

Date of Hearing: January 13, 2026

ASSEMBLY COMMITTEE ON LABOR AND EMPLOYMENT

Liz Ortega, Chair

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

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

SUMMARY: Revises, for contracts entered into or renewed on or after January 1, 2027, 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; expands the list of potential sanctions for violations of these provisions; and creates a new requirement, for contracts with an estimated value of \$550,000 or more, that contractors and subcontractors develop and implement compliance plans, as specified. Specifically, **this bill:**

- 1) Requires, for contracts 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 in (1) above.
- 4) Requires a contractor to exercise due diligence in ensuring that its subcontractors comply with the provisions in (1) above.
- 5) Requires a contractor, before a contract is awarded, to provide to the contracting officer a certification that states both of the following: the contractor has implemented a compliance plan, as specified; and the contractor has conducted due diligence, as specified. Applies this requirement only to contracts that have an estimated value exceeding \$550,000.
- 6) Requires a contractor, before a subcontract is awarded, to obtain from the proposed subcontractor a certification that states both of the following: the subcontractor has implemented a compliance plan, as specified; and the subcontractor has conducted due diligence, as specified. Applies this requirement only to contracts that have an estimated value exceeding \$550,000.
- 7) Requires the compliance plan referenced in (5) and (6) above 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 provisions of (1) above, 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 the requirements of this bill.
- 10) Requires contracts to specify that the 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, Department of Industrial Relations (DIR), or the Department of Justice (DOJ) to determine the contractor's compliance with the requirements under this bill.
- 11) Provides that any contractor contracting with the state who 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 when entering into a contract pursuant to the above, may, in addition to existing sanctions, have any or all of the following sanctions applied:
- a. The contractor may be required to remove a contractor employee from the performance of the contract.
 - b. The contractor may be required to terminate a subcontractor.
 - c. Contract payments may be suspended until the contractor has taken appropriate remedial action.
 - d. If the state determines contractor noncompliance, there may be a loss of award fee, consistent with the award fee plan, for the performance period the state determined contractor noncompliance.
 - e. The state may decline to exercise available options under the contract.
 - f. The contractor may be subject to suspension or debarment.
- 12) 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.
- 13) 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.

- 14) Requires a contracting officer, upon receipt of credible information regarding a violation described above, to promptly notify, in accordance with agency procedures, the state agency with oversight, the agency debarring and suspending official, and if appropriate, law enforcement officials with jurisdiction over the alleged offense. The contracting officer may direct the contractor to take specific steps to abate the alleged violation or enforce the requirements of its compliance plan.
- 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) Defines various terms, as specified.
- 17) Makes technical and conforming changes.

EXISTING LAW:

- 1) Assures, under the California Occupational Safety and Health Act, 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 DIR, or the 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) Requires the 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).
- 6) Prohibits any state agency from entering into a contract with any contractor unless the contractor meets the specified requirements related to compliance with labor laws and human trafficking prohibitions. Public Contract Code § 6108(g).

- 7) Specifies that any person who certifies as true any material matter pursuant to the above provisions that he or she knows to be false is guilty of a misdemeanor. Public Contract Code § 6108(h).
- 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: Under current law, state contractor awardees must certify that no apparel, garments, corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by, or with the benefit of, sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor, or exploitation of children in sweatshop labor. (Public Contract Code Section 6108(a)(1).)

Additionally, the state's Sweatfree Code of Conduct, enforced by the DIR, requires that all state contractors and subcontractors certify *under penalty of perjury* that they, among other things, do not use any form of forced labor, as well as comply with all applicable state and federal laws. (Public Contract Code Section 6108(f)-(g)).

California has not updated its procurement policies since 2007. In 2015, the federal government enacted stronger anti-trafficking regulations pertaining to federal contractors (see the Assembly Governmental Organization Committee's analysis for more information). This bill purports to align state procurement standards to those of the federal government.

The bill would require contractors, subcontractors, and their agents to certify that they are not engaging in a series of prohibited actions, all of which are already prohibited by state and/or federal law. The main requirement not covered by existing state law is the compliance plans that subcontractors and contractors must implement for contracts that have an estimated value exceeding \$550,000, with the state verifying submission.

Labor Trafficking Unit:

In 2024, the Legislature passed and governor signed AB 1888, which created, upon appropriation by the Legislature, the Labor Trafficking Unit within the DOJ to receive labor trafficking reports from law enforcement agencies and other entities, and refer these reports to appropriate agencies for investigation, prosecution, or other remedies. The Legislature has yet to appropriate funds to stand up this office.

Need for this bill:

The U.S. Department of State's 2024 Trafficking in Persons Report states that an estimated 27 million people worldwide are exploited for labor, services, and commercial sex.¹

The author alleges that California's current procurement practices could expose the state to forced labor risks. The author cites a Loyola Law School study² showing that, from 2022-2023, the State awarded 3,879 contracts for commodities commonly associated with exploited labor, including, but not limited to garments, electronics, and agricultural products.

According to the author, "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. This legislation uses our economic strength to protect the most vulnerable. AB 1245 will provide much needed guidance to contractors and subcontractors about action steps to take to address trafficking and further defines human trafficking."

