

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON LABOR AND EMPLOYMENT

Liz Ortega, Chair

AB 2027 (Ward) – As Amended March 16, 2026

SUBJECT: Worker data: prohibitions: artificial intelligence

SUMMARY: Regulates the use of worker data by an employer, vendor acting on behalf of an employer, or a vendor providing services to an employer under a contract. Specifically, **this bill:**

- 1) Requires an employer, or a vendor acting on behalf of an employer, to collect and process worker data only as strictly necessary to administer the employment relationship and to fulfill specific, affirmatively requested employment-related or legal obligations; and prohibits an employer or vendor acting on behalf of an employer from collecting or using worker data for any other purpose, including, but not limited to, using worker data to train an artificial intelligence (AI) system to replicate, automate, or replace a worker's job.
- 2) Prohibits an employer, or vendor acting on behalf of an employer, from deploying AI trained with worker data to replicate, automate, or replace a worker's job.
- 3) Prohibits an employer from selling, disclosing, licensing, transmitting, making available, exposing, processing, monetizing, or otherwise providing access to worker data to a third party, including through automated means, embedded technologies, tracking technologies, networked data collection, or transmission mechanisms, to train an AI system for the purposes of replicating, automating, or replacing a worker's job.
- 4) Prohibits a vendor providing services to an employer under a contract from doing any of the following:
 - a) Transferring, selling, disclosing, licensing, transmitting, making available, exposing, processing, monetizing, or otherwise providing access to the employer's worker data to a third party, including through automated means, embedded technologies, tracking technologies, or networked data collection or transmission mechanisms to train an AI system for the purposes of replicating, automating, or replacing a worker's job.
 - b) Using the employer's worker data to train any of the vendor's AI products, sold or leased to other customers, for the purpose of replicating, automating, or replacing a worker's job.
- 5) Requires a contract between an employer and a vendor for services involving the access or capture of worker data on the employer's behalf to include both of the following terms:
 - a) A requirement that the vendor must implement and maintain reasonable security procedures to protect the worker data from unauthorized or illegal access, destruction, use, modification, or disclosure.
 - b) A provision that the vendor and employer agree to be jointly and severally liable for a breach of the vendor's data security systems or unauthorized access, to the extent the

breach or access involves worker data provided by the employer, and for any violation of this bill's provisions.

- 6) Requires the Labor Commissioner (LC), and authorizes a public prosecutor, to enforce the provisions of the bill, as specified.
- 7) Authorizes, alternatively to enforcement by the LC or a public prosecutor, a worker, or their exclusive representative, who has suffered a violation to bring a civil action in a court of competent jurisdiction for damages caused by that adverse action, including punitive damages.
- 8) Authorizes, in any civil action brought pursuant to (6)-(7) above, the petitioner to seek appropriate temporary or preliminary injunctive relief, punitive damages, and reasonable attorney's fees and costs.
- 9) Provides that an employer in violation may be subject to a penalty of up to \$500 per worker for each violation.
- 10) Authorizes a worker, the LC, or a public prosecutor to recover a penalty as a statutory penalty paid to the worker or a civil penalty, but not both, for the same violation.
- 11) Authorizes an action pursuant to (6)-(10) to be brought in the superior court in any county in which the violation in question is alleged to have occurred or in which the employer resides or transacts business.
- 12) Provides that the bill's provisions do not preempt any city, county, or city and county ordinance that provides equal or greater protection to workers who are covered by this part.
- 13) Applies the bill to all cities, including charter cities.
- 14) Defines certain terms, including:
 - a) "Artificial intelligence" to mean an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments.
 - b) "Employer" to mean a person, business, private entity, state, city, county, charter county, city and county, municipality, charter municipality, special district, transit district, the University of California, the California State University, community college district, school district, or any other state or local governmental entity that, directly or indirectly, or through an agent or any other person, employs or exercises control over the wages, benefits, other compensation, hours, working conditions, access to work or job opportunities, or other terms or conditions of employment, of any worker. "Employer" includes an employer's labor contractor.
 - c) "Public prosecutor" to have the same meaning as defined in Labor Code Section 180: the Attorney General, a district attorney, a city attorney, a county counsel, or any other city or county prosecutor.
 - d) "Worker" to mean a natural person who is an employee of, or an independent contractor providing service to or through, an employer.

