
UNFINISHED BUSINESS

Bill No: SB 1371
Author: Durazo (D)
Amended: 8/6/26
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 5-2, 4/22/26
AYES: Durazo, Arreguín, Ashby, Cervantes, Laird
NOES: Choi, Seyarto

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SENATE FLOOR: 29-9, 5/19/26
AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Caballero,
Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón,
McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio,
Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NOES: Alvarado-Gil, Choi, Dahle, Grove, Jones, Ochoa Bogh, Seyarto,
Strickland, Valladares
NO VOTE RECORDED: Cabaldon, Niello

ASSEMBLY FLOOR: 58-17, 8/19/26 - See last page for vote

SUBJECT: Solid waste handling services: labor dispute

SOURCE: Teamsters California

DIGEST: This bill prohibits a city or county from entering into or amending a solid waste hauling agreement if it excuses the service provider from performing its duties in the event of a labor dispute.

Assembly Amendments makes the bill prospective for labor contracts, licenses or permits.

ANALYSIS:

Existing law:

- 1) Allows a city or county to “make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws,” known as the police power. It is from this fundamental power that local governments derive their authority to regulate behaviors, business operations, and land uses. Local agencies also use this police power to abate nuisances and protect public health, safety, and welfare. Cities exercise their police power within their jurisdictions, where not in conflict with state law, and counties exercise this power in unincorporated areas.
- 2) Allows cities that adopt charters to control their own “municipal affairs.” In all other matters, charter cities must follow the general, statewide laws.
- 3) Requires local agencies to provide solid waste handling services, or contract with another local agency or solid waste enterprise. These provisions declare certain decisions regarding solid waste handling to be local agencies’ responsibility.

This bill:

- 1) Provides that, to promote public health, safety, and well-being, a franchise contract, license, or permit for solid waste handling services that a local agency enters into or amends on or after January 1, 2027, must not include a force majeure provision that excuses or suspends the service provider’s from performing their duties in the event of a labor dispute.
- 2) Provides that any force majeure provision in a franchise contract, license, or permit for solid waste handling services is void and unenforceable, to the extent that it excuses or suspends performance due to a work stoppage arising out of or in connection with a labor dispute.
- 3) Includes a severability clause and defines its terms.

Background

Waste handling franchise agreements. State law requires cities and counties to provide solid waste handling services, or contract with another local agency or solid waste enterprise. These provisions declare certain decisions regarding solid waste handling to be cities and counties responsibility, including:

- Frequency of collection;

- Means of collection;
- Level of service;
- Charges and fees;
- Nature, location, and extent of providing the services; and
- Whether to provide services through franchise agreements (either nonexclusive or exclusive), contracts, licenses, permits, other approvals, or a combination.

Most jurisdictions in the state operate with some form of “franchise,” or contract, that limits solid waste hauling within the jurisdiction to one or more specified companies. Under these agreements, the city or county charges the franchisee for the benefit of operating within the public right-of-way. The franchisee then charges customers for providing waste hauling services. Jurisdictions can enter into franchises with waste haulers, with or without competitive bidding. Exclusive franchises authorize a single hauler to operate within a jurisdiction. Non-exclusive franchises allow for more than one hauler, but establish specific requirements for hauling within the jurisdiction. Some communities in California do not have franchise agreements. In those jurisdictions, solid waste businesses compete for service contracts with individual waste generators. For example, the City of Sacramento does not provide commercial collection services. Businesses and commercial properties may contact various franchise haulers to select the hauler whose services and cost best meets their need.

Force majeure. Some franchise agreements include “force majeure” provisions, which free the parties to the agreement from performing their respective duties if extraordinary events directly prevent the parties from doing so. Such an extraordinary event is often referred to as an “act of God,” but can include both natural and human-made events, including fires, floods, storms, and labor disputes.

City of Chula Vista. In 2014, the City of Chula Vista renewed a ten-year franchise agreement with Republic Services, a waste hauler provider, that included a force majeure provision that shielded both parties from fulfilling their obligations under certain extraordinary events, including strikes or work stoppages. In December 2021, during stalled labor negotiations, Republic Services relied on this provision to halt some waste collection services. The strike lasted a month, during which the company was shielded from liability due to their franchise agreement that included a force majeure that covered a work stoppage. Because Republic Services could not be held liable due to this provision, they did not collect waste during the stoppage. However, Republic Services allowed customers to drop off waste at

their landfill free of charge. The City used its own staff and contracted with nonprofits to make up for lost or reduced services.

