

Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 1371 (Durazo) – As Amended April 13, 2026

Policy Committee: Judiciary

Vote: 9 - 3

Urgency: No

State Mandated Local Program: Yes

Reimbursable: Yes

SUMMARY:

This bill prohibits a franchise contract, license, or permit for solid waste handling services entered into or substantially amended by a local agency from including a force majeure provision that excuses or suspends a service provider's obligation to perform during a work stoppage arising out of a labor dispute, and renders any such provision void and unenforceable regardless of when the contract was entered into.

FISCAL EFFECT:

- 1) Potentially reimbursable state-mandated local program costs (General Fund), to the extent the Commission on State Mandates determines the bill imposes a reimbursable mandate. The bill includes the standard subvention clause, so if the commission finds that the prohibition on labor-dispute force majeure provisions imposes a new program or higher level of service on local agencies, the state would be required to reimburse those costs. Whether the bill creates a reimbursable mandate, and in what amount, is unknown.
- 2) Potential cost pressure on the courts to adjudicate claims (Trial Court Trust Fund, General Fund). To the extent the void-and-unenforceable provision generates contract disputes between local agencies and haulers, the courts could experience minor cost pressures. Actual costs will depend on the number of cases filed and the amount of court time needed to resolve each case. 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 the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The state budget provides annual General Fund backfills to the Trial Court Trust Fund to offset revenue reductions, totaling approximately \$117.3 million in 2025-26.

COMMENTS:

- 1) **Purpose.** According to the author, SB 1371 closes a gap in existing law by prohibiting solid waste franchise contracts from including force majeure provisions that excuse a hauler's obligations during a work stoppage arising out of a labor dispute, applying prospectively to contracts entered into or amended on or after January 1, 2027, and rendering existing provisions of that kind void and unenforceable. The author states that the bill narrowly targets labor-dispute force majeure provisions while preserving force majeure protections for traditional unforeseeable events, and removes the ability of haulers to shift the operational and public health consequences of a labor dispute onto local governments and communities.

- 2) **Background.** Local agencies are required to make adequate provisions for solid waste handling within their jurisdictions, and many smaller cities contract that work to large national waste collection providers under exclusive franchise agreements. Some of these contracts include force majeure provisions that treat a labor dispute as an event excusing the provider's obligation to collect waste. The committee analysis recounts that in 2022 trash went uncollected in Chula Vista when employees of the contracted provider went on strike, and that in 2025 collection in Stockton was significantly curtailed during a similar dispute. Because a city operating under an exclusive franchise cannot easily substitute another hauler, the analysis notes, the local agency bears the public health consequences of accumulating waste while having limited leverage to compel service. This bill bars labor-dispute force majeure provisions in future or substantially amended contracts and voids existing provisions to that extent.

Retroactivity and Contract Clause. The committee analysis discusses whether the bill's retroactivity provision implicates the Contract Clause of the federal constitution, which bars state laws substantially impairing contractual obligations. Applying the governing substantial-impairment test, the analysis concludes the bill is unlikely to effect a substantial impairment, in part because some local officials were reportedly unaware the force majeure provisions existed, suggesting the terms were not central to the bargain, and that, even if a court found substantial impairment, the bill is likely drawn in an appropriate and reasonable way to advance a significant and legitimate public purpose. The Assembly Judiciary analysis notes the author may nonetheless wish to consider making the measure prospective, which the author has agreed to do in this committee, as described below.

- 3) **Prior Legislation.** The committee analysis notes that the Legislature passed SB 751 (Padilla) of the 2023-24 Legislative Session, in response to the Chula Vista strike, and that Governor Newsom vetoed the measure, stating that a change to state law was unnecessary because local jurisdictions voluntarily enter into franchise agreements and can negotiate amendments without legislation. The analysis observes that this bill is narrower than SB 751 and that the subsequent Stockton strike occurred after the veto.
- 4) **Support and Opposition.** The bill is sponsored by Teamsters California and supported by the California Federation of Labor Unions and a local chamber of commerce, who argue that solid waste collection is an essential public health service, that labor-dispute force majeure provisions undermine workers' collective bargaining rights while shifting consequences onto local governments, and that the bill voids inconsistent provisions without requiring cities or haulers to renegotiate agreements. A coalition of waste service providers, including Waste Management, Republic Services, and Recology, opposes the bill unless amended to allow contract mechanisms establishing a roadmap to address work stoppages, arguing that the bill alters negotiating leverage and could raise costs to municipalities and ratepayers. Several regional and ethnic chambers of commerce also oppose the bill, citing the operational and financial harm to small businesses from service disruptions.
- 5) **Proposed Amendments.** The committee and the author have agreed to amend the bill to strike the retroactivity provision:

Section 53064.3(b) Any force majeure provision in a franchise contract, license, or permit for solid waste handling services is void and unenforceable, ~~regardless of the date on which the contract, license, or permit was entered into,~~ to the extent that it

excuses or suspends performance due to a work stoppage arising out of or in connection with a labor dispute.

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