (Labor Code §6300)
- 2) Requires a contract entered into by any state agency for the procurement or laundering of apparel, garments, or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, to require that a contractor certify that nothing furnished to the state pursuant to the contract has been laundered or produced by certain types of forced labor, as specified. (Public Contract Code §6108)
- 3) Specifies that a contractor is required to cooperate fully in providing reasonable access to the contractor's records, documents, agents, employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations (DIR),

or the Department of Justice (DOJ) to determine the contractor's compliance, as specified. (Public Contract Code §6108(a))

4) Authorizes certain sanctions to be imposed if a contractor knew or should have known that the apparel, garments, corresponding accessories, equipment, materials, or supplies furnished to the state were laundered or produced in violation of specified conditions including, among others, voiding the contract under which the items were laundered or provided at the option of the state agency and removing the contractor from the bidder's list for a period not to exceed 360 days. (Public Contract Code §6108(b))

5) Prohibits any state agency from entering into a contract with any contractor unless the contractor meets the following requirements, among others:

a) Contractors and subcontractors in California shall comply with all appropriate state laws concerning wages, workplace safety, rights to association and assembly, and nondiscrimination standards as well as appropriate federal laws.

b) Contractors and subcontractors shall maintain a policy of not terminating any employee except for just cause, and employees shall have access to a mediator or to a mediation process to resolve certain workplace disputes that are not regulated by the National Labor Relations Board.

c) Contractors and subcontractors shall ensure that workers are paid, at a minimum, wages and benefits in compliance with applicable local, state, and national laws of the jurisdiction in which the labor, on behalf of the contractor or subcontractor, is performed.

d) All contractors and subcontractors shall comply with the overtime laws and regulations of the country in which their employees are working.

e) There may be no form of forced labor of any kind, including slave labor, prison labor, indentured labor, or bonded labor, including forced overtime hours.

f) No worker may be subjected to any physical, sexual, psychological, or verbal harassment or abuse, including corporal punishment, under any circumstances, including, but not limited to, retaliation for exercising his or her right to free speech and assembly.

g) No worker may be forced to use contraceptives or take pregnancy tests. No worker may be exposed to chemicals, including glues and solvents, that endanger reproductive health.

h) Contractors and bidders shall list the names and addresses of each subcontractor to be utilized in the performance of the contract, and list each manufacturing or other facility or operation of the contractor or subcontractor for performance of the contract. The list, which shall be maintained and updated to show any changes in subcontractors during the term of the contract, shall provide company names, owners or officers, addresses, telephone numbers, e-mail addresses, and the nature of the business association. (Public Contract Code §6108(g))

6) Specifies that any person who certifies as true any material matter pursuant to the above provisions that he or she know to be false is guilty of a misdemeanor. (Public Contract Code

§6108(h))

7) Requires DIR to establish a contractor responsibility program, including a Sweatfree Code of Conduct, to be signed by all bidders on state contracts and subcontracts, as specified. (Public Contract Code §6108(f))

8) Requires employers to establish, implement, and maintain an effective Injury and Illness Prevention Program (IIPP) that must include, among other things, a system for identifying and evaluating workplace hazards. (Labor Code §6401.7)

9) Requires employers, as specified, to establish, implement, and maintain an effective workplace violence prevention plan that includes, among other elements, requirements to maintain incident logs, provide specified trainings, and conduct periodic reviews of the plan. (Labor Code §6401.9)

FISCAL EFFECT: Unknown

COMMENTS:

Purpose of the bill. According to the author, "Forced labor and human trafficking remain pervasive in global supply chains, with millions of workers trapped in exploitative conditions. As the world's fifth-largest economy, California has the power and the responsibility to lead in the fight against human trafficking. By ensuring that no taxpayer money contributes to forced labor, we take a stand for human dignity and justice—not just here in California, but across the globe. Every dollar our state spends should uphold our values, not enable exploitation. AB 1245 strengthens California's procurement policies by aligning them with federal standards, requiring companies to take proactive steps to prevent trafficking and forced labor in their supply chains. This legislation uses our economic strength to protect the most vulnerable, reinforcing our commitment to human rights and ensuring taxpayer dollars do not support exploitation."

