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**SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT**  
**Senator Lola Smallwood-Cuevas, Chair**  
**2025 - 2026 Regular**

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<b>Bill No:</b>	SB 1032	<b>Hearing Date:</b>	April 8, 2026
<b>Author:</b>	Reyes		
<b>Version:</b>	April 6, 2026		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Jazmin Marroquin		

**SUBJECT:** Staffing agencies: registration

**KEY ISSUE**

This bill (1) requires a staffing agency to register with the Labor Commissioner before conducting any business in this state and annually thereafter, as specified, (2) prohibits the Labor Commissioner from permitting any staffing agency to register or to renew a registration, until specified conditions are satisfied, including submitting a written application certified under penalty of perjury, paying annual registration fees, obtaining a surety bond, and submitting proof of workers' compensation insurance, (3) requires the Labor Commissioner to deny, suspend, or revoke a registration under specified conditions, (4) requires the Labor Commissioner to post a list of registered staffing agencies online, (5) prohibits a business from using the services of a staffing agency without verifying registration, and (6) authorizes a registered staffing agency to bring an action against an unregistered staffing agency or business, as specified.

**ANALYSIS**

**Existing law:**

- 1) Establishes, within the Department of Industrial Relations (DIR), various entities including the Division of Labor Standards Enforcement (DLSE) under the direction of the Labor Commissioner and empowers the Labor Commissioner with ensuring a just day's pay in every workplace and promoting economic justice through robust enforcement of labor laws. (Labor Code §79-107)
- 2) Provides that no employer may conduct any janitorial business without valid registration and requires all employers to be registered with the Labor Commissioner, submit a written application, pay an annual registration fee, and establishes when the Labor Commissioner should not register or renew the registration of an employer, as specified. (Labor Code §§1420-1434)
- 3) Requires the Labor Commissioner to issue a license to any person acting as a farm labor contractor, as specified, and establishes civil penalties for any person who violates these provisions. Prohibits the Labor Commissioner from issuing a license to a person to act as a farm labor contractor, or renewing that license, until specified conditions are met, including a written application, a surety bond, and a license fee, as specified. (Labor Code §§1682-1699)
- 4) Requires a talent agency, as specified, to obtain a license from the Labor Commissioner, and requires a written application, an annual license fee, a surety bond, and establishes when the Labor Commissioner may revoke or suspend a license, as specified. (Labor Code §§1700-1700.54)

- 5) Prohibits a person from representing or providing specified services to any artist who is a minor, under 18 years of age, without first submitting an application to the Labor Commissioner for a Child Performer Services Permit, as specified, including a filing fee, in an amount sufficient to reimburse the Labor Commissioner for the costs of the permit program. (Labor Code §§1706-1706.5)
- 6) Requires car wash employers to annually register with the Labor Commissioner, as specified. Prohibits the Labor Commissioner from approving the registration of any employer until specified conditions have been met, including a written application, a registration fee and annual fee, as specified, surety bond, and establishes when the Labor Commissioner may not register or renew the registration of an employer. (Labor Code §§2054-2065)
- 7) Prohibits the Labor Commissioner from permitting any every person engaged in the business of garment manufacturing to register, or renew registration, unless specified conditions have been met, including a written application, registration and renewal fee, and surety bond, as specified. (Labor Code §§2675-2684)
- 8) Requires, on and after July 1, 2016, a person acting as a foreign labor contractor to register with the Labor Commissioner, as specified. Prohibits the Labor Commissioner from registering a person to act as a foreign labor contractor, or renewing a registration, until specified conditions are met, including a written application, a surety bond, and a registration fee, as specified. (Business and Professions Code §§9998 - 9998.12)
- 9) Requires the Director of DIR to issue and serve on an employer that has failed to provide workers' compensation, as specified, a stop order prohibiting the use of employee labor by that employer until that employer is complying with the workers' compensation requirements. Any employee so affected by a work stoppage must be be paid by the employer for such time lost, not exceeding 10 days, pending compliance by the employer. An employer may protest the stop order by making and filing with the director a written request for a hearing, as specified. (Labor Code §3710.1).

