

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2027 (Ward) – As Amended April 9, 2026

Policy Committee:	Labor and Employment	Vote:	5 - 0
	Privacy and Consumer Protection		10 - 3

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

**SUMMARY:**

This bill prohibits an employer from using a worker’s personal information to train an artificial intelligence (AI) system to replicate, automate, or replace a worker’s job.

Specifically, this bill:

- 1) Prohibits an employer from using a worker’s personal information to train an AI system to replicate, automate, or replace a worker’s job and prohibits an employer from selling, disclosing, or otherwise providing access to a worker’s personal information to a third party, including through embedded technologies, for the purpose of training an AI system to replicate, automate, or replace a worker’s job.
- 2) Prohibits a vendor providing services to an employer under contract from providing access to a worker’s personal information to a third party for the purpose of training an AI system, prohibits a vendor from using a worker’s personal information to train the vendor’s AI products, and requires a contract between an employer and a vendor to include a requirement that the vendor implement and maintain reasonable security procedures to protect the worker’s personal information from unauthorized or illegal access.
- 3) Requires the Labor Commissioner (LC) to enforce these worker personal information provisions, 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.
- 4) 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 potentially significant amount, in excess of \$150,000, to the state as an employer to ensure compliance with this bill’s worker personal information provisions (General Fund (GF) or special fund). The magnitude of costs depends the state’s existing data use policies, especially in relation to vendors under contract.

Similarly, potentially 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) Costs of an unknown, but likely significant amount, potentially in the millions of dollars, to the LC to enforce this bill's worker personal information provisions (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 utilizes scheduling software may be subject to LC enforcement if the program developer uses that employer's worker's personal information for unbeknownst purposes in violation of this bill.
- 3) The Department of Justice (DOJ) reports no significant impact from this bill, indicating DOJ is unlikely to experience an increase in litigation representing state agencies for alleged violations of this bill's provisions or pursue civil actions to enforce this bill's provisions as a public prosecutor.
- 4) Ongoing cost pressures of an unknown amount to the courts in additional workload by authorizing a new civil action against an employer that violates this bill's worker personal information provisions (GF or Trial Court Trust Fund (TCTF)). 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:

AB 2027 sets clear boundaries. 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 tech developers cannot use worker data collected through their tools to build systems that displace workers.

This bill affirms a simple principle: workers should not be used to train their own replacements, and innovation must not come at the expense of economic security.

- 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. The data may also be aggregated, labeled, and repurposed as training data for AI systems designed to optimize workflows, automate tasks, and in some cases, replace the very workers from whom the data was derived.

This bill prohibits an employer, or a vendor that contracts with an employer, from using a worker's personal information to train an AI system to replicate, automate, or replace a worker's job, either directly or by providing a third party access to the data. This bill also requires a contract between an employer and a vendor to contain reasonable security measures to protect a worker's personal information.

- 3) **Support and Opposition.** This bill is sponsored by the California Federation of Labor Unions, which argues this bill "is essential in the fight to protect workers from being used to train their own replacements." 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 "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."

- 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 on this committee's suspense file.

AB 1898 (Schultz) requires an employer to notify a worker of the employer's use of a workplace AI tool. AB 1898 is pending on this committee's suspense file.

SB 7 (McNerney) would have required an employer to provide 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 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 automated decision system (ADS) to perform certain functions and regulates allowable ADS uses. SB 947 is pending on the Senate Appropriations Committee's suspense file.

SB 951 (Reyes) requires an employer to provide 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 on the Senate Appropriations Committee's suspense file.

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