Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1032 (Reyes) – As Amended May 14, 2026

Policy Committee:	Labor and Employment	Vote:	5 - 2
	Judiciary		9 - 3

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

SUMMARY:

This bill requires a staffing agency to register with the Labor Commissioner (LC) before conducting business in the state.

Specifically, this bill:

1) Requires a staffing agency to register with the LC before conducting business in the state and annually thereafter and prohibits the LC from registering or renewing the registration of a staffing agency unless the agency meets certain conditions, including payment of an initial or renewal registration fee in an amount determined by the LC to defray administrative costs and providing the LC with a surety bond.

2) Requires the LC to deny, suspend, or revoke the registration of a staffing agency if the LC, at any time, finds the agency does not have a current workers' compensation policy in effect for all employees and notify the Department of Industrial Relations (DIR) director, who must issue a stop order on the staffing agency.

3) Requires the LC to post a list of registered staffing agencies on the DIR website, including each agency's workers' compensation policy carrier.

4) Authorizes the LC to promulgate regulations to implement the registration requirement.

5) Prohibits a business from using the services of an unregistered staffing agency.

6) Authorizes a registered staffing agency to bring an action in superior court against an unregistered staffing agency or a business using the services of an unregistered staffing agency, allows a registered staffing agency to seek injunctive relief without demonstrating actual harm, and entitles a prevailing registered staffing agency to actual damages and statutory damages of up to $75,000.

FISCAL EFFECT:

1) Costs of approximately $7.3 million in the first year and $5.9 million ongoing to DIR for additional staff positions to implement and enforce registration requirements and to contract with an information technology vendor to create a registration database and related technologies, partially offset by registration fees (Labor Enforcement and Compliance Fund).

2) Ongoing cost pressures of an unknown amount, potentially in excess of $150,000, to the courts in additional workload by creating a new civil action for a registered staffing agency to seek injunctive relief and damages against an unregistered agency or business using the services of an unregistered agency (General Fund (GF) or Trial Court Trust Fund (TCTF)). It is unclear how many actions may be brought 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.

COMMENTS:

1) **Purpose.** According to the author:

> Other industries that place or manage third-party workers from staffing agencies, such as the garment industry, farm labor contractors, car washes, janitorial services, and talent agencies, are already subject to specific licensing or registration requirements in California. The SAFE Act would align temporary staffing agencies with this existing regulatory approach to protect workers and promote compliance.

2) **Background.** ***Staffing Agencies.*** According to 2024 data from the American Staffing Association, staffing agencies employ over 1.7 million workers in California, representing an annual payroll of over $50 billion. A staffing agency is a third-party firm that connects a business with workers to fill temporary, contract, or permanent positions. Generally, in such an arrangement, the worker is legally employed by the staffing agency, not the client company to which the worker is assigned. Thus, the staffing agency is responsible for administering employee payroll, benefits, workers' compensation coverage, and other human resources functions. This bill requires a staffing agency to annually register with the LC and requires the LC to suspend or revoke an agency's registration if the LC determines the agency does not have a current workers' compensation policy in effect for all employees.

   Private Right of Action. Existing law provides similar registration requirements for other businesses that provide temporary labor services, including janitorial service providers, farm labor contractors, and foreign labor contractors. However, this bill's registration requirement differs from the requirements applicable to other industries by allowing a registered staffing agency to bring a civil action against an unregistered agency or business using the services of an unregistered agency for injunctive relief and statutory damages. As noted in the Assembly Judiciary Committee's analysis of this bill:

> In sum, the author may wish to consider whether to amend the bill in order to limit enforcement to administrative remedies, as is the case with the statutes governing parallel labor provider agencies. If, on the other hand, the author wishes to keep the private right of action, then it seems reasonable to require a showing of actual harm, as this Committee required of AB 1171 [(Rubio), Chapter 467, Statutes of 2023].

3) **Support and Opposition.** This bill is sponsored by UFCW Western States Council, which argues, "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." This bill is also supported by other labor organizations and several staffing agencies.

   This bill is opposed by the American Staffing Association, which argues this bill "would barely touch the broad range of workers' compensation abuses by the bad actors" and "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." This bill is also opposed by the California Chamber of Commerce, California Staffing Professionals, and several other staffing agencies.

4) **Related Legislation.** AB 1515 (Committee on Labor and Employment) prohibits a person from providing, advertising, or otherwise representing oneself as providing professional employer organization (PEO) services unless registered with the LC. Unlike a staffing agency, a PEO does not employ workers to provide labor services. A PEO performs certain human resources tasks, such as processing payroll and obtaining workers' compensation coverage, for an employer of record (EOR). However, since the EOR may be in the business of helping a client employer hire workers, opponents of this bill argue PEOs and EORs should also be subject to this bill's requirements. AB 1515's registration requirements for a PEO are less detailed than this bill's requirements for a staffing agency, and AB 1515 does not contain a private right of action. AB 1515 was ordered to the Senate Inactive File.

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