- e) “Worker data” to mean any of the following:
- i) Information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with the personal information relating to, a worker, regardless of how the information is collected, inferred, or obtained, including, but not limited to, a worker’s biometric data, employment history, or personal identifying information.
 - ii) Information that in any way relates to or describes, regardless of how the information is collected, inferred, or obtained, how a worker performs their job duties.

EXISTING LAW:

- 1) Establishes the Division of Labor Standards Enforcement (DLSE), under the direction of the LC, within the Department of Industrial Relations, and authorizes the LC to investigate employee complaints and enforce labor laws, as specified. Labor Code § 79 et seq.
- 2) Authorizes the DLSE to enforce the Labor Code and all labor laws of the state, the enforcement of which is not specifically vested in any other officer, board, or commission. Labor Code § 95(a).
- 3) Authorizes the LC to prosecute actions for the collection of wages, penalties, and demands, as specified. Labor Code § 98.3.
- 4) Authorizes, until January 1, 2029, a public prosecutor, as defined, to prosecute an action, either civil or criminal, for violation of certain provisions of the Labor Code or to enforce those provisions independently. Labor Code § 180 et seq.
- 5) Establishes the California Consumer Privacy Act (CCPA), which grants consumers certain rights regarding their personal information, including enhanced notice, access, and disclosure; the right to deletion; the right to restrict the sale of information; and protection from discrimination for exercising these rights. Civil Code § 1798.100 et seq.
- 6) Establishes the Consumer Privacy Rights Act (CPRA), which amends the CCPA and creates the California Privacy Protection Agency, which is charged with implementing these privacy laws, promulgating regulations, and carrying out enforcement actions. Civil Code § 1798.100 et seq.; Proposition 24 (2020).

FISCAL EFFECT: Unknown

COMMENTS: Note: this bill has been triple referred to the Assembly committees on Privacy and Consumer Protection, and Judiciary, upon passage out of this Committee.

As the use of AI in the workplace grows, it is being used in new and invasive ways that allow employers to collect an extensive array of data about workers. Data collection technologies available today include sensors embedded in workplace equipment, devices, and wearables that can capture data on worker location, activities, and interactions with coworkers; systems that log keystrokes and capture screenshots; GPS technologies embedded in vehicles; and more.

Increasingly, companies are using worker-generated data to train AI systems designed to automate tasks and streamline operations. In industries ranging from logistics and finance to customer service, employees are being asked to document workflows, record interactions, or label data, which is then used to automate their roles.

For example, Google reorganized its ad sales division and cut jobs after employees trained the AI product "Gemini for Sales." Amazon similarly used driver data to train autonomous routing systems. JPMorgan Chase implemented AI for contract analysis, which is trained by legal analysts.

The author provides the following additional examples:

- “Call center workers have felt the brunt of AI replacement and forced training for years. Since 2023, AT&T customer services workers have experienced AI deployment impacting their scope of work as AI agents have become integrated into their conversations with customers. By listening to customer conversations AI agents have become capable of drafting customer service scripts and even answering calls to solve simple customer questions. As time progresses and the system learns from future human interactions, call center workers will become increasingly vulnerable to deskilling and displacement.”
- “Software engineers have similarly faced job loss and hiring reductions due to increasingly sophisticated AI systems. The job market has plummeted for software engineers as many remaining engineers are forced to work alongside and even train AI models capable of improving at notable rates. In October 2025, reports demonstrated that the tech sector wiped out 33,281 jobs due to AI integration.”
- “Mercor, an agentic AI developer, trains their systems by hiring independent contractors to train AI agents in medicine, software engineering, law, journalism, psychology, finance, and public policy.”

Author’s Statements:

According to the author, “Data powers today’s artificial intelligence economy, and workers are increasingly the source of that data. As employers adopt AI tools, worker data is being captured, analyzed, and in some cases sold. This creates a troubling reality where workers may be unknowingly contributing to technologies that could replace them.

While using data to improve efficiency is not new, the scale and speed of AI today are unprecedented. Workers across industries are already facing job displacement, deskilling, and fewer opportunities as AI systems advance. At the same time, worker data has become a valuable commodity in a rapidly growing data economy, with little transparency or protection for those generating it.

