
UNFINISHED BUSINESS

Bill No: SB 947
Author: McNerney (D), et al.
Amended: 8/21/26
Vote: 21

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

SENATE FLOOR: 29-9, 5/19/26

AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Umberg, Wahab, Weber Pierson, Wiener

NOES: Alvarado-Gil, Choi, Dahle, Grove, Jones, Ochoa Bogh, Seyarto, Strickland, Valladares

NO VOTE RECORDED: Niello, Stern

ASSEMBLY FLOOR: Passed, 8/30/26

SUBJECT: Employment: automated decision systems

SOURCE: California Federation of Labor Unions

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 or termination decisions; 2) requires an employer to provide a written ADS postuse notice, as specified; 3) includes worker anti-retaliation provisions for the exercise of these rights; 4) authorize enforcement through the Labor Commissioner (LC) or authorized public prosecutor; and 5) prescribes penalties and remedies for violations.

Assembly Amendments revised provisions of this bill to: 1) clarify the prohibited use of an ADS to make a disciplinary or termination decision as opposed to their use to “assist” in making the decision; 2) struck provisions of this bill that would have prohibited ADS use to inform compensation or conduct predictive behavior analysis on a worker; 3) struck provisions of this bill that would have prohibited an employer from using customer ratings to assist in making employment-related decisions; 4) struck the applicability of this bill to independent contractors; 5) struck the limitation on ADS use for “deactivations”; 6) limits the information an employee can receive when making ADS data requests; 7) struck the provisions of this bill that granted a worker, or their exclusive representative, the right to bring a civil action for violations; and 8) delays implementation to July 1, 2027.

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)

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 a person who directly or indirectly, or through an agent or any other person, employs or exercises control over the wages, hours, or working conditions of any person.
 - i) “Employer” includes 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.
 - ii) “Employer” includes a labor contractor of a person defined as an employer under subparagraph (A).
 - iii) “Employer” includes a farm labor contractor as defined in Section 1682 or foreign labor contractor as defined in Section 9998.1 of the Business and Professions Code.
 - d) “Employee data” means any information that identifies, relates to, or describes an employee, regardless of how the information is collected, inferred, or obtained.
- 2) Beginning July 1, 2027, 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 employee’s protected status under Government Code Section 12940.
 - c) Predict and 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.
- 3) Prohibits an employer from relying solely on an ADS when making a disciplinary or termination decision.
- 4) If an employer primarily relies upon an ADS output to make a disciplinary or termination decision, requires the employer to direct a human to corroborate the decision using data that was collected or used to produce the ADS output or other relevant corroborating or supporting information. “Corroborating or supporting information” may include, but is not limited to, the following:

- a) Supervisory or managerial evaluations.
 - b) Personnel files.
 - c) Work product of employees.
 - d) Peer reviews.
 - e) Witness interviews, that may include relevant online customer reviews.
- 5) Prohibits an employer from using the ADS output to discipline or terminate an employee if the employer cannot corroborate the ADS output, or the human reviewer has concluded that the ADS output is inaccurate, incomplete, or misleading.
- 6) Grants employees the right to request, and requires an employer to provide, a meaningful, objective description of the employee's own data used by the ADS when an employer has primarily used an ADS to make disciplinary or termination decisions.
- a) For purposes of safeguarding the privacy rights of consumers, employees, and individuals, requires description of employee data to be provided in a manner that anonymizes the customer's, other employee's, or individual's personal information.
- 7) Requires an employer that primarily relied upon an ADS to make a disciplinary or termination decision to provide the affected employee with a written postuse notice at the time the employer informs the employee 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 employees.
 - iii) It shall be provided via a simple and easy-to-use method, including an email, hyperlink, or other written format.
- 8) Requires the postuse notice to contain all of the following information:
- a) That the employer primarily relied upon an ADS to make a disciplinary or termination decision with respect to the employee.

