

(Without Reference to File)**CONCURRENCE IN SENATE AMENDMENTS**

AB 1514 (Committee on Labor and Employment)

As Amended September 2, 2025

Majority vote

SUMMARY

Original Committee of Reference: Assembly Committee on Labor and Employment

Extends the sunset on the AB 5 exemption of licensed manicurists who meet specified conditions to January 1, 2029, while requiring reporting of licensed manicurists' misclassification claims and other violations of the labor code to the Legislature. Also extends the sunset on the AB 5 exemption of commercial fishers from January 1, 2026, to January 1, 2031, while maintaining reporting requirements on unemployment insurance (UI) claims of commercial fishers by the Employment Development Department (EDD).

Senate Amendments

Current Committee Recommendation: Concur in senate amendments

- 1) Delete the prior version of the bill.
- 2) Extend the sunset on the AB 5 exemption of licensed manicurists who meet specified conditions to January 1, 2029.
- 3) Require the EDD and the Division of Labor Standards Enforcement (DLSE) to report to the Legislature by June 1, 2026, the annual number of allegations of misclassification or other violations of the labor code involving licensed manicurists since January 1, 2020, including the number of investigations undertaken, the number of workers impacted, and the number and outcomes of enforcement actions initiated.
- 4) Extend the sunset on the AB 5 exemption of commercial fishers from January 1, 2026, to January 1, 2031.
- 5) Continue reporting requirements relating to UI claims of commercial fishers by the EDD but change the reporting dates from March 1st of each year to June 30th of each year.

COMMENTS

The California Supreme Court's *Dynamex* decision was issued in 2018 but debate over worker misclassification and the state and federal government's role in confronting it continues to garner attention. Worker misclassification is not a new concept. In fact, a 2000 study commissioned by the U.S. Department of Labor found that nationally between 10% and 30% of audited employers misclassified workers.¹ In addition, as our workplaces and the nature of the employee-employer

¹ See the National Employment Law Project's (NELP) Fact Sheet "Independent Contractor Misclassification Imposes Huge Costs on Workers and Federal and State Treasuries," <https://www.nelp.org/publication/independent-contractor-misclassification-imposes-huge-costs-on-workers-and-federal-and-state-treasuries-update-2017/>.

relationship evolves, new opportunities for misclassification have emerged. In 2017, California's Employment Development Department Tax Audit Program conducted 7,937 audits and investigations, resulting in assessments totaling \$249,981,712, and identified nearly *half a million* unreported employees.²

In codifying the ABC test as established in the *Dynamex* decision, AB 5 exempted certain professions and business relationships from its coverage, and instead, applied the multi-factor employment test established in *Borello*. Licensed manicurists with a high degree of control over their work were exempted until January 1, 2022, and that sunset was extended subsequently. In addition, commercial fishers were exempted from the ABC test for employment until January 1, 2023, and then until January 1, 2026, in AB 2955 (Committee on Labor and Employment).

According to the Author

According to the author, "AB 1514 extends the sunset on the licensed manicurists' exemption from AB 5 for three years while including important reporting requirements by the EDD and the DLSE on labor violations in the industry to help stakeholders and policymakers develop the appropriate regulatory framework for this profession and better protect these workers from misclassification and wage theft. In addition, the bill extends the sunset on the AB 5 exemption for commercial fishers by five years in recognition of the fact that the commercial fishing industry is integral to our state's food security and work for thousands of people and helps support restaurants in California and across the world with sustainably sourced seafood."

Arguments in Support

The California Wetfish Producers Association is in support and states, "California's commercial fisheries not only provide a vital, sustainable source of high quality food, but also support thousands of jobs, directly and indirectly, from the independent fishermen on the boats to workers at processing and cold storage facilities, truckers, shippers and restaurant workers. The exemption applies only to fishing vessel crew; all individuals working on shore in support of fisheries are employees under the law; however, removing the exemption for our crews would not only harm those crew, but would also subsequently harm workers in fish processing and fishery support industries on shore who also depend on our fisheries. Any loss of competitiveness would jeopardize our role in the food supply and economy, with consequences for all workers who depend on and support the fishing industry."

Arguments in Opposition

LanguageLine Solutions is opposed unless amended and seeks an exemption from AB 5 for interpreters. They state, "California has the largest limited English proficient (LEP) population in the country, with over 25% of residents speaking a language other than English at home. The state is also home to an estimated three million individuals who are deaf or hard of hearing. Ensuring access to qualified interpreters is vital for compliance with federal and state language access laws, including Title VI of the Civil Rights Act of 1964, the Americans with Disabilities Act (ADA), and Section 1557 of the Affordable Care Act."

² Employment Development Department 2018 Annual Report on Fraud Deterrence and Detection Activities, https://edd.ca.gov/About_EDD/pdf/Fraud_Deterrence_and_Detection_Activities_2018.pdf.

The existing interpreter exemption in AB 2257 is unworkable. It fails to account for dual-role linguists, professionals who provide both interpretation and translation, forcing them to operate under conflicting legal standards. Moreover, the exemption does not reflect the structure of the language services industry. Companies like LanguageLine are not referral agencies, we recruit and vet linguists, ensure regulatory compliance for our clients, and assume liability."

FISCAL COMMENTS

- 1) Administrative costs to the Department of Industrial Relations (DIR) have yet to be determined, but could exceed \$150,000 annually (Labor Enforcement and Compliance Fund).
- 2) The Franchise Tax Board (FTB) indicates that this bill would not change the way income or franchise tax is calculated under current law. However, it could change income and expense amounts report to FTB, which would have an unknown impact on General Fund revenues (see Staff Comments).
- 3) EDD would incur minor and absorbable costs to implement its provisions of the bill.

VOTES

ASM LABOR AND EMPLOYMENT: Votes not relevant

YES:

ASSEMBLY FLOOR: Votes not relevant

YES:

ABS, ABST OR NV:

SENATE FLOOR: 39-0-1

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNeerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Stern

ASM LABOR AND EMPLOYMENT: 6-0-1

YES: Ortega, Chen, Elhawary, Kalra, Lee, Ward

ABS, ABST OR NV: Flora

UPDATED

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