AB 2027 sets clear boundaries on the use of worker data. It prohibits employers from using worker data to train AI systems that automate or replace jobs and prevents the sale or sharing of that data for that purpose. It also ensures that technology developers cannot use worker data collected through their tools to train their own systems or third-party AI meant to replace workers.

AB 2027 is about fairness, dignity, and economic security. Workers should not be used to train their own replacements. This bill takes an important step to protect workers and ensure AI is developed responsibly.”

Per HR 39 (Gipson, 2021), the author adds that the measure supports equity in that “the danger of job loss due to automation impacts every industry and worker across the state. Following historical trends, however, low income and marginalized communities that do not have adequate workplace representation are likely to suffer immense consequences far greater than Californians who have access to wealth, representation, and have the resources necessary to temporarily pivot careers or financially cover their loss of income. AB 2027 prevents workers from these very underserved communities from being used to further exacerbate their own incoming challenges of forced AI training and automation.”

Committee Comments:

Given the protections the Legislature has extended to consumers with regards to their data under the CCPA and CPRA, it is logical that the Legislature might establish guardrails for employers’ use of worker data. However, as the opposition points out, there are questions as to the practicality of implementation and enforcement of this bill as currently written. More specificity and clearer definitions are likely needed, as well as narrower prohibitions to ensure that business operations are not unduly hindered or workers disadvantaged.

Amendments in the future:

The author has conveyed to the Committee that he intends to make the following amendments subsequent to this Committee:

- *1572(e)(1): Except as provided in paragraph (2), in addition to any other remedy, an employer who violates this part may be subject to a penalty of up to five hundred dollars (\$500) ~~per worker~~ for each violation.*
- *Section 1572(f): An action brought pursuant to this section may be brought in the superior court in any county in which the violation in question is alleged to have occurred or in which the employer resides ~~or transacts business~~.*

Arguments in Support

A coalition of labor and worker organizations, including the California Federation of Labor Unions, writes in support that “Data used to train large language models powers the artificial intelligence economy. As tech companies develop and sell enterprise AI systems to employers, worker data is a critical resource. To mine that data, tech companies are selling employers AI products designed to maximize the extraction of worker data and employers have found a lucrative market selling worker data to brokers.”

“...The strip mining of worker data is not simply a privacy or worker dignity issue; the scope and scale of AI surveillance and task automation threaten mass job loss across all industries. The development and deployment of AI tools to potentially replace or erode human jobs is happening at a velocity that makes it difficult for society to adapt or even mitigate the damage to workers, families, the economy, and society. Though tech companies try to soothe anxiety with the

promise of new job creation, there is little evidence that those jobs will appear in time, or at all, to mitigate the mass job loss and economic disruption AI may cause.”

Arguments in Opposition

A coalition of business organizations, including the California Chamber of Commerce, state in opposition that “AB 2027 would impose sweeping and unworkable restrictions on the use of worker data that will significantly hinder responsible innovation and expose employers to substantial litigation risk. AB 2027 would undermine the ability of businesses to use common technologies that improve workplace efficiency, safety, and compliance with existing employment laws.

AB 2027 would broadly prohibit employers and vendors from using worker data to develop or deploy artificial intelligence (AI) systems that could replicate or automate job functions and create joint liability between employers and vendors for violations. AB 2027’s overly broad expansive definitions, strict liability framework, and private right of action will discourage responsible use of technology and place California employers at a competitive disadvantage.”

Prior and Related Legislation

AB 1883 (Bryan) of 2026 would prohibit an employer from using certain types of workplace surveillance tools, or using workplace surveillance tools to violate or prevent compliance with laws, or infer information about a worker’s legally-protected status or activities. Provides for a civil penalty, enforcement by the LC or a public prosecutor, and a private right of action. Pending in the Assembly Privacy and Consumer Protection Committee.

AB 1898 (Schultz) of 2026 would, among other things, require an employer to provide a written notice to an employee that a workplace AI tool, as defined, was used to assist the employer in making employment-related decisions or to surveil the workplace. Pending in the Assembly Judiciary Committee.