- b) That a human reviewed the decision and corroborated the ADS output.
 - c) Contact information for a human that the worker may contact for more information about the decision and the employee's right to access a description of the employee's own data used by the ADS when an employer primarily used an ADS to make a disciplinary or termination decision.
 - d) That the employer is prohibited from retaliating against the employee for exercising their rights under this part.
- 9) Prohibits an employer from discharging, threatening to discharge, demoting, suspending, or in any manner discriminating or retaliating against any employee for using or attempting to use their rights under these provisions, including the filing of a complaint with the LC, as specified.
- 10) Authorizes 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.
- 11) Authorizes public prosecutors to enforce these provisions pursuant to existing Labor Code Chapter 8 (commencing with Section 180) of Division 1.
- 12) Specifies that in any civil action or administrative proceeding brought, once it has been demonstrated that an ADS was used to make a disciplinary or termination decision, requires the employer to demonstrate that the employer did not primarily rely upon an ADS or that the employer complied with Sections 1522 and 1524 of this bill when making the disciplinary or termination decision.
- 13) Specifies that in any action brought, the petitioner may seek appropriate temporary or preliminary injunctive relief, including punitive damages, and reasonable attorney's fees and costs in addition to other remedies, as specified.
- 14) Subjects an employer who violates these provisions to a civil penalty of five hundred dollars (\$500) per violation.

- 15) Specifies that it does not preempt any city, county, or city and county ordinance that provides equal or greater protection to employees who are covered by these provisions.
- 16) 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.
- 17) 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.
- 18) Provides that this bill's provisions do not apply to the use of an ADS to the extent its use is required by, or reasonably necessary to comply with, a federal statute, federal regulation, or binding federal contract, as specified, relating to either of the following:
 - a) The development of aircraft for use in the national airspace.
 - b) The development of products or services for national security, military, space, or defense purposes.
- 19) Finds and declares that these provisions address a matter of statewide concern rather than a municipal affair, therefore, the provisions apply to all cities, including charter cities.
- 20) 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 Assembly Appropriations Committee:

- 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.

SUPPORT: (Verified 8/26/26)

California Federation of Labor Unions (Source)
Alameda Labor Council
American Federation of Musicians, Local 7
American Federation of State, County and Municipal Employees California
Association of California State Employees with Disabilities
California Alliance for Retired Americans
California Community Foundation
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
California Working Families Party
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
Kapor Center Advocacy
National Union of Healthcare Workers
NextGen California
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
SEIU California
State Building & Construction Trades Council of California
TechEquity Collaborative
Tech Oversight California
The Greenlining Institute

UAW Region 6
What We Will

OPPOSITION: (Verified 8/26/26)

American Petroleum and Convenience Store Association
American Staffing Association
Apartment Owners Association of California
Associated Equipment Distributors
Associated General Contractors California
Associated General Contractors San Diego
Association of California Healthcare Districts
Association of California School Administrators
Bay Area Council
Brea Chamber of Commerce
Business Software Alliance
CalAsian Chamber of Commerce
California Alliance of Small Business Associations
California Apartment Association
California Association of Recreation & Park Districts
California Association of School Business Officials
California Association of Winegrape Growers
California Bankers Association
California Broadband & Video Association
California Business Roundtable
California Chamber of Commerce
California Coalition on Worker's Compensation
California County Superintendents
California Distributors Association
California Farm Bureau
California Food Producers
California Fuels and Convenience Alliance
California Grocers Association
California Hispanic Chambers of Commerce
California Hospital Association
California Landscape Contractors Association
California League of Food Producers
California Manufacturers & Technology Association
California Multicultural Business Alliance
California Restaurant Association
California Retailers Association

California School Boards Association
California Special Districts Association
California Staffing and Recruiting Association
California Staffing Professionals
California State Association of Counties
California Trucking Association
California's Credit Unions
Chamber of Progress
Cinema Association of California
Citizens Against Lawsuit Abuse
Civil Justice Association of California
County of Fresno
County of Kern
County of Ventura
DoorDash
Family Business Association of California
Fresno County Board of Supervisors
Gaslamp Quarter Association
Greater Irvine Chamber of Commerce
Greater Riverside Chambers of Commerce
Insights Association
Leading Age California
League of California Cities
Long Beach Area Chamber of Commerce
Long Beach Restaurant Association
Los Angeles Area Chamber of Commerce
Los Angeles County Business Federation
Lyft, Inc.
Moorpark Chamber of Commerce
National Association of Mutual Insurance Companies
Orange County Business Council
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
Regional Cal Black Chamber San Fernando Valley
Roseville Area Chamber of Commerce
Rural County Representatives of California
Sacramento Metro Chamber

San Diego Regional Chamber of Commerce
Santa Cruz County Chamber of Commerce
Self Storage Association
SHRM California
Silicon Valley Leadership Group
Southwest California Legislative Council
TechNet
Tri-County Chamber Alliance
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 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 “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, “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...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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8/30/26 19:55:06

****** END ******