

Date of Hearing: April 29, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1898 (Schultz) – As Amended March 20, 2026

Policy Committee:	Labor and Employment	Vote:	7 - 0
	Privacy and Consumer Protection		10 - 3

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill requires an employer to notify a worker of the employer’s use of a workplace artificial intelligence (AI) tool.

Specifically, this bill:

- 1) Requires an employer to provide a written notice to a worker that a workplace AI tool was used to assist the employer in making employment-related decisions or surveil a worker in the workplace; requires the notice be given to a worker likely to be directly or indirectly affected and the worker’s exclusive bargaining representative at least 90 days prior to the tool’s first deployment; and requires the employer have a worker to sign to confirm the worker received and understands the notice.
- 2) Requires the notice to meet certain conditions, such as being written in plain language, and contain certain information, such as a description of the workplace AI tool, including the categories of input data on which the tool was trained and the output data the tool generates; a description of each quota measured by the tool to which the worker is subject and any potential adverse employment action that could result from failure to meet the quota; and a high-level summary of the results of a risk assessment conducted on the tool as part of the employer’s compliance with applicable state law.
- 3) Requires an employer to maintain an updated list of all workplace AI tools currently in use and provide the list to workers by February 1, 2028, and annually thereafter, and for each tool added to the list in the preceding year, requires the employer to include a description of whether and when any jobs or job tasks will be replaced or automated by the tool.
- 4) Requires the Labor Commissioner (LC) to enforce the notice requirement, including issuing a citation and filing a civil action, and authorizes enforcement by a public prosecutor, worker, or worker’s representative through a civil action.
- 5) Allows the petitioner in a civil action to seek temporary or preliminary injunctive relief, punitive damages, and attorney’s fees and costs, and allows an employer in violation to be subject to a penalty of up to \$500 per violation.

FISCAL EFFECT:

- 1) Costs of an unknown, but likely significant amount, in excess of \$150,000, to the state as an employer to implement this bill’s detailed notice requirements (General Fund (GF) or special

fund). The magnitude of costs depends on the prevalence of workplace AI tools across the state, with some agencies, such as the Department of Corrections and Rehabilitation, likely to incur significantly higher costs than others, given the agency's scope of work.

Similarly, likely significant costs to local government employers, which the state would not need to reimburse because this bill's new requirements for local agencies equally apply to the private sector.

- 2) Ongoing costs of approximately \$40,000 to the Department of Justice (DOJ) for increased staff workload, as DOJ anticipates an increase in litigation representing state agencies for alleged violations of this bill's detailed notice requirements (Legal Services Revolving Fund, reimbursable through direct billings to the client agency). DOJ does not report any costs related to its role as a public prosecutor, but may incur cost pressures to pursue civil actions to enforce this bill's provisions.
- 3) Costs of an unknown, but likely significant amount, potentially in the millions of dollars, to the LC to enforce this bill's detailed notice requirements (Labor Enforcement and Compliance Fund). The LC's primary mission is enforcement of the state's wage and hour laws and protecting employees from related retaliation, whereas this bill regulates employer conduct that generally is outside the usual scope of enforcement for the LC. For example, an employer that does not appropriately describe the categories of input data on which a workplace AI tool was trained may be subject to LC enforcement.
- 4) Annual cost pressures of an unknown amount to the courts in additional workload by authorizing a new civil action against an employer that does not meet this bill's detailed notice requirements (GF or Trial Court Trust Fund). It is unclear how many civil actions may be filed statewide and how much court time may be needed to resolve each case, but it generally costs approximately \$1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on staff and the TCTF may create a demand for increased court funding from the GF. The state budget provides annual GF backfills to the TCTF to offset revenue reductions, totaling approximately \$117.3 million in fiscal year 2025-26.

The Legislative Analyst's Office recently warned of GF structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

COMMENTS:

- 1) **Purpose.** According to the author:

While employers continue to purchase and utilize these AI powered systems, the vast majority of workers are unaware of how these tools are being used to monitor or manage their day-to-day life at the worksite. AB 1898 ensures workers are given at least 90 days' notice before these tools are implemented and requires employers to disclose the purpose of the AI tool, a description of the worker data that will be captured by the tool, what employment-related decision may be affected by the AI tool, and a description of the general locations where these tools will be used in the workplace.

- 2) **Workplace AI Tools.** While employers surveilling their workers, both during and after work hours, is far from a new phenomenon, advances in affordable surveillance and AI technology has made that surveillance much more intrusive. Many workers, while generally aware they are being monitored, are not aware of the extent of the surveillance or what is being done with the information. Technology such as motion scanners, Bluetooth beacons, and keystroke logging track every movement of workers in the office to gauge productivity, with some workplaces even using biometric data, such as eye movements, body shifts, and facial expressions captured via webcam, to evaluate whether workers are attentive in their duties. An employer may then use data gathered from workplace AI tools to make a wide range of decisions affecting a worker's wages and benefits, work schedule, performance evaluation, discipline, promotion, and other workplace conditions. While the appropriate use of certain tools may enhance working conditions, documented harms associated with the use of such tools generally include discrimination from biased training data, physical injuries caused by productivity systems that push workers to unsafe speeds, lower wages set by algorithm, erosion of privacy, and suppression of workers' right to organize.

This bill requires an employer to give workers at least 90 days' advance written notice before deploying a workplace AI tool, defined to include both automated decision systems and AI-based surveillance technologies. The notice must describe the tool's purpose, the categories of data collected and employment decisions likely affected by the tool, and the quotas set or enforced by the tool, among other disclosures.

- 3) **Support and Opposition.** This bill is sponsored by the California Federation of Labor Unions, which argues this bill "is a crucial first step in ensuring transparency and accountability of the use of AI in the workplace." This bill is also supported by a large coalition of labor organizations, as well as privacy rights groups.

This bill is opposed by a large coalition of business groups, led by the California Chamber of Commerce, which argues this bill's "notice requirements are overbroad and raise significant confidentiality concerns. Any misstep subjects businesses of every size and state and local entities to litigation, including penalties." This bill is also opposed by a coalition of local government associations.

- 4) **Related Legislation.** AB 1221 (Bryan) regulates an employer's use of workplace surveillance tools and worker data. AB 1221 was held on this committee's suspense file.

AB 1331 (Elhawary) prohibits an employer from using a workplace surveillance tool to monitor workers in employee-only areas and during off-duty hours. AB 1331 was ordered to the Senate Inactive File.

AB 1883 (Bryan) prohibits an employer from using workplace surveillance tools for certain purposes. AB 1883 is pending hearing by this committee.

SB 7 (McNerney) would have required an employer to provide a written notice to workers regarding the use of certain automated decision systems making employment-related decisions. SB 7 was vetoed by Governor Newsom, who stated, "rather than addressing the specific ways employers misuse this technology, the bill imposes unfocused notification requirements on any business using even the most innocuous tools. This proposed solution fails to directly address incidents of misuse."

SB 238 (Smallwood-Cuevas) requires an employer to annually provide a notice of all the workplace surveillance tools used in the workplace to the Department of Industrial Relations. SB 238 is pending hearing by the Assembly Privacy and Consumer Protection Committee.

SB 947 (McNerney) prohibits an employer from using an ADS to perform certain functions and regulates allowable ADS uses. SB 947 is pending hearing by the Senate Appropriations Committee.

SB 951 (Reyes) requires an employer to provide a 90-day written notice to workers and certain entities before a technological displacement affecting 25 or more workers or 25% of the workforce, whichever is less. SB 951 is pending hearing by the Senate Appropriations Committee.

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