The author states that the bill includes an amendment limiting plan certification requirements to contracts valued at \$550,000 or more, addressing concerns about imposing undue burdens on small businesses.

Background.

Labor Trafficking. According to the Attorney General's Website: "Labor trafficking involves the recruitment, harboring, or transportation of a person for labor services, through the use of force, fraud, or coercion. It is modern day slavery. Labor trafficking arises in many situations, including domestic servitude, restaurant work, janitorial work, factory work, migrant agricultural work, and construction. It is often marked by unsanitary and overcrowded living and working conditions, nominal or no pay for work that is done, debt bondage, and document servitude. It occurs in homes and workplaces, and is often perpetrated by traffickers who are the same cultural origin and ethnicity as the victims, which allows the traffickers to use class hierarchy and cultural power to ensure the compliance of their victims. Labor traffickers often tell their victims that they will not be believed if they go to the authorities, that they will be deported from the United States, and that they have nowhere to run. Traffickers teach their victims to trust no one but the traffickers, so victims are often suspicious of genuine offers to help; they often expect that they will have to give something in return." (What is Human Trafficking? State of California Department of Justice, available at: <https://oag.ca.gov/human-trafficking/what-is>

The intent of AB 1245 is to strengthen efforts to combat human trafficking by ensuring that public funds are not awarded to contractors involved in severe forms of trafficking. The bill aims to protect workers by mandating that contractors, subcontractors, and their agents certify they are not engaging in prohibited actions relating to human trafficking and have implemented a compliance plan. Beyond the compliance plan, this certification simply requires contractors to confirm their adherence to existing laws and does not introduce new obligations beyond what is already illegal. Regardless of certification status, state contractors found violating the specified prohibitions may be subject to defined sanctions.

The bill requires the contracts to provide suitable remedies, including termination, to be imposed on contractors and subcontractors that fail to comply with the requirements of this bill.

Little Hoover Commission Report. In 2020 the Little Hoover Commission (LHC) released three reports reviewing the state's response to labor trafficking. Among the issues identified were the absence of an aggressive state response and a focus on sex trafficking. While the focus on sex trafficking, particularly among minors, is important, relatively few resources are devoted to labor trafficking. The LHC believes California must take stronger actions to detect this crime, help victims, and prosecute perpetrators. The LHC found that while several state agencies play a role in combatting human trafficking, there is no coordinated strategy to target the crime statewide. The state's ability to "flip the script by proactively and strategically looking for traffickers" requires the effective use of state resources. (Labor Trafficking: Strategies to Uncover this Hidden Crime, LHC (September 2020). <https://lhc.ca.gov/report/uncovering-trafficking/>

State Procurement and Sweatfree Code of Conduct. Existing law imposes a series of requirements on state contractors awarded state contracts for the procurement of equipment, material, supplies, and garments. It requires that all state contractors comply with a Department of Industrial Relations (DIR) contractor responsibility program, including a "Sweatfree Code of Conduct." Although originally created for apparel and related products, the Sweatfree Code of Conduct applies to state procurement of all equipment, materials, and supplies, including vehicles and electronics.

The Sweatfree Code of Conduct has several key components aimed at promoting ethical labor practices among state contractors and subcontractors. These include:

- 1) Prohibition of Forced Labor: Contractors must certify that they do not use any form of forced or involuntary labor.
- 2) Fair Wages: Compliance with all applicable state and federal wage laws is required to ensure fair compensation for workers.
- 3) Workplace Safety: Adherence to health and safety standards to protect workers from unsafe working conditions.
- 4) Rights to Association and Assembly: Recognition and respect for workers' rights to freely associate, organize, and bargain collectively.
- 5) Nondiscrimination: Commitment to nondiscrimination in hiring and employment practices, ensuring equal opportunities for all individuals.

