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**SB-7 Employment: automated decision systems.** (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**SENATE BILL**

**NO. 7**

**Introduced by Senator McNerney  
(Coauthors: Assembly Members Bryan and Elhawary)**

**December 02, 2024**

An act to add Part 5.5.5 (commencing with Section 1520) to Division 2 of the Labor Code, relating to employment.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 7, McNerney. Employment: automated decision systems.

Existing law requires the Department of Technology to conduct, in coordination with other interagency bodies as it deems appropriate, a comprehensive inventory of all high-risk automated decision systems (ADS) that have been proposed for use, development, or procurement by, or are being used, developed, or procured by, any state agency.

Existing law establishes the Labor and Workforce Development Agency, which is composed of various departments responsible for protecting and promoting the rights and interests of workers in California, including the Division of Labor Standards Enforcement, led by the Labor Commissioner, within the Department of Industrial Relations.

This bill would require an employer to provide a written notice that an ADS, for the purpose of making employment-related decisions, not including hiring, is in use at the workplace to all workers that will foreseeably be directly affected by the ADS, as specified. The bill would require the employer to maintain an updated list of all ADS currently in use. The bill would require an employer to notify, as provided, a job applicant that the employer utilizes an ADS when making hiring decisions, if the employer will use the ADS in making decisions for that position. The bill would prohibit an employer from using an ADS that does certain functions and would limit the purposes and manner in which an ADS may be used to make decisions. The bill would authorize a worker to request, and require 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 discipline, termination, or deactivation decision, as specified. The bill would require an employer that primarily relied on an ADS to make a discipline, termination, or deactivation decision to provide the affected worker with a written notice, as specified.

This bill would prohibit an employer from discharging, threatening to discharge, demoting, suspending, or in any manner discriminating or retaliating against any worker for taking certain actions asserting their rights under the bill. The bill would require the Labor Commissioner to enforce the bill's provisions, as specified, and would authorize a public prosecutor to bring a civil action. The bill would set forth specified types of relief that a plaintiff may seek and specified penalties that an employer that violates these provisions is subject to, including a \$500 civil penalty. The bill would also provide that an employer who complies with the requirements related to notice in this bill is not required to comply with any substantially similar provisions under any other state law, except as specified. The bill would not apply to parties covered by a valid collective bargaining agreement if the agreement contains specified information, including an explicit waiver of the bill's provisions. The bill would declare that its provisions do not prohibit any employer from complying with regulatory or contractual requirements in the provision of products or services to the federal government, as defined.

This bill would declare that its provisions are severable.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

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## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** Part 5.5.5 (commencing with Section 1520) is added to Division 2 of the Labor Code, to read:

### **PART 5.5.5. Automated Decision Systems in the Workplace**

#### **CHAPTER 1. Definitions**

**1520.** For purposes of this part, the following shall apply:

(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) "Authorized representative" means any person or organization appointed by the worker to serve as an agent of the worker. Authorized representative shall not include a worker's employer.

(c) "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 decisionmaking 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.

(d) "ADS output" means any information, data, assumptions, predictions, scoring, recommendations, decisions, or conclusions generated by an ADS.

(e) (1) "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, or the several counties, cities and counties, and municipalities thereof, or any other political subdivision of the state, or a school district, or any special district, or any authority, commission, or board or any other agency or instrumentality thereof.

(2) "Employer" includes a labor contractor of a person defined as an employer under paragraph (1).

(f) "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.

(g) "Federal government" shall have the same meaning as set forth in Section 52008 of the Government Code.

(h) "Quota" means a work standard under which an employee is assigned or required to perform at a specified productivity speed, to perform a quantified number of tasks, or to handle or produce a quantified amount of material, within a defined time period and under which the employee may suffer an adverse employment action if they fail to complete the performance standard.

(i) "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.

(j) "Worker data" means any information that identifies, relates to, or describes a worker, regardless of how the information is collected, inferred, or obtained.

## **CHAPTER 2. Automated Decision System Pre-Use Notice**

**1522.** (a) An employer shall provide a written notice that an ADS, for the purpose of making employment-related decisions, not including hiring, is in use at the workplace to a worker who will foreseeably be directly affected by the ADS, or their authorized representative, according to the following:

(1) At least 30 days before an ADS is first deployed by the employer.

(2) If the employer is using an ADS to assist in making employment-related decisions at the time this title takes effect, no later than April 1, 2026.

(3) To a new worker within 30 days of hiring the worker.

(b) An employer shall maintain an updated list of all ADS currently in use.

(c) A written notice required by this section shall be all of the following:

(1) Written in plain language as a separate, stand-alone communication.

(2) In the language in which routine communications and other information are provided to workers.

(3) Provided via a simple and easy-to-use method, including, but not limited to, an email, hyperlink, or other written format.

(d) An employer shall notify a job applicant upon receiving the application that the employer utilizes an ADS when making hiring decisions, if the employer will use the ADS in making decisions for that position. Notifications may be made using an automatic reply mechanism or on a job posting.

(e) A notice issued pursuant to subdivision (a) shall contain the following information:

(1) The type of employment-related decisions potentially affected by the ADS.

(2) A general description of the categories of worker input data the ADS will use, the sources of worker input data, and how worker input data will be collected.

(3) Any key parameters known to disproportionately affect the output of the ADS.

(4) The individuals, vendors, or entities that created the ADS.

