
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 1362 (Kalra) - Foreign labor contractor registration: agricultural workers

Version: February 21, 2025

Policy Vote: L., P.E. & R. 4 - 1, JUD. 11 - 1

Urgency: No

Mandate: Yes

Hearing Date: August 18, 2025

Consultant: Robert Ingenito

Bill Summary: AB 1362 would require most foreign labor contractors, including, but not limited to, those recruiting farmworkers abroad, to register with the Labor Commissioner, pay a fee, post a bond, and adhere to certain standards designed to prevent exploitation.

Fiscal Impact:

- The Department of Industrial Relations (DIR) indicates that, absent an approved fee increase, at a minimum it would incur first-year costs of \$2.5 million, and \$1.4 million annually thereafter, to implement and maintain the Foreign Labor Contractor Registration Program under the bill. To the extent that the regulated community is larger than DIR's estimate, resulting costs could be higher.
- The bill would result in an expansion of the Labor Commissioner's (LC's) foreign labor contractor registration requirement to apply to more contractors, a violation of which is punishable as a misdemeanor and subject to a civil penalty and other civil remedies through the courts. Consequently, this bill would result in potentially significant cost pressures; the magnitude is unknown (Trial Court Trust Fund (TCTF)). The specific number of new actions that could be filed under the bill also is unknown; however, it generally costs about \$10,500 to operate a courtroom for an eight-hour day. Courts are not funded on the basis of workload, and increased pressure on TCTF may create a need for increased funding for courts from the General Fund. The enacted 2025-26 budget includes \$38 million in ongoing support from the General Fund to continue to backfill TCTF for revenue declines.

Background: There are a number of circumstances under which employers may recruit foreign nationals to work in the United States with the protection of specific visas granted by the federal government on either a temporary or permanent basis. Foreign nationals who are not citizens, permanent residents or refugees/sales must first obtain authorization to work in the United States pursuant to nonimmigrant or immigrant visas. Nonimmigrant visas confer temporary status and work authorization; immigrant visas grant permanent residency status.

Most employment-based nonimmigrant visas require employer sponsorship where the employer files for a specific visa with the U.S. Citizenship and Immigration Services (USCIS) on behalf of the prospective employee. In some circumstances, U.S. Department of Labor (DOL) approval is also required to demonstrate that the foreign

national will not displace U.S. workers. The following are some of the most common visa classifications under which a foreign national may temporarily work or train in the United States: (1) H-1B—Specialty occupations in fields requiring highly specialized knowledge, specified fashion models, or certain services of an exceptional nature, as specified, (2) H-2A—Temporary agricultural workers, (3) H-2B—Temporary nonagricultural workers performing other services or labor, (4) H-3—Trainees or special education exchange visitors, (5) I—Representatives of foreign media, (6) L-1A—Intra-company transferees (executives, managers), (7) L-1B—Intra-company transferees (employees with specialized knowledge), (8) O-1—Individuals with extraordinary ability or achievement in the sciences, arts, education, business, or athletics, (9) P-3—Foreign nationals who perform, teach, or coach a program that is culturally unique, and (10) R-1—Temporary religious workers.

Available data indicate that California annually receives roughly 20 percent of the total number of temporary migrant workers employed in the United States with nonimmigrant visas. The level in 2016 was over 200,000 individuals, a number that has grown steadily over time. There are now close to 600,000 workers nationwide in the H-1B visa program, one that is utilized by many California employers. The H-2A visa program has tripled in size from 80,000 in 2008 to over 257,000 in 2019, and California recently became one of the top five destination states.

California's foreign labor contractor laws were enacted in 1988 to regulate individuals who, for compensation, recruit or solicit persons abroad to work as temporary guest workers in the United States. Prior to 2014, these provisions included minimal requirements on anyone operating as a "foreign labor contractor" in the State. In 2013, SB 516 (Steinberg) was introduced to make several changes designed to provide more protections to foreign workers. That bill was vetoed but reintroduced the following year and enacted as SB 477 (Steinberg, 2014). Among other things, SB 477 (1) requires foreign labor contractors to register with the LC, which includes payment of a licensing fee and the posting of a surety bond, (2) requires foreign labor contractors to make certain disclosures to workers and employers, (3) imposes penalties on any employer who used an unregistered foreign labor contractor, (4) expands the remedies available to foreign workers aggrieved by a violation of the law, and (5) extends the prohibition against retaliation to include acts of retaliation against a worker's family members.

Thus, SB 477 established a registration program for foreign labor contractors who recruit and solicit foreign workers residing in other countries to perform temporary and seasonal work. Foreign labor contractors must register with the LC, pay a license fee and surety bond, and make certain disclosures to workers and employers. The bill provided that the program applies only to non-agricultural H-2B visa holders and does not apply to an employer of H-2A agricultural workers or a contractor licensed by the LC as a Farm Labor Contractor. This bill would repeal that limiting language, thus expanding the program to cover a contractor of foreign farmworkers.

Proposed Law: This bill would, in addition to making specified findings and declarations, extend the foreign labor contractor provisions in existing law to all contractors of foreign labor, including farm labor contractors who contract for foreign labor, by deleting a provision that expressly limits the law's application to "nonagricultural" workers and that expressly exempts farm labor contractors.

Related Legislation:

- AB 364 (Rodriguez, 2021) would have required foreign labor contractors (except those explicitly exempted), including those recruiting farmworkers abroad, to register with the California Labor Commissioner and follow existing requirements for other foreign labor contractors, including paying a fee, posting a bond, and adhering to certain standards designed to prevent exploitation. The bill was vetoed by Governor Gavin Newsom.
- AB 1913 (Kalra, 2018) was nearly identical to AB 364, and failed passage on the Assembly Floor.
- SB 477 (Steinberg, Chapter 711, Statutes of 2014) established a comprehensive registration and oversight process for foreign labor contractors, including enumerated protections for temporary foreign workers who are recruited to work in California.
- SB 516 (Steinberg, 2013) was substantially similar to SB 477 but specified a lower contractor registration fee. The bill was vetoed by Governor Brown.

Staff Comments: Any local government costs resulting from the mandate in this measure are not state-reimbursable because the mandate only involves the definition of a crime or the penalty for conviction of a crime.

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