

THIRD READING

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Bill No: SB 947  
Author: McNerney (D), et al.  
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 PRIV., DIGITAL TECH. & CONS. PROT. COMMITTEE: 7-2, 4/20/26  
AYES: Cabaldon, Gonzalez, McNerney, Padilla, Reyes, Umberg, Wiener  
NOES: Jones, Seyarto

SENATE APPROPRIATIONS COMMITTEE: 5-2, 5/14/26  
AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab  
NOES: Seyarto, Dahle

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**SUBJECT:** Employment: automated decision systems

**SOURCE:** California Federation of Labor Unions

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**DIGEST:** This bill 1) prohibits an employer from using an automated decision system (ADS) that does certain functions and limits the purposes and manner in which an ADS may be used to make disciplinary, termination, or deactivation decisions; 2) requires an employer to provide a written ADS post use notice, as specified; 3) includes worker anti-retaliation provisions for the exercise of these rights; 4) requires enforcement through the Labor Commissioner (LC) or authorized public prosecutor; and 5) prescribes penalties and remedies for violations, including civil actions.

**ANALYSIS:**

Existing law:

- 1) Defines the following terms:
  - a) “Artificial intelligence” means an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments.
  - b) “Automated decision system” means a computational process derived from machine learning, statistical modeling, data analytics, or artificial intelligence that issues simplified output, including a score, classification, or recommendation, that is used to assist or replace human discretionary decision making and materially impacts natural persons. “Automated decision system” does not include a spam email filter, firewall, antivirus software, identity and access management tools, calculator, database, dataset, or other compilation of data.  
(Government Code §11546.45.5)
- 2) Establishes the California Consumer Privacy Act (CCPA), which grants consumers certain rights with regard to their personal information, including enhanced notice, access, and disclosure; the right to deletion; the right to restrict the sale of information; and protection from discrimination for exercising these rights. It places attendant obligations on businesses to respect those rights.  
(Civil Code §1798.100 et seq.)
- 3) Establishes the Consumer Privacy Rights Act (CPRa), which amends the CCPA and creates the California Privacy Protection Agency (PPA), which is charged with implementing these privacy laws, promulgating regulations, and carrying out enforcement actions. (Civil Code §1798.100 et seq.; Proposition 24 (2020))
- 4) Requires the Attorney General to adopt regulations governing, among other things, access and opt-out rights with respect to businesses’ use of automated decision making technology, including profiling and requiring businesses’ response to access requests to include meaningful information about the logic involved in those decision making processes, as well as a description of the likely outcome of the process with respect to the consumer. (Civil Code §1798.185)
- 5) 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 (LC), and empowers the LC with

ensuring a just day's pay in every workplace and promotes economic justice through robust enforcement of labor laws. (Labor Code §79-107)

- 6) Requires employers to provide to each employee, upon hire, a written description of each quota to which the employee is subject, as specified, and prohibits an employer from requiring an employee to meet a quota that prevents compliance with meal or rest periods, use of bathroom facilities, including reasonable travel time to and from bathroom facilities, or occupational health and safety laws. Additionally, prohibits an employer from taking adverse employment actions against an employee for failure to meet a quota that does not allow a worker access to these rights. (Labor Code §2101)

This bill:

- 1) Defines, among others, the following terms:
  - a) "Automated decision system" or "ADS" means any computational process derived from machine learning, statistical modeling, data analytics, or artificial intelligence that issues simplified output, including a score, classification, or recommendation, that is used to assist or replace human discretionary decision making and materially impacts natural persons. An automated decision system does not include a spam email filter, firewall, antivirus software, identity and access management tools, calculator, database, dataset, or other compilation of data.
  - b) "ADS output" means any information, data, assumptions, predictions, scoring, recommendations, decisions, or conclusions generated by an ADS.
  - c) "Employer" means any person who directly or indirectly, or through an agent or any other person, employs or exercises control over the wages, benefits, other compensation, hours, working conditions, access to work or job opportunities, or other terms or conditions of employment, of any worker. This shall include all branches of state government, including all cities, counties, charter counties, municipalities, charter municipalities, cities and counties, special districts, transit districts, the University of California upon agreement by the regents, the California State University, community college districts, school districts, or any other governmental entity.  
"Employer" includes a labor contractor of a person defined as an employer.
  - d) "Employment-related decision" means any decision by an employer that materially impacts a worker's wages, benefits, compensation, work hours, work schedule, performance evaluation, hiring, discipline, promotion, termination, job tasks, skill requirements, work responsibilities, assignment