**This bill:**

- 1) Requires a staffing agency to register with the Labor Commissioner before conducting any business in this state and annually thereafter.
- 2) Prohibits the Labor Commissioner from permitting any staffing agency to register or to renew a registration, until all the following conditions are satisfied:
  - a) The staffing agency has submitted an application to the commissioner for registration or renewal of a registration that contains all of the following:
    - i) The names and addresses of all persons, except bona fide employees on stated salaries, financially interested, either as partners, associates, or profit sharers, in the staffing agency together with the amount of their respective interests.
    - ii) Any open litigation, liens, fines, or taxes past due and disclosure of any current or past violations of this code.
    - iii) The financial status of the staffing agency.
    - iv) The business affiliations of the staffing agency.
      - (1) The staffing agency owner must sign the application and certify, under penalty of perjury, that the information they have provided on the application and in any

- supplementary documents or information submitted by the agency in support of the application is true and correct.
- b) The Labor Commissioner, after review of the application, is satisfied as to the character, competency, and responsibility of the staffing agency.
  - c) The staffing agency has paid an initial or renewal registration fee to the Labor Commissioner in an amount determined by the Labor Commissioner sufficient to defray the costs of administering these requirements.
  - d) The staffing agency has provided the Labor Commissioner proof that a current workers' compensation insurance policy is in effect for the employees of the staffing agency and names as a certificate holder the DLSE.
  - e) The staffing agency has provided the Labor Commissioner a surety bond payable to the State of California in an amount determined by the Labor Commissioner.
- 3) Requires the Labor Commissioner, if at any time they find that a staffing agency does not have a current workers' compensation insurance policy in effect for the employees of the staffing agency to:
    - a) After a hearing, deny, suspend, or revoke registration, as specified.
    - b) Notify the Director of DIR. The Director must issue and serve on the staffing agency a stop order, as specified.
  - 4) Requires the Labor Commissioner to, on the DIR website, post a list of registered staffing agencies that includes both of the following for each registered staffing agency:
    - a) The name, address, registration number, and effective dates of registration.
    - b) The carrier for the current workers' compensation insurance policy that is in effect for the staffing agency's employees.
  - 5) Prohibits a business from using the services of a staffing agency without verifying that the staffing agency is registered, as specified.
  - 6) Authorizes, in addition to other remedies permitted by law, a registered staffing agency to bring an action in superior court against an *unregistered staffing agency* or a *business* that uses the services of a staffing agency without verifying that the staffing agency is registered.
  - 7) Authorizes a staffing agency to seek injunctive relief, as specified, without demonstrating actual harm.
  - 8) Authorizes the court to enter an order enjoining the defendant from doing either of the following:
    - a) Engaging in any business as a staffing agency without a registration, as specified.
    - b) Using the services of a staffing agency without verifying that the staffing agency is registered.
  - 9) Provides that a registered staffing agency that prevails in an action brought, as specified, is entitled to both of the following:
    - a) Either of the following damages, at the election of the prevailing registered staffing agency:
      - i) Actual damages caused by the unregistered staffing agency or a business that used the services of a staffing agency without verifying that the staffing agency is registered.
      - ii) Statutory damages not to exceed seventy-five thousand dollars (\$75,000).
    - b) Reasonable attorney's fees and costs.

- 10) Requires the Labor Commissioner to promulgate all regulations and rules necessary to carry out the provisions specified.
- 11) Defines the following terms:
- a) “Commissioner” means the Labor Commissioner.
  - b) “Director” means Director of Industrial Relations.

## COMMENTS

### 1. Background:

#### Staffing Agencies

According to the American Staffing Association, the national trade association representing the temporary and contract staffing industry, “[s]taffing agencies recruit, screen, and hire millions of employees each year and assign them to clients on an as-needed basis. Nationwide, staffing agencies employ more than two million workers each week and about 11 million annually, including nearly two million workers in California with an annual payroll of over \$50 billion, thus contributing significantly to the state’s economic vitality and growth. Most work for staffing agencies for short periods with an average tenure of about 10 weeks.

