Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 947 (McNerney) – As Amended July 2, 2026

Policy Committee:	Labor and Employment	Vote:	5 - 1
	Privacy and Consumer Protection		10 - 4
	Judiciary		8 - 3

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

SUMMARY:

This bill prohibits an employer from using an automated decision system (ADS) to perform certain actions and regulates allowable ADS uses.

Specifically, this bill:

1) Defines an "ADS" to mean any computational process derived from machine learning, statistical modeling, data analytics, or artificial intelligence (AI) that issues simplified output, including a score, classification, or recommendation, used to assist or replace human discretionary decision-making and materially impacts natural persons.

2) Prohibits an employer from using an ADS to perform certain actions, such as to conduct predictive behavior analysis on a worker with the intention of using the analysis to make an employment-related decision.

3) Prohibits an employer from relying solely on an ADS when making a disciplinary, termination, or deactivation decision ("decision") and requires an employer that relies upon an ADS output to make a decision to direct a human reviewer to conduct an independent investigation and compile corroborating information for the decision.

4) Grants a worker the right to request a copy of the most recent 12 months of the worker's data primarily used by an ADS to make a decision and requires the employer to respond with a plain-language document that contains certain information, including the corroborating information used by the employer and the vendor and product name of the ADS.

5) Requires an employer that primarily relied upon an ADS to make a decision to provide the worker with a written, post-use notice that contains certain information, including contact information for a human that the worker may contact for more information about the decision and the worker's rights.

6) Prohibits an employer from discriminating or retaliating against a worker who asserts their rights under these provisions.

7) Requires the Labor Commissioner (LC) to enforce these provisions, including issuing a citation and filing a civil action, and authorizes enforcement by a public prosecutor through a civil action.

8) Allows the petitioner in a civil action to seek temporary or preliminary injunctive relief, punitive damages, and attorney's fees and costs, and subjects an employer to a civil penalty of $500 per violation.

9) Exempts parties covered by a valid collective bargaining agreement (CBA) from these provisions if the CBA explicitly waives these provisions and provides protection from algorithmic management.

FISCAL EFFECT:

1) Costs of an unknown, but likely significant amount, in excess of $150,000, to the state as an employer to ensure compliance with this bill's human review, notice, and data provision requirements for allowable ADS uses (General Fund (GF) or special fund). The magnitude of costs depends the state's existing ADS disclosure and use policies.

   Similarly, likely significant costs to local government employers, which the state would not need to reimburse because this bill's new requirements for local agencies equally apply to the private sector.

2) Costs ranging from approximately $600,000 to the low millions of dollars annually to the Division of Labor Standards and Enforcement (DLSE, also known as the LC) to enforce this bill's ADS use and workers' rights provisions, partially offset by penalty revenue (Labor Enforcement and Compliance Fund). DLSE's primary mission is enforcement of the state's wage and hour laws, whereas this bill regulates employer conduct broader than the usual scope of enforcement for DLSE. As such, DLSE anticipates needing additional staff positions to provide technical expertise and accommodate a sharp increase in complaints and investigations. DLSE notes the number of complaints filed is likely to be as high as 4,000 per year, given this bill's broad scope, application to both employees and independent contractors, and role for DLSE as the primary enforcement body. DLSE estimates costs to reach approximately $5.1 million annually if DLSE investigates an additional 285 cases per year as a result of this bill.

3) Annual cost pressures of an unknown amount to the courts in additional workload by authorizing a new civil action against an employer that violates this bill's ADS use and workers' rights provisions (GF or Trial Court Trust Fund (TCTF)). It is unclear how many civil actions may be filed 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.

4) The Department of Justice (DOJ) reports no significant impact from this bill, indicating DOJ is unlikely to experience an increase in litigation representing state agencies for alleged violations of this bill's prohibitions or pursue civil actions to enforce this bill's provisions as a public prosecutor.

COMMENTS:

1) **Purpose.** According to the author, "there are currently no safeguards to prevent machines from unjustly or illegally impacting workers' livelihoods and working conditions." The author contends, "SB 947 does not prohibit ADS in the workplace, rather it will establish guardrails to ensure that California businesses are not operated by robo bosses, because there will be a human in the loop. AI must remain a tool controlled by humans, not the other way around."