These components work together to uphold human rights, promote fair treatment, and foster ethical workplace environments.

The Sweatfree Code of Conduct requires contractors and subcontractors to certify, under penalty of perjury, that they do not use forced labor and comply with laws related to wages, workplace safety, nondiscrimination, and workers' rights. The certification must affirm that none of the products supplied were made in conditions that violate those principles. Any person who certifies as true any material matter pursuant to the above requirement that they know to be false is guilty of a misdemeanor. The contracting certification requirements do not apply to credit card purchases of \$2,500 or less (this exemption shall not exceed \$7,500 per year for each company from which a state agency is purchasing goods).

Furthermore, existing law requires contractors to cooperate with state agencies by granting access to their records and premises for compliance checks conducted by state agencies or the Department of Industrial Relations (DIR). It also outlines penalties for contractors found in violation, which include voiding contracts, imposing fines, and disqualification from future contracts.

In cases where a contractor is found to have violated these conditions, the Sweatfree Code of Conduct outlines various sanctions including financial penalties of up to \$1,000 or twenty percent of the value of the products and/or the contractor or subcontractor being barred from participating in future state contracts. Existing law grants contractors the ability to appeal sanctions, including hearings before an administrative law judge (ALJ). These sanctions are intended to serve as a deterrent against the exploitation of workers and ensure that contractors maintain high labor standards.

Contractors are required to ensure that their subcontractors are in compliance with the Sweatfree Code of Conduct, under penalty of perjury. Any person who certifies as true any material matter pursuant to the above requirements that they know to be false is guilty of a misdemeanor.

Existing Federal Contracting Requirements. The United States federal government has long had a policy prohibiting government employees and contractor personnel from engaging in trafficking persons. This policy was strengthened in 2015 when the Federal Acquisition Regulation (FAR) rule (FAR 52.222-50), entitled "Ending Trafficking in Persons" that implemented trafficking-related prohibitions for federal contractors and subcontractors, including requirements for compliance plans and certifications.

The FAR rule requires contractors and subcontractors to notify government procurement personnel whenever they receive credible information of human trafficking or violations of the prohibited practices associated with trafficking, and puts parties on notice that federal agencies may impose remedies, up to and including suspension and debarment, for failure to comply with the requirements.

The regulations apply to all contracts and prohibit contractors and subcontractors from engaging in prohibited practices including:

- a) Engaging in severe forms of trafficking persons.
- b) Procuring commercial sex acts during the performance of the contract.
- c) Using forced labor in the performance of the contract.
- d) Destroying, concealing, confiscating, or otherwise denying access by an employee to his or her identity or immigration documents.
- e) Using misleading or fraudulent recruitment practices.

- f) Using recruiters that do not comply with local labor laws.
- g) Charging employees recruitment fees.
- h) Failing to provide return transportation for employees upon the end of the contract.
- i) Providing or arranging housing that fails to meet the host country's housing and safety standards.
- j) If required by law or contract, failing to provide an employment contract in writing.

This bill would add similar provisions to state law, prescribing specific anti-trafficking certification requirements more akin to regulation than statute.

Double Referral. The Assembly Rules Committee also referred this bill to the Assembly Committee on Labor and Employment.

In support. The sponsors of the measure, the Sunita Jain Anti-Trafficking Initiative, write: "This bill is not only good policy—it is also a cost-efficient measure with far-reaching implications for preventing human trafficking, both within California's supply chains and globally, given the immense size and influence of California's economy. The evidence supporting this legislation is rooted in publicly available data and findings from federal procurement experts, as well as reports like the Department of State's Trafficking in Persons Report (TIP Report), published annually.

California, with its nearly \$300 billion budget, is uniquely positioned to lead the fight against forced labor, human trafficking, and child labor. By updating its government procurement policies, the state can ensure that goods purchased by its agencies are free from exploitation. Public procurement accounts for 13–20% of global GDP, and from 2022-23 alone, California spent \$18.98 billion on contracts and purchases. California's immense purchasing power provides an unparalleled opportunity to set global standards, compelling companies to scrutinize their supply chains and eliminate exploitative practices. Businesses, both within the United States and abroad, should not have to compete with unethical producers who undermine working families through the use of forced and trafficked labor.