(5) If applicable, a description of each quota set or measured by an ADS to which the worker is subject, including the quantified number of tasks to be performed or products to be produced, and any potential adverse employment action that could result from failure to meet the quota, as well as whether those quotas are subject to change and if any notice is given of changes in quotas.

(6) A description of the worker's right to access and correct the worker's data used by the ADS.

(7) That the employer is prohibited from retaliating against workers for exercising their rights described in paragraph (6).

## **CHAPTER 3. Employer Requirements**

**1524.** (a) An employer shall not use an ADS to do any of the following:

(1) Prevent compliance with or violate any federal, state, or local labor, occupational health and safety, employment, or civil rights laws or regulations.

(2) Infer a worker's protected status under Section 12940 of the Government Code.

(3) Identify, profile, 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.

(b) An employer shall not use an ADS to collect worker data for a purpose that is not disclosed pursuant to the notice requirements in Chapter 2 (commencing with Section 1522).

(c) (1) An employer shall not rely solely on an ADS when making a discipline, termination, or deactivation decision.

(2) When an employer relies primarily on ADS output to make a discipline, termination, or deactivation decision, the employer shall use a human reviewer to review the ADS output and compile and review other information that is relevant to the decision, if any. For purposes of this paragraph, "other information" may include, but is not limited to, any of 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.

(d) An employer shall not use customer ratings as the only or primary input data for an ADS to make employment-related decisions.

(e) A worker shall have the right to request, and an employer shall provide, a copy of the most recent 12 months of the worker's own data primarily used by an ADS to make a discipline, termination, or deactivation decision. A worker is limited to one request every 12 months for a copy of their own data used by an ADS to make a discipline, termination, or deactivation decision.

(f) For purposes of safeguarding the privacy rights of consumers, workers, and individuals, when an employer is required to provide worker data pursuant to this part, that worker data shall be provided in a manner that anonymizes the customer's, other worker's, or individual's personal information.

#### **CHAPTER 4. Automated Decision System Post-Use Notice**

**1526.** (a) An employer that primarily relied on an ADS to make a discipline, termination, or deactivation decision shall provide the affected worker with a written notice at the time the employer informs the worker of the decision. The notice shall be all of the following:

(1) Written in plain language as a separate, stand-alone communication.

(2) In the language in which routine communications and other information are provided to workers.

(3) Provided via a simple and easy-to-use method, including an email, hyperlink, or other written format.

(b) A notice issued pursuant to subdivision (a) shall contain all of the following information:

(1) The human to contact for more information about the decision and the ability to request a copy of the worker's own worker data relied on in the decision.

(2) That the employer used an ADS to assist the employer in one or more discipline, termination, or deactivation decisions with respect to the worker.

(3) That the worker has the right to request a copy of the worker's data used by the ADS.

(4) That the employer is prohibited from retaliating against the worker for exercising their rights under this part.

#### **CHAPTER 5. Enforcement**

**1530.** An employer shall not discharge, threaten to discharge, demote, suspend, or in any manner discriminate or retaliate against any worker for using or attempting to use their rights under this part, filing a complaint with the Labor Commissioner, alleging a violation of this part, cooperating in an investigation or prosecution of an alleged violation of this part, or any action taken by the worker to invoke or assist in any manner the enforcement of this part, or for exercising or attempting to exercise any right protected under this part.

**1532.** (a) The Labor Commissioner shall enforce this part, including investigating an alleged violation, and ordering appropriate temporary relief to mitigate a violation or maintain the status quo pending the completion of a full investigation or hearing through

the procedures set forth in Section 98.3, 98.7, 98.74, or 1197.1, including issuing a citation against an employer who violates this part and filing a civil action. If a citation is issued, the procedures for issuing, contesting, and enforcing judgments for citations and civil penalties issued by the Labor Commissioner shall be the same as those set out in Section 98.74 or 1197.1, as applicable.

(b) This part may also alternatively be enforced by a public prosecutor pursuant to Chapter 8 (commencing with Section 180) of Division 1.

(c) In any civil action brought pursuant to paragraph (a) or (b) in superior court in any county wherein the violation in question is alleged to have occurred, or wherein the person resides or transacts business, 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.

(d) An employer who violates this part shall be subject to a civil penalty of five hundred dollars (\$500).

**1534.** This part does not preempt any city, county, or city and county ordinance that provides equal or greater protection to workers who are covered by this part.

**1536.** Except as set forth in Section 1537, an employer who complies with the requirements related to notice under this part is not required to comply with any substantially similar notice provisions related to automated decision systems used for employment-related decisions required under any other state law.

**1537.** Notwithstanding Section 1536, an employer that is a business subject to the California Consumer Privacy Act of 2018 (Title 1.81.5 (commencing with Section 1798.100) of Part 4 of Division 3 of the Civil Code) is subject to any privacy-related automated decisionmaking technology regulation duly adopted by the California Privacy Protection Agency pursuant to Section 1798.185 and subdivision (b) of Section 1798.199.40 of the Civil Code.

**1538.** The provisions of this part shall not apply to parties covered by a collective bargaining agreement if the agreement explicitly waives this part 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.

**1539.** This part does not prohibit any employer from complying with regulatory or contractual requirements in the provision of products or services to the federal government.

**SEC. 2.** The provisions of this act are severable. If any provision of this act 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.