2) **Background.** ***Workplace AI Tools.*** An employer may use data gathered from workplace AI tools to make a wide range of decisions affecting a worker's wages and benefits, work schedule, performance evaluation, discipline, promotion, and other workplace conditions. An ADS is a predictive AI system that produces simplified outputs, such as scores, classifications, or recommendations, to assist or replace human discretionary decision-making. An ADS can process enormous datasets, identify hidden patterns, and make decisions on a scale that vastly exceeds human capabilities. However, relying on an ADS may be hazardous if deployed without proper oversight, as the datasets the ADS is trained on may be unrepresentative or biased, the basis for ADS outputs may be inscrutable, and the ADS may fail to account for the complexity of human behavior. This bill puts restrictions on an employer's ability to use an ADS in employment-related decisions. This bill prohibits an employer from relying solely on an ADS output to discipline, terminate, or deactivate a worker, and requires an employer that primarily relies on an ADS output to make such a decision to direct a human reviewer to investigate and compile information to corroborate the decision and provide the worker with certain information regarding the decision.

   Agency Regulations. The Civil Rights Department approved regulations, effective October 1, 2025, to address an employer's use of AI and an ADS under California's Fair Employment and Housing Act, clarifying that an employer cannot use an ADS to make employment decisions that discriminate against an applicant or employee based on their protected characteristics. Similarly, this bill prohibits an employer from using an ADS to violate certain laws, including state labor law or civil rights laws.

   The California Privacy Protection Agency (CPPA) approved regulations, effective January 1, 2027, that will require a business that uses automated decision-making technology (ADMT) to provide a consumer with: (a) a pre-use notice, (b) the ability to opt-out of the use of ADMT to make a significant decision concerning the consumer, unless the business provides the consumer with a method to appeal the decision to a human reviewer or certain other conditions are met, and (c) a response to the consumer's request to access ADMT. The CPPA regulations define a "significant decision" to include employment or independent contracting opportunities or compensation and distinguishes between decisions related to hiring and allocation of work and compensation, with decisions related to demotion, suspension, and termination. Given the differences in definitions and scope between the CPPA regulations and this bill, it is unclear how the two policies may interact once the regulations take effect and if this bill is enacted.

3) **Support and Opposition.** This bill is sponsored by the California Federation of Labor Unions, which argues, "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." This bill is also supported by a coalition of other labor and privacy rights organizations.

This bill is opposed by a coalition of business groups, led by the California Chamber of Commerce, which argues this bill "broadly targets businesses of all sizes, across every industry, and regulates even low-risk applications of [ADS]" and "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." This bill is also opposed by a coalition of local government associations.

4) **Related Legislation.** AB 1018 (Bauer-Kahan) establishes requirements for the developer and deployer of an ADS used to make or facilitate a consequential decision, including a decision relating to employment. AB 1018 was ordered to the Senate Inactive File.

AB 1221 (Bryan) regulates an employer's use of workplace surveillance tools and worker data. AB 1221 was held on this committee's suspense file.

AB 1331 (Elhawary) prohibits an employer from using a workplace surveillance tool to monitor workers in employee-only areas and during off-duty hours. AB 1331 was ordered to the Senate Inactive File.

AB 1883 (Bryan) prohibits an employer from using a workplace surveillance tool that uses AI for certain purposes. AB 1883 is pending hearing by the Senate Appropriations Committee.

AB 1898 (Schultz) requires an employer to notify a worker of the employer's use of a workplace AI tool to make an employment-related decision or for workplace surveillance. AB 1898 was held on this committee's suspense file.

AB 2027 (Ward) prohibits an employer from using a worker's personal information to train an AI system to replicate, automate, or replace a worker's job. AB 2027 was held on this committee's suspense file.

SB 7 (McNerney) was similar to this bill, but would not have required the human reviewer of an ADS decision to conduct an independent investigation and would have required an employer to provide a pre-use notice to a worker regarding the use of an ADS for employment-related decisions. SB 7 was vetoed by Governor Newsom, who stated:

> I share the author's concern about situations where an employer uses an ADS to make disciplinary, termination, or deactivation decisions. Such situations are partially covered by forthcoming [CPPA] regulations, which would allow employees and independent contractors to better understand how their personal data is used by automated decision technology. Before enacting new legislation in this space, we should assess the efficacy of these regulations to address these concerns.

SB 951 (Reyes) expands the California Worker Adjustment and Retraining Act to require an employer to give notice of a mass layoff, relocation, or termination caused by an AI system that replaces or automates a worker's job. SB 951 is pending hearing by this committee.

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