

AMENDED IN ASSEMBLY JULY 9, 2025

AMENDED IN ASSEMBLY JUNE 19, 2025

AMENDED IN SENATE MAY 1, 2025

AMENDED IN SENATE MARCH 6, 2025

SENATE BILL

No. 7

Introduced by Senator McNerney

(Coauthors: Assembly Members Bryan and Elhawary)

December 2, 2024

An act to add Part 5.6 (commencing with Section 1520) to Division 2 of the Labor Code, relating to employment.

LEGISLATIVE COUNSEL'S DIGEST

SB 7, as amended, 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 ~~and would require the notice to include the list.~~ *use.* The bill would require an employer to notify, as provided, a job applicant that the employer utilizes an ADS in hiring ~~decisions.~~ *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 require an employer to allow a worker to access *their* data collected or used by an ADS and to correct errors in data, as specified.

This bill would require an employer to provide a written notice to a worker that has been affected by a discipline, termination, or deactivation decision made by an ADS, ~~and provide that worker with a form or a link to an electronic form~~ *grant the worker who was subject to that decision the right* to appeal the decision within 30 days of the notification. The bill would require an employer to ~~respond to an appeal~~ *provide an explanation for the decision* within 14 business ~~days,~~ *days of receiving an appeal,* designate a human reviewer who meets specified criteria to objectively evaluate all evidence, and rectify the ~~decision~~ *decision, as provided,* within 21 business days if the human reviewer determines that the decision should be overturned.

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 or any worker who has suffered a violation or their representative 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 per violation. The bill would also provide that an employer who complies with the requirements related to notice and appeal in this bill is not required to comply with any substantially similar provisions under any other state law.

This bill would declare that its provisions are severable.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Part 5.6 (commencing with Section 1520) is added to Division 2 of the Labor Code, to read:

PART 5.6. 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

1 subdivision of the state, or a school district, or any special district,
2 or any authority, commission, or board or any other agency or
3 instrumentality thereof.

4 (2) “Employer” includes a labor contractor of a person defined
5 as an employer under paragraph (1).

6 (f) “Employment-related decision” means any decision by an
7 employer that impacts wages, wage setting, benefits, compensation,
8 work hours, work schedule, performance evaluation, hiring,
9 discipline, promotion, termination, job tasks, skill requirements,
10 work responsibilities, assignment of work, access to work and
11 training opportunities, productivity requirements, workplace health
12 and safety, and any other terms or conditions of employment.

13 (g) “Individualized” means specific to an individual or group,
14 band, class, or tier of individuals with particular personal
15 characteristics, behaviors, or biometrics.

16 (h) “Predictive behavior analysis” means any system or tool
17 that predicts or infers a worker’s behavior, beliefs, intentions,
18 personality, emotional state, or other characteristics or behavior.

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

25 (i)

26 (j) “Worker” means any natural person who is an employee of,
27 or an independent contractor providing service to, or through, a
28 business or a state or local governmental entity in any workplace.

29 (j)

30 (k) “Worker data” means any information that identifies, relates
31 to, describes, is reasonably capable of being associated with, or
32 could reasonably be linked, directly or indirectly, with, a worker,
33 regardless of how the information is collected, inferred, or obtained.

34
35 CHAPTER 2. AUTOMATED DECISION SYSTEM PRE-USE NOTICE
36

37 1522. (a) An employer shall provide a written notice that an
38 ADS, for the purpose of making employment-related decisions,
39 not including hiring, is in use at the workplace to a worker who

1 will *foreseeably* be directly affected by the ADS, or their authorized
2 representative, according to the following:

3 (1) At least 30 days before the deployment of the ADS.

4 (2) If the employer is using an existing ADS at the time this
5 title takes effect, no later than ~~February~~ *April* 1, 2026.

6 (3) To a new worker within 30 days of hiring the worker if an
7 existing ADS is in place.

8 (4) Within 30 days of any significant updates or changes to the
9 ADS, or a significant change in how the employer is using ADS.

10 (b) An employer shall maintain an updated list of all ADS
11 currently in use and include that list in the notice required under
12 ~~subdivision (a)~~. *use.*

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

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

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

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