Staffing agencies play a vital role in the California economy by providing employment flexibility for workers and just-in-time labor for businesses. Agencies provide jobs, training, work flexibility, and a bridge to permanent employment for people just starting out, changing jobs, or out of work. Agency employees work in virtually every job category including industrial labor, clerical and administrative, health care, engineering, and information technology.”

Additionally, staffing agencies employ the employees they assign to their clients, so they are responsible for pay wages, withholding and remitting employment taxes (including Social Security and unemployment), providing workers’ compensation insurance, and providing a variety of employee benefits.<sup>1</sup> As employers, staffing agencies are responsible for compliance with all applicable labor, employment, and employee benefit laws, including worker health and safety laws.

#### Registration with the Labor Commissioner’s Office

In California, employers in certain industries such as janitorial services, farm labor contractors, foreign labor contractors, talent agencies, car wash, and garment manufacturing, must obtain a license from or register with the Labor Commissioner’s Office. Each industry has specified requirements, including a written application, registration or license fees, surety bonds, and proof of workers’ compensation insurance. Some industries also are required to post a list of registered or licensed employers on the DIR website, and some industries establish when the Labor Commissioner may revoke or suspend a registration or license.

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<sup>1</sup> <https://americanstaffing.net/staffing-industry/what-staffing-firms-do/>

This bill, SB 1032, aims to create a similar regulatory framework and require staffing agencies to register with the Labor Commissioner, under specified conditions described below.

#### *Written application*

Each industry has different requirements, including a written application – with information about the business entity, names, and addresses of officers, those with financial interest, among other things – in a form prescribed by the Labor Commissioner and sworn to by the person submitting the application. This bill, SB 1032, requires a staffing agency to submit an application to the Labor Commissioner that contains the following: 1) names and address of all persons financially interested, either as partners, associates, or profit sharers, in the staffing agency long with the amount of their respective interests; 2) any open litigation, liens, fines, or taxes past due and disclosure of any current or past violations of this code; 3) the financial status of the staffing agency; and 4) the business affiliations of the staffing agency. This bill also requires the staffing agency owner to sign the application and certify, under penalty of perjury, that the information they have provided on the application and in any supplementary documents or information submitted by the staffing agency in support of the application is true and correct. *As the bill moves forward, the author may wish to consider amending the requirements to submit a written application to be consistent with the other registration requirements and require the application to be in a form prescribed by the Labor Commissioner.*

#### *Registration fees*

Registrants and licensees must also pay an initial registration or license fee, annual renewal fees, and obtain surety bonds, but these vary depending on the industry. For instance, janitorial services registrants must pay an initial application fee of \$500 and an annual fee of \$500, while farm labor contractors must pay an initial and annual license fee of \$600. Talent agency registrants must pay a \$25 filing fee and an annual license fee of \$225. Other industries' registration or license fees are determined by the Labor Commissioner and are typically set in an amount they determine enough to support the costs of administering the program, although some of those fees, such as with the garment manufacturing registrants, are not to be less than or cannot exceed a specific determined amount. This bill, SB 1032, requires a staffing agency to pay an initial or renewal registration fee to the Labor Commissioner in amount determined by the Labor Commissioner that is enough to defray the costs of administering this program.

#### *Surety bonds*

In addition, the surety bond amount for farm labor contractors varies from \$25,000 - \$75,000, depending on the size of the person's annual payroll for all their employees, and for foreign labor contractors the surety bond amount varies from \$50,000 - \$150,000, depending on the size of the person's annual gross receipts from operations. Car wash registrants must obtain a surety bond of at least \$150,000 and talent agencies must obtain a surety bond of \$50,000. For garment manufacturing registrants, if a person has been cited and penalized within the prior three years for violating provisions of the registration requirements, then they must obtain a surety bond that the Labor Commissioner determines, not to exceed \$5,000. This bill requires the staffing agency to provide the Labor Commissioner with a surety bond in an amount they determine.

