

THIRD READING

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Bill No: SB 1032  
Author: Reyes (D)  
Amended: 5/14/26  
Vote: 21

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SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 3-1, 4/8/26

AYES: Smallwood-Cuevas, Cortese, Durazo

NOES: Strickland

NO VOTE RECORDED: Laird

SENATE JUDICIARY COMMITTEE: 11-2, 4/21/26

AYES: Umberg, Allen, Ashby, Caballero, Durazo, Laird, Reyes, Stern, Wahab,  
Weber Pierson, Wiener

NOES: Niello, Valladares

SENATE APPROPRIATIONS COMMITTEE: 5-2, 5/14/26

AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto, Dahle

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**SUBJECT:** Staffing agencies: registration

**SOURCE:** United Food and Commercial Workers Western States Council

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**DIGEST:** This bill requires (1) a staffing agency, as defined, 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 publicly post a list of registered staffing agencies, (5) prohibits a business from using the services of a staffing agency without a

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 investigation, 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 a registration, 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 a registration.
- 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 a registration.
- 9) Provides that a registered staffing agency that prevails in an action brought, as specified, is entitled to either of the following damages, at the election of the prevailing registered staffing agency:
  - a) Actual damages caused by the unregistered staffing agency or a business that used the services of a staffing agency without a registration.
  - b) Statutory damages not to exceed seventy-five thousand dollars (\$75,000).
- 10) Provides that, from January 1, 2027 through December 31, 2027, plaintiffs in actions brought pursuant to this section will demonstrate that the defendant had actual notice of the requirements in this section. Notice for purposes of this section may include, but not be limited to, a certified letter to place of business, a certified letter to designated address for service of process, or other reasonable means of written notice. As of January 1, 2028, notice of the registration requirement pursuant to this section shall be presumed.
- 11) Requires the Labor Commissioner to promulgate all regulations and rules necessary to carry out the provisions specified.
- 12) Defines the following terms:
  - a) “Commissioner” means the Labor Commissioner.
  - b) “Director” means Director of Industrial Relations.

- c) “Staffing agency” means a “temporary services employer,” as defined in subdivision (a) of Section 201.3, or a “labor contractor,” as defined in paragraph (3) of subdivision (a) of Section 2810.3, as well as any individual, partnership, corporation, limited liability company, association, or other business entity that, for a fee or other consideration, directly or indirectly recruits, hires, employs, assigns, refers, places, furnishes, or supplies one or more workers to perform labor or services for the benefit of, or under the direction of, a third-party business or worksite employer, whether on a temporary, seasonal, leased, project-based, or ongoing basis, and which is not already defined and regulated, as specified.
- i) “Staffing agency” does not include any entity excluded from the definition of “labor contractor,” as specified.

## Background

*Staffing agencies.* Staffing agencies recruit, screen, and hire millions of employees each year and assign them to clients on an as-needed basis. Nationwide, 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. Staffing 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.

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.

*Employer registrations with the Labor Commissioner’s Office.* 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

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

DIR website, and some industries establish when the Labor Commissioner may revoke or suspend a registration or license.

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.* Employers that must register with the Labor Commissioner's Office have a variety of 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 along 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.

*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 determined by the Commissioner.

*Proof of workers' compensation.* 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 registrations and 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*.

*Public posting.* 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.

*[NOTE: See the Senate Labor, Public Employment and Retirement Committee analysis for detailed background on this bill.]*

### **Related/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.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee:

- The Department of Industrial Relations (DIR) LCO is still reviewing the bill but expects that costs will exceed \$300,000 annually for staff (enforcement deputies, support, and supervisory staff) and IT (implementation of a new registration system for staffing agencies) to enforce the bill's requirements.
- 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.

**SUPPORT:** (Verified 5/14/26)

United Food and Commercial Workers Western (UFCW) States Council (Source)  
Arena Staffing  
Baran Agency  
California Federation of Labor Unions  
California State Council of Service Employees International Union  
Employinsure, LLC  
Partners Personnel  
Partnership Organization for Workplace Ethics and Reform  
Stellar Staffing  
Union of American Physicians and Dentists

**OPPOSITION:** (Verified 5/14/26)

American Staffing Association  
ATR International  
Bolt Staffing  
California Chamber of Commerce  
California Staffing Professionals  
Employers Depot  
Icr Staffing  
Inland Staffing, INC.  
Innovative Career Resources & Staffing  
People Connection  
Psinapse Technology  
Quest-staffing  
Royal Staffing  
Staffing Solutions  
STAR Staffing  
Talent Group LLC

**ARGUMENTS IN SUPPORT:** According to the sponsors of this bill, the United Food and Commercial Workers (UFCW) Western States Council: “SB 1032 addresses a critical gap in California's oversight of temporary staffing agencies by creating a clear, commonsense regulatory framework similar to that already in place for contractors and other high-risk industries. California has the largest temporary staffing market in the nation, with staffing firms generating over \$41 billion in annual revenue and employing millions of workers over the course of a year. 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.

[SB 1032'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.”

**ARGUMENTS IN OPPOSITION:** According to the California Staffing Professionals: “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.”

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5/18/26 15:19:34

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