The author adds that the bill assists underserved and marginalized communities "by providing additional measures to effectively address human trafficking occurring in California's businesses. Through aligning with federal standards, California would adopt protections intended to prevent abuse against California's most vulnerable populations. Although California currently prohibits human trafficking, forced labor, and child labor, additional guidance on preventing abuse from occurring is lacking within current legislation. The adoption of updated procurement policies will detail actions companies must take if they identify potential human trafficking, further strengthening protections for underserved communities subjected to trafficking."

Arguments in Support

The Sunita Jain Anti-Trafficking Initiative at Loyola Law School, sponsor of this measure, states that "AB 1245 builds on California's existing anti-trafficking framework by:

- Establishing clear definitions of human trafficking, forced labor, recruitment fees, and subcontractors;
- Providing detailed guidance on prohibited conduct in government solicitations and contracts, including fraud, misrepresentation, charging recruitment fees, and failing to provide key employment terms in a worker's native language;
- Requiring state contractors to certify a compliance plan covering both themselves and their subcontractors; and
- Specifying required actions when potential forced labor, human trafficking, or child labor is identified in a supply chain.

¹ US Department of State. (2024) "Trafficking in Persons Report 2024." https://www.state.gov/wp-content/uploads/2025/02/TIP-Report-2024_Introduction_V10_508-accessible_2.13.2025.pdf

² Loyola Law School, Loyola Marymount University. (2024) "Goods At High Risk For Forced Labor That Are Procured Through California Public Contract." <https://www.lls.edu/media/loyolalawschool/academics/clinicexperientiallearning/sji/publicationsandreports/FACTSHEET%20-%20Goods%20at%20High%20Risk%20for%20Forced%20Labor%20in%20CA%20State%20Contracts.pdf>

California law currently prohibits forced labor and trafficking but has not provided procurement agencies or contractors with sufficient requirements to prevent these abuses. AB 1245 fills that gap with clear, enforceable standards.”

Arguments in Opposition

None on file.

Prior and Related Legislation

AB 381 (Stefani) of 2025 was similar to this bill but applied its provisions to all contracts rather than those with an estimated value of \$550,000 or more. Held in the Senate Appropriations Committee.

AB 1888 (Arambula) Chapter 614, Statutes of 2024 establishes, upon appropriation by the Legislature, the Labor Trafficking Unit within the DOJ to receive labor trafficking reports from law enforcement agencies and other entities and refer these reports to appropriate agencies for investigation, prosecution, or other remedies.

SB 1157 (Hurtado) of 2024 was nearly identical to this bill. Held in the Senate Appropriations Committee.

AB 964 (Ortega) of 2023 was nearly identical to this bill. Held in the Assembly Appropriations Committee.

AB 235 (Rubio) of 2023 would have established the Labor Trafficking Unit within the CRD and required the Labor Trafficking Unit to coordinate with the Labor Enforcement Task Force, the DOJ, and the DLSE to take steps to prevent labor trafficking, receive and investigate complaints alleging labor trafficking, and report specified data. Died in the Assembly Appropriations Committee.

AB 380 (Arambula) of 2023 would have established the Labor Trafficking Unit within the DLSE to receive and investigate complaints alleging labor trafficking and take steps to prevent labor trafficking. Died in the Senate Appropriations Committee.

AB 1820 (Arambula) of 2022 would have established the Labor Trafficking Unit within the Division of Labor Standards Enforcement (DLSE) to coordinate with the Labor Enforcement Task Force, the Criminal Investigation Unit, the DOJ, and the Civil Rights Department (CRD) to investigate and prosecute complaints alleging labor trafficking, and report specified data. Vetoed by Governor Newsom.

SB 657 (Steinberg), Chapter 556, Statutes of 2010 enacted the California Transparency in Supply Chains Act to provide consumers with new and easily accessible information made available by specified large retailers and manufacturers about these businesses’ voluntary efforts to try to eradicate slavery and human trafficking that could inadvertently be in their product supply chains.

SB 1231 (Corbett) of 2010 would have made various substantive and clarifying changes to existing provisions of the Public Contract Code related to “sweatfree” procurement policy and code of conduct. Vetoed by Governor Schwarzenegger.

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

SB 1888 (Hayden), Chapter 891, Statutes of 2000 extended the existing law prohibiting state agencies from procuring foreign goods made by forced labor, convict labor, of 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 under penal sanction.

REGISTERED SUPPORT / OPPOSITION:

Support

Sunita Jain Anti-Trafficking Initiative, Loyola Law School (Sponsor)
Alliance for Community Transformations, d.b.a. Valley Crisis Center
Alliance to End Human Trafficking
Asian Americans Advancing Justice - Southern California
Bet Tzedek
Central Valley Justice Coalition
Coalition to Abolish Slavery and Trafficking
Community Legal Services in East Palo Alto
Freedom Network USA
International Corporate Accountability Roundtable (ICAR)
Investor Advocates for Social Justice
Jobs to Move America
Praeveni U.S. INC.
Public Citizen
Transparentem
Verité
Waymakers

Opposition

None on file.

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