*Workers' compensation proof*

Registrants and licensees in the janitorial services, car wash, and garment manufacturing also must secure a workers' compensation policy for their employees. This bill, SB 1032, requires a staffing agency to provide the Labor Commissioner with proof that a current workers' compensation insurance policy is in effect for their employees.

*Revocation of registration/licenses*

The Labor Commissioner may also revoke a license or registration for garment manufacturing employers, talent agencies, farm labor contractors, and janitorial services employers under specified conditions, including if they are not in compliance with all the registration requirements. This bill would require the Labor Commissioner to, after a hearing, deny, suspend, or revoke the registration of a staffing agency that does not have a current workers' compensation policy. *As the bill moves forward, the author may wish to consider aligning the conditions when the Labor Commissioner may deny, suspend, or revoke a registration to be consistent with the other registration requirements.*

*Public posting of registrants and licensees*

The Labor Commissioner must also post and maintain a public list of registered property service employers, registered car washing and polishing businesses, and registered foreign labor contractors on the DIR website, including the name, address, registration number, and effective dates of the registration. This bill, SB 1032, would require the Labor Commissioner to also post a list of registered staffing agencies that includes the name, address, registration number, and effective dates of registration *and* the carrier for the current workers' compensation insurance policy for their employees.

**2. Need for this bill?**

According to the author, "The temporary staffing industry plays a crucial role in California's labor market and economy by providing workforce flexibility to businesses and employment opportunities for millions of workers. California's staffing agencies employ over 2 million workers with payroll estimated to be \$41.4 billion annually, making it the top state for staffing revenue in the United States. This is due in part to California having the highest number of temporary workers in the country.

However, many of these staffing agencies are preying on the most vulnerable workers in the state with widespread wage theft, non-compliance with labor laws, payroll and tax fraud, and a significant lack of workers' compensation insurance coverage which all have now created an urgent crisis within the industry. California has a strong history of regulating industries that impact public welfare, yet there are no licensing or oversight requirements for staffing agencies. This regulatory gap has led to rampant abuse and fraudulent schemes that steal from workers, create massive multiple billion dollars of lost tax revenues to the state while putting state agencies like the DIR and [Workers' Compensation Appeals Board (WCAB)] in jeopardy and expose law abiding businesses to unfair competition. This proposal seeks to ensure accountability, protect workers, drive tax revenue and safeguard the integrity of California's labor market."

**3. Committee Comments:**

As mentioned, this bill would require staffing agencies to register with the Labor Commissioner, similarly to other industries that currently must register or obtain a license.

However, this bill does not define what constitutes a staffing agency. *As the bill moves forward, the author may wish to consider defining a staffing agency.* The author has indicated they are working on a definition with stakeholders.

This bill also prohibits a business from using the services of a staffing agency without verifying that the staffing agency is registered. However, it is unclear how a business could prove that they verified whether or not the staffing agency is registered. The business could also verify but still use the services of the staffing agency that is not registered. *As the bill moves forward, the author may wish to consider making it clear that the intent is to prohibit a business from using the services of a staffing agency that is not registered, or without a registration.*

SB 1032 authorizes a registered staffing agency to bring an action in superior court against an unregistered staffing agency or a business that uses the services of a staffing agency without verifying that the staffing agency is registered. It also authorizes a registered staffing agency to seek injunctive relief without demonstrating actual harm and provides that a registered staffing agency that prevails in an action brought in superior court is entitled to damages, as specified, and reasonable attorney's fees and costs. The Senate Judiciary Committee has primary jurisdiction over these provisions in this bill.

#### **4. Double Referral:**

This bill has been double referred and if approved by this Committee, will be sent to Senate Judiciary Committee for a hearing.

