
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1032 (Reyes) - Staffing agencies: registration

Version: April 23, 2026

Policy Vote: L., P.E. & R. 3 - 1, JUD. 11 -
2

Urgency: No

Mandate: Yes

Hearing Date: May 4, 2026

Consultant: Robert Ingenito

Bill Summary: SB 1032 would make specified changes to current law pertaining to staffing agencies, as provided.

Fiscal Impact:

- The Department of Industrial Relations (DIR) has yet to determine its administrative impacts that would result from this bill. However, these costs would likely total, at a minimum, in the hundreds of thousands of dollars annually (special fund). Cost drivers would include (1) developing and administering the new registration program, and (2) promulgating regulations.
- This bill could result in an increased number of civil actions. Consequently, the bill could result in potentially significant cost pressures to the courts; the magnitude is unknown (Trial Court Trust Fund (TCTF)). The specific number of new actions that could be filed under the bill also is unknown; however, it generally costs about \$10,500 per day to operate a courtroom. Courts are not funded on the basis of workload, and increased pressure on TCTF may create a need for increased funding for courts from the General Fund. The proposed 2026-27 budget includes \$70 million in ongoing support from the General Fund to continue to backfill TCTF for revenue declines.

Background: Staffing agencies reportedly 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. 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 paying wages, withholding and remitting employment taxes (including Social Security and unemployment), providing workers' compensation insurance, and providing a variety of employee benefits. As employers, staffing

agencies are responsible for compliance with all applicable labor, employment, and employee benefit laws, including worker health and safety laws.

Under current law, 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 DIR's Division of Labor Standards Enforcement (DLSE), headed by Labor Commissioner (LC). 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 DIR internet site, and some industries establish when the LC may revoke or suspend a registration or license.

Proposed Law: This bill, among other things would do the following:

- Require a staffing agency to register, as prescribed, with the LC before conducting any business in California, and annually thereafter.
- Prohibit the LC from registering or renewing a registration, unless the staffing agency satisfies certain conditions, including submitting an application that is certified under penalty of perjury to the commissioner for registration or renewal of registration and providing the commissioner proof of a current workers' compensation policy in effect for all employees, as provided.
- Require the LC, if at any time it finds that the staffing agency does not have the current workers' compensation insurance policy in effect for all employees, to deny, suspend, or revoke the registration, after a hearing, and notify the DIR Director, as specified.
- Require the LC to post a specified list of registered staffing agencies on DIR's internet site.
- Prohibit a business from using the services of a staffing agency without a registration pursuant to these provisions.
- Authorize a registered staffing agency to bring an action against an unregistered staffing agency or a business that uses the services of a staffing agency without a registration, as provided, and would authorize the court to enter into an order to enjoin the defendant from engaging in any business as a staffing agency without a registration or using the services of a staffing agency without a registration.
- Authorize the LC to promulgate regulations and rules necessary to carry out its provisions.

Related 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.

Staff Comments: This bill would create a regulatory framework for staffing agencies under DIR similar to that other aforementioned industries. Specifically, staffing agencies would be required register with the Labor Commissioner, as specified.

Any local government costs resulting from the mandate in this measure are not state-reimbursable because the mandate only involves the definition of a crime or the penalty for conviction of a crime.

-- END --