AB 1245 represents a unique opportunity for California to address labor exploitation, protect vulnerable workers, and establish its global leadership in combating trafficking—all while incurring minimal fiscal impact."

Prior legislation. AB 381 (Stefani) of 2025. This bill would have revised, for a contract entered into or renewed on or after January 1, 2026, specified state contracting requirements to require contractors and subcontractors to certify that contracts comply with specified human trafficking prohibitions and a detailed series of labor standards; creates a new requirement for contractors and subcontractors to develop and implement compliance plans, as specified; and expands the list of potential sanctions for violations of these provisions. (Held on the Senate Appropriations Committee Suspense File)

SB 1157 (Hurtado) of 2024. This bill would have revised existing contracting requirements to require compliance with specified human trafficking prohibitions; required contractors and subcontractors to certify that contracts comply with specified provisions of law under the penalty of perjury, as specified; required posted compliance plans, as specified; included due diligence and annual reporting requirements; and specified required actions for noncompliance violations, as specified. (Held on the Senate Appropriations Committee Suspense File)

AB 964 (Ortega) of 2023. This bill would have, revised the current contracting requirements for any state agency for the procurement or laundering of apparel, garments, or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, to also require a contractor to certify, under penalty of perjury, that the contract complies with specified requirements relating to human trafficking, including certain prohibitions on contractors, contractor employees, subcontractors, subcontractor employees, and their agents. (Held on the Assembly Appropriations Committee Suspense File)

AB 235 (Rubio) of 2023. Establishes the Labor Trafficking Unit (LTU) within the Civil Rights Department and requires the LTU to coordinate with the Labor Enforcement Task Force, the DOJ, and the Division of Labor Standards Enforcement. (Held on the Assembly Appropriations Committee Suspense File)

SB 657 (Steinberg), Chapter 556, Statutes of 2010. Enacted the California Transparency in Supply Chains Act to require retail sellers and manufacturers doing business in the state to disclose their efforts to eradicate slavery and human trafficking from their direct supply chains for tangible goods offered for sale, as specified.

SB 1231 (Corbett) of 2010. This bill would have made various changes including renaming the code of conduct to the Slave and Sweatfree Code of Conduct, mandating state procurement contracts to include certifications that products are not made with abusive labor, and increasing penalties for non-compliance, as specified. (Vetoed by Governor Schwarzenegger)

SB 578 (Alarcon), Chapter 711, Statutes of 2003. Enacted non-sweatshop labor guidelines to state procurement policies to ensure that goods and services purchased by the State of California be produced in workplaces that adhere to minimum standards for protecting workers.

SB 1888 (Hayden), Chapter 891, Statutes of 2000. Extended existing law that prohibits state agencies from procuring foreign goods made by forced labor, convict labor, or indentured labor to include goods made by abusive forms of child labor or exploitation of children in sweatshop labor.

AB 2457 (Figueroa), Chapter 1149, Statutes of 1996. Required every contract entered into by a state agency for the procurement of equipment, materials, or supplies to specify that no foreign-made equipment, materials, or supplies furnished to the state may be produced by forced labor, convict labor, or indentured labor, as specified.

REGISTERED SUPPORT / OPPOSITION:

Support

Alliance for Community Transformations
Asian Americans Advancing Justice-Southern California
Bet Tzedek
Central Valley Justice Coalition
Coalition to Abolish Slavery & Trafficking (CAST)
Community Legal Services in East Palo Alto
Freedom United

International Corporate Accountability Roundtable (ICAR)

Jobs to Move America

Praeveni U.S. Inc.

Public Citizen

Sunita Jain Anti-Trafficking Initiative

Verite

Waymakers

Opposition

None on file

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