- of work, access to work and training opportunities, productivity requirements, or workplace health and safety.
- e) “Predictive behavior analysis” means any system that predicts or modifies a worker’s behavior, beliefs, or intentions.
  - f) “Worker” means any natural person who is an employee of, or an independent contractor providing service to, or through, a business or a state or local governmental entity in any workplace.
  - g) “Worker data” means any information that identifies, relates to, or describes a worker, regardless of how the information is collected, inferred, or obtained.
- 2) Prohibits an employer from using an ADS to do any of the following:
- a) Prevent compliance with or violate any federal, state, or local labor, occupational health and safety, employment, or civil rights laws or regulations.
  - b) Infer a worker’s protected status under Section 12940 of the Government Code.
  - c) Conduct predictive behavior analysis on a worker with the intention of using the analysis to make an employment-related decision.
  - d) Predict or take adverse action against a worker for exercising their legal rights, including, but not limited to, rights guaranteed by state and federal employment and labor law.
  - e) Use or rely upon individualized worker data as inputs or outputs to inform compensation unless the employer can clearly demonstrate that any differences in compensation for substantially similar or comparable work assignments are based upon cost differentials in performing the task involved, or that the data was directly related to the tasks that the worker was hired to perform.
- 3) Prohibits an employer from relying solely on an ADS when making a disciplinary, termination, or deactivation decision.
- 4) If an employer primarily relies upon an ADS output to make a disciplinary, termination, or deactivation decision, requires the employer to direct a human reviewer to conduct an independent investigation and compile corroborating or supporting information for the decision. Such supporting information may include, but is not limited to, the following:
- a) Supervisory or managerial evaluations.
  - b) Personnel files.
  - c) Work product of workers.

- d) Peer reviews.
  - e) Witness interviews, that may include relevant online customer reviews.
- 5) Prohibits an employer from using the ADS output to discipline, terminate, or deactivate a worker if the employer cannot corroborate the ADS output, or the human reviewer has concluded that the ADS output is inaccurate, incomplete, or misleading.
  - 6) Prohibits an employer from using customer ratings as the only or primary input data used to assist the employer to make employment-related decisions.
  - 7) Grants workers the right to request, and requires an employer to provide, a copy of the most recent 12 months of the worker's own data primarily used by an ADS to make a disciplinary, termination, or deactivation decision.
    - a) A worker is limited to one request every 12 months for a copy of their own data primarily used by an ADS to make a disciplinary, termination, or deactivation decision.
    - b) For purposes of safeguarding the privacy rights of consumers, workers, and individuals, requires the worker data to be provided in a manner that anonymizes the customer's, other worker's, or individual's personal information.
  - 8) Requires an employer that primarily relied upon an ADS to make a disciplinary, termination, or deactivation decision to provide the affected worker with a written post use notice at the time the employer informs the worker of the decision.
    - a) Requires the notice to comply with all of the following:
      - i. It shall be written in plain language as a separate, stand-alone communication.
      - ii. It shall be in the language in which routine communications and other information are provided to workers.
      - iii. It shall be provided via a simple and easy-to-use method, including an email, hyperlink, or other written format.
  - 9) Requires the post-use notice to contain all of the following information:
    - a) That the employer primarily relied upon an ADS to assist the employer in the disciplinary, termination, or deactivation decision with respect to the worker.
    - b) That a human reviewer conducted an independent investigation and compiled evidence to corroborate the ADS output.

- c) Contact information for a human that the worker may contact for more information about the decision and the worker's right to access a copy of their own data and corroborating evidence that was used in the decision.
  - d) That the employer is prohibited from retaliating against the worker for exercising their rights under this part.
- 10) Requires an employer, when responding to a data access request by a worker, to provide to the worker a written, plain language document using a simple and easy-to-use method that is accessible away from the workplace containing all of the following:
- a) The specific decision for which the employer used the ADS.
  - b) The specific worker data that the ADS used, and the specific ADS output produced by the ADS.
  - c) Any additional corroborating or supporting information used in addition to the ADS output in making the decision.
  - d) The name of the vendor or entity that created the ADS and the product name of the ADS.
  - e) A copy of any completed impact assessments regarding the ADS in question.
- 11) Prohibits an employer from discharging, threatening to discharge, demoting, suspending, or in any manner discriminating or retaliating against any worker for using or attempting to use their rights under these provisions, including the filing of a complaint with the LC, as specified.
- 12) Requires the LC to enforce these provisions, including by investigating an alleged violation, ordering appropriate temporary relief to mitigate a violation or maintaining the status quo pending the completion of a full investigation or hearing through the procedures set forth in existing law, as specified, including by issuing a citation against an employer who violates these provisions and filing a civil action.
- a) If a citation is issued, the procedures for issuing, contesting, and enforcing judgments for citations and civil penalties issued by the LC shall be the same as those set forth in existing law, as specified.
- 13) Authorizes any worker, or their exclusive representative, who has suffered a violation of these provisions to, alternatively to enforcement by the LC, bring a civil action for damages caused by the violation.