#### **5. Proponent Arguments:**

According to the sponsors of the bill, the United Food & Commercial Workers Union (UFCW) Western States Council:

“Farm labor contractors, janitorial services and talent agencies are already subject to specific licensing or registration requirements in California. However, California lacks a dedicated regulatory framework for temporary staffing agencies, allowing gaps in oversight that can put workers, honest businesses, and taxpayers at risk.

The SAFE Act's provisions for mandatory registration, verified workers' compensation coverage, and a public registry of compliant agencies would provide much needed transparency and accountability, while ensuring that staffing agencies comply with the law before harm can occur.

The lack of oversight in the temporary staffing industry has led to some bad actors taking advantage of a system that allows them to misclassify workers and harm them. SB 1032 is practical, common-sense legislation that benefits workers who are just trying to get a job to feed their families, responsible businesses, and taxpayers alike.”

#### **6. Opponent Arguments:**

According to the American Staffing Association, opponents of this bill:

“The current proposal, however, would barely touch the broad range of workers’ compensation abuses by the bad actors. Instead of imposing an additional, duplicative, regulatory framework, the Departments of Industrial Relations and Insurance should be given the resources needed to identify and prosecute the full scope of problematic activities through increased enforcement of existing laws. Simple registration will not achieve that goal. History shows that responsible law-abiding agencies, which comprise the great majority of the industry, will register while a minority will not, either through ignorance or willful non-compliance.

SB 1032 could have some salutary effect provided the criteria for satisfying any registration requirement are focused on the core issue of workers’ compensation coverage and do not impose needless administrative burdens on staffing agencies and the Labor Department. In its current form, the proposed bill would impose multiple extraneous obligations that are tangential to the bill’s core purpose, which would seriously undermine any beneficial impact.”

In addition, the California Staffing Professionals, opponents of the bill state:

“Unfortunately, neither requirement in SB 1032 will address the underlying issue of workers compensation fraud and abuse. We fear that creating a separate staffing-agency registration structure adds an administrative burden for compliant firms while doing little to stop bad actors who are already operating outside the law. In addition, the bill is focused on providing proof of workers’ compensation coverage but does not go far enough to ensure that the coverage is the correct insurance for the work being performed. As the representative of the industry that this bill seeks to regulate, we would recommend that policy improve compliance with existing law and address all the abuses that are being committed by bad actors without adding unnecessary burdens on ethical staffing professionals.”

## **7. Prior Legislation:**

AB 1978 (Gonzalez, Chapter 373, Statutes of 2016) created a registration process for janitorial employers and required sexual harassment and violence prevention training for janitorial workers.

SB 477 (Steinberg, Chapter 711, Statutes of 2014) established a registration and oversight process for foreign labor contractors with the Labor Commissioner.

AB 1675 (Bonilla, Chapter 857, Statutes of 2012) established civil penalties for farm labor contractors who are found to have violated license requirements.

AB 1660 (Campos, Chapter 634, Statutes of 2012) required people representing artists who are minors, under 18 years of age, to obtain a Child Performer Services Permit from DIR.

SB 184 (Murray, Chapter 46, Statutes of 2005) increased from \$10,000 to \$50,000 the amount of the surety bond required of talent agencies before a license may be issued or renewed.

AB 1688 (Goldberg, Chapter 825, Statutes of 2003), among other things, required employers of car washers to register with the Labor Commissioner and pay a specified registration fee.

AB 633 (Steinberg, Chapter 554, Statutes of 1999) made changes to the garment manufacturing laws and amends the manufacturer registration and wage collection process.

**SUPPORT**

UFCW - Western States Council (Sponsor)  
Arena Staffing  
Partners Personnel  
Partnership Organization for Workplace Ethics and Reform (P.O.W.E.R.)

**OPPOSITION**

American Staffing Association  
Atr International  
Bolt Staffing  
California Chamber of Commerce  
California Staffing Professionals (CSP)  
Employers Depot  
Icr Staffing  
People Connection  
Psinapse Technology  
Quest-staffing  
Royal Staffing  
STAR Staffing  
Talent Group LLC

**-- END --**