SB 951 (Reyes) of 2026 would establish the California Worker Technological Displacement Act, which would require a covered employer, as defined, to provide at least a 90-day advanced written notice, as described, before any technological displacement or termination of contract affecting 25 or more workers or 25 percent of the workforce, whichever is less; would require a covered employer to provide that notice to affected employees, the EDD, and specified state and local entities. Pending in the Senate Labor, Public Employment and Retirement Committee.

SB 947 (McNerney) of 2026 would, among other things, prohibit an employer from using an automated decision system (ADS) to perform certain functions and would limit the purposes for and way in which an ADS may be used. The bill would authorize a worker to request, and require an employer to provide, a copy of the most recent 12 months of the worker’s own data primarily used by an ADS to make a disciplinary, termination, or deactivation decision, as specified. The bill would require an employer that uses an ADS to assist in making a disciplinary, termination, or deactivation decision to provide the affected worker with a written post-use notice, as specified. Pending in the Senate Labor, Public Employment and Retirement Committee.

AB 1331 (Elhawary) of 2025 would limit the use of workplace surveillance tools, as defined, by employers, including by prohibiting an employer from monitoring or surveilling workers in employee-only, employer-designated areas, as specified. On the Senate Inactive File.

AB 1221 (Bryan) of 2025, among other things, would have 1) required an employer, at least 30 days before introducing a workplace surveillance tool, as defined, to provide a worker who will be affected a written notice that includes specified disclosures; 2) created certain prohibitions and requirements related to the use of worker data, as defined; 3) prohibited employers from using workplace surveillance tools in specified ways; and 4) provided for enforcement by the LC, employees and representatives, and public prosecutors, and subjected employers in violation to a civil penalty. Held in the Assembly Appropriations Committee.

SB 7 (McNerney) of 2025 would have regulated the use of ADS in the employment setting. Among other things, this bill would have 1) required an employer to provide a written notice that an ADS is in use at the workplace to all workers that will foreseeably be directly affected by the ADS; 2) prohibited in some instances and in others limits the use of an ADS by an employer; 3) provided worker anti-retaliation protections for exercising their rights under these provisions; and 4) specified enforcement provisions that include penalties and relief for violations. Vetoes by Governor Newsom.

SB 238 (Smallwood-Cuevas) of 2025 would require an employer to annually provide a notice to the DIR of all the workplace surveillance tools the employer is using in the workplace. The bill would require the notice to include, among other information, the personal information that will be collected from workers and consumers and whether they will have the option of opting out of the collection of personal information. Pending in the Assembly Consumer Privacy and Protection Committee.

AB 1651 (Kalra) of 2022 would have established limitations on the use of data-driven technologies in the workplace by requiring employers to notify workers prior to data collection, initiating electronic monitoring, and deploying algorithms; as well as would have required the technology be used pursuant to a valid business practice and be job-related, and that employers conduct impact assessments with worker input for algorithms. Died in the Assembly Privacy and Consumer Protection Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Federation of Labor Unions, AFL-CIO (Sponsor)
Alameda Labor Council
California Alliance for Retired Americans
California Faculty Association
California Federation of Teachers AFL-CIO
California School Employees Association
California State Legislative Board of the Sheet Metal, Air, Rail and Transportation Workers -
Transportation Division (SMART-TD)
California Teachers Association
Central Coast Labor Council
Central Labor Council, Fresno-Madera-Tulare-Kings Counties, AFL-CIO
Inland Empire Labor Council, AFL-CIO

North Bay Labor Council
North Valley Labor Federation
Oakland Privacy
Orange County Labor Federation, AFL-CIO
San Mateo County Central Labor Council
TechEquity Action
UAW Region 6

Opposition

Acclamation Insurance Management Services
Allied Managed Care
Association of California Healthcare Districts
California Apartment Association
California Chamber of Commerce
California Farm Bureau
California Hospital Association
California Manufacturers & Technology Association
California Retailers Association
California Special Districts Association
California State Association of Counties
California Trucking Association
Cinema Association of California
Civil Justice Association of California
Flasher Barricade Association
Leading Age California
League of California Cities
Los Angeles Area Chamber of Commerce
Rural County Representatives of California
Technet
Urban Counties of California

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