- 14) Authorizes public prosecutors to enforce these provisions pursuant to existing Labor Code Chapter 8 (commencing with Section 180) of Division 1.
- 15) Specifies that in any action, the petitioner may seek appropriate temporary or preliminary injunctive relief, including punitive damages, and reasonable attorney's fees and costs as part of the costs of any such action for damages.
- 16) Subjects an employer who violates these provisions to a civil penalty of five hundred dollars (\$500).
- 17) Specifies that it does not preempt any city, county, or city and county ordinance that provides equal or greater protection to workers who are covered by these provisions.
- 18) Provides that an employer who complies with the requirements related to notice in this bill is not required to comply with any substantially similar notice provisions related to ADS' used for employment-related decisions required under any other state law, except as specified.
  - a) Notwithstanding the above, specifies that an employer that is a business subject to the CCPA is subject to any privacy-related automated decisionmaking technology regulation duly adopted by the California Privacy Protection Agency, as specified.
- 19) Exempts from its provisions, parties covered by a valid collective bargaining agreement if the agreement explicitly waives these provisions in clear and unambiguous terms, expressly provides for the wages or earning, working conditions, and other terms and conditions of work, and provides protection from algorithmic management.
- 20) Provides that these provisions do not prohibit any employer from complying with regulatory or contractual requirements in the provision of products or services to the federal government.
- 21) Declares that its provisions are severable and if any provision or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

## Background

*Artificial Intelligence (AI) and Automated Decision Systems.* Automated decision systems (ADS) are computer programs that analyze data (in employment settings, this can be anything from tracking attendance to work product delivery or even worker behavior) to find patterns or correlations and produce outputs for employer use. The use of ADS can pose several challenges including bias and discrimination in its development and use. Over the last several years, the Legislature has considered several bills aimed at regulating AI and its use to ensure that the privacy rights of Californians continue to be protected.

*Need for this bill?* According to the author: “Employers are increasingly using automated decision-making systems to surveil, manage, and replace workers in pursuit of maximizing productivity and reducing costs. While the passage of AB 701 (Chapter 197, Statutes of 2021) has prohibited employers from setting productivity demands at the expense of health and safety, "robo-bosses" continue to pose a threat to workers. Unregulated employer use of ADS leaves workers vulnerable to discrimination, lower pay, dangerous working conditions, and high risk of unjust termination. SB 947 requires human oversight and independent verification for discipline, termination, or deactivation decisions. The bill provides notice and access to data to a worker when ADS has been used to support a discipline, termination, or deactivation decision. It also prohibits the use of ADS for predictive behavior analysis of workers.”

## Related/Prior Legislation

SB 7 (McNerney) of 2025 attempted to regulate the use of ADS’ in the employment setting by, among other things, 1) requiring employers to provide a written notice (pre introduction and post use) that an ADS is in use at the workplace to all workers and job applicants directly affected by the ADS; 2) prohibiting in some instances and in others limiting the use of an ADS, as specified; 3) providing worker anti-retaliation protections for exercising these rights; and 4) specifying enforcement mechanisms that included penalties and relief for violations. SB 7 was vetoed by Governor Newsom.

[NOTE: Please see the Senate Labor, Public Employment and Retirement Committee analysis on this bill for more background information and information on more prior and related legislation.]

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

According to the Senate Appropriations Committee:

- The Department of Industrial Relations (DIR) has yet to determine its administrative impacts that would result from this bill. However, based on the department's costing of similar legislation, DIR's annual administrative costs, at a minimum, would likely be in the millions of dollars (Labor Enforcement and Compliance Fund).
- 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 to operate a courtroom for an eight-hour day. 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.
- This bill could result in increased penalty revenue to the State. The magnitude is unknown.