Comments

According to the author, “Solid waste handling services are essential to public health and environmental protection. California law allows local governments to grant exclusive or nonexclusive franchises to private haulers for waste collection and disposal. Many of these franchise agreements include force majeure clauses. Traditionally, force majeure provisions excuse performance when extraordinary events beyond the control of the parties—such as natural disasters—make compliance impossible. However, some contracts now treat labor disputes as force majeure events, allowing companies to suspend services during strikes or other lawful labor activity.

SB 1371 clarifies that lawful labor disputes are not “acts of God” and should not automatically relieve companies of their contractual obligations to provide essential services. SB 1371 ensures that solid waste companies cannot use force majeure clauses to suspend service during a labor dispute and cannot misuse emergency health or sanitation orders to undermine lawful worker strikes.”

Forces of nature. Force majeure provisions generally are used to not subject a party to the contract if something outside of their control happens. For example, during a sale proceeding of a property, if an act of force majeure prevents access to the location, the sale is postponed at no fault of the owner. When the franchise agreement is up for renewal and the parties don’t agree on terms, the waste hauler company could invoke a force majeure if their franchise agreement is included, resulting in service being halted for waste pick-up. SB 1371 eliminates the ability for waste haulers providers to invoke force majeure due to labor disputes. While this bill preserves the use of force majeure for traditional, unforeseeable events beyond a franchisee’s control, it narrows its application by excluding labor-related disruptions. The question remains if SB 1371 appropriately distinguishes between avoidable and unavoidable service interruptions, as labor disputes may still be outside the immediate control of a franchisee and could render performance impracticable though not unforeseeable.

Previous legislation. To address the waste hauling disruptions, the Legislature passed SB 751 (Padilla) of 2023 which limited the use of force majeure provisions during labor disputes and shielding the company from liability following the prolonged service interruptions in Chula Vista. Governor Newsom vetoed the legislation with the following message:

“This bill prohibits franchise agreements for solid waste handling services entered into or substantially amended by a city or county on or after January 1, 2024, from containing a "force majeure" provision that excuses the service provider from complying with the agreement in the event of a work stoppage associated with a labor dispute.”

“While I appreciate the author's intent to prevent disruptions in local waste hauling services, I do not believe a change to state law is necessary. Local jurisdictions voluntarily enter into franchise agreements and currently have the ability to negotiate amendments to such contracts without legislation.”

Charter city. The California Constitution allows cities that adopt charters to control their own “municipal affairs.” In all other matters, charter cities must follow the general, statewide laws. Because the Constitution does not define “municipal affairs,” the courts determine whether a topic is a municipal affair or an issue of statewide concern. SB 1371 says its statutory provisions apply to charter cities. To support this assertion, this bill includes a legislative finding that the prevention of misuse of emergency sanitation, health, or safety authority to interfere with lawful labor activity is a matter of statewide concern.

Mandate. The California Constitution requires the state to reimburse local governments for the costs of new or expanded state mandated local programs. Because SB 1371 expands the definition of a crime, Legislative Counsel says that this bill imposes a new state mandate. SB 1371 disclaims the state’s responsibility for providing reimbursement because the costs are due to expanding a crime.

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

According to the Assembly Appropriations Committee:

- 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.

SUPPORT: (Verified 8/19/26)

Teamsters California (Source)
Apartment Owners Association of California,
California Federation of Labor Unions, Afl-cio
Glendora Chamber of Commerce

OPPOSITION: (Verified 8/19/26)

Aborn Powers, INC.
Apartment Association of Greater Los Angeles
Apartment Association of Orange County
Apartment Owners Association of California
Brea Chamber of Commerce
California Hispanic Chamber of Commerce
California Rental Housing Association
Greater Bakersfield Chamber of Commerce
Greater High Desert Chamber of Commerce
Greater San Fernando Valley Chamber of Commerce
Institute of Real Estate Management - Southern California Inland Empire
North San Diego Business Chamber
Recology
Republic Services
Republic Services INC.
Resource Recovery Coalition of California
Santa Ana Chamber of Commerce
Waste Connections, INC.
Waste Management
Waste Management & Affiliated Entities
West Los Angeles Chamber of Commerce
Yuba Sutter Chamber of Commerce

ASSEMBLY FLOOR: 58-17 8/19/26

AYES: Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ward, Wicks, Wilson, Zbur, Rivas

NOES: Alanis, Castillo, Chen, Davies, DeMaio, Dixon, Ellis, Flora, Jeff Gonzalez, Hadwick, Hoover, Johnson, Macedo, Patterson, Sanchez, Tangipa, Wallis

NO VOTE RECORDED: Lackey, Blanca Rubio, Ta, Valencia

Prepared by: Itzel Vargas / L. GOV. / (916) 651-4119
8/19/26 14:40:30

**** END ****