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

California Federation of Labor Unions (Source)

Alameda Labor Council

American Federation of Musicians, Local 7

American Federation of State, County and Municipal Employees California

California Alliance for Retired Americans

California Employment Lawyers Association

California Faculty Association

California Federation of Teachers AFL-CIO

California Immigrant Policy Center

California Nurses Association

California Professional Firefighters

California School Employees Association

California State Legislative Board of the SMART Transportation Division  
(SMART-TD)

California Teachers Association

Center on Policy Initiatives

Central Coast Labor Council

Communications Workers of America, District 9  
County Employees Management Association  
Fresno-Madera-Tulare-Kings Central Labor Council, AFL-CIO  
Electronic Frontier Foundation  
Inland Empire Labor Council, AFL-CIO  
National Union of Healthcare Workers  
North Bay Labor Council  
North Valley Labor Federation  
Oakland Privacy  
Orange County Employees Association  
Orange County Labor Federation, AFL-CIO  
San Mateo County Central Labor Council  
TechEquity Action  
UAW Region 6  
What We Will

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

American Petroleum and Convenience Store Association  
Associated Equipment Distributors  
Association of California Healthcare Districts  
Association of California School Administrators  
Bay Area Council  
Business Software Alliance  
California Apartment Association  
California Association of Recreation & Park Districts  
California Association of School Business Officials  
California Association of Winegrape Growers  
California Broadband & Video Association  
California Chamber of Commerce  
California County Superintendents  
California Farm Bureau  
California Grocers Association  
California Landscape Contractors Association  
California League of Food Producers  
California Manufacturers & Technology Association  
California Retailers Association  
California Special Districts Association  
California Staffing Professionals  
California State Association of Counties  
California Trucking Association

California's Credit Unions  
Chamber of Progress  
Cinema Association of California  
Civil Justice Association of California  
County of Fresno  
County of Kern  
Greater Riverside Chambers of Commerce  
Insights Association  
Leading Age California  
League of California Cities  
Long Beach Area Chamber of Commerce  
Los Angeles County Business Federation  
Lyft, Inc.  
National Association of Mutual Insurance Companies  
Orange County Fire Authority  
Personal Insurance Federation of California  
Protect App-Based Drivers and Services Coalition  
Public Risk Innovation, Solutions, and Management  
Rancho Cucamonga Chamber of Commerce  
Rural County Representatives of California  
Self Storage Association  
SHRM California  
TechNet  
Uber Technologies, INC.  
Urban Counties of California  
Valley Industry and Commerce Association  
Western Growers Association

**ARGUMENTS IN SUPPORT:** According to the sponsors of the measure, the California Federation of Labor Unions: “To prevent algorithmic firings and discipline, SB 947 ensures human oversight of automated decision-making systems when making decisions that impact workers’ working conditions and livelihoods. SB 947 allows employers to use ADS, but requires human oversight and independent corroboration of firing, disciplinary, and deactivation decisions. Additionally, SB 947 outright prohibits employers from using an ADS to make decisions on workers based on predictive analysis, thus protecting workers from being profiled and disciplined based on actions they have not committed. SB 947 will prevent the outsourcing of decisions that impact workers’ lives to machines. It allows for the use of technology and tools to make workplaces more productive and efficient but ensures human oversight to prevent abuse and mistakes. New technologies like artificial intelligence are powerful tools with the potential to

either improve work for workers and employers or to exacerbate and increase existing exploitation and inequality. SB 947 ensures that technology remains a tool controlled by humans.”

**ARGUMENTS IN OPPOSITION:** A coalition of employer associations, including the California Chamber of Commerce, are opposed arguing, among other things, that “the bill broadly targets businesses of all sizes, across every industry, and regulates even low-risk applications of ADS. Significantly, we are disappointed that the bill undoes many amendments taken in SB 7, its predecessor bill from 2025 that was vetoed, marking a step backwards in progress on this issue. SB 947 will drive up costs for consumers and employers because it would impose significant compliance burdens and any misstep would lead to costly litigation for even the smallest of employers. While we appreciate concerns over employees being unfairly disciplined or terminated solely based on automated tools, SB 947 is not tailored to those scenarios and does not consider the benefits of ADS technology. Unfortunately, we believe SB 947 will have an undesired chilling effect on the technology and make it that much harder to develop the very tools that can help combat bias in decision making.”

Opposition from various local government and educational agencies, including the League of California Cities and the California State Association of Counties, argue: “The bill’s enforcement provisions, including a private right of action, expose local governments and schools to increased litigation risk and costs. For public employers with represented workforces, collective bargaining agreements already provide mechanisms for appealing personnel decisions. This bill’s enforcement provisions overlay appeal rights for public employees that could create confusion, workload redundancy, and legal uncertainty. The bill also defines an “employer” subject to its provisions to also include all branches of state government (see Proposed Labor Code Section 1520(d)(1)). With the state and local agencies grappling with a substantial and growing decline in support from the federal government for a variety of programs and services, now is not the time for additional unfunded mandates, particularly without a clearly demonstrated need...”

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5/18/26 15:05:42

\*\*\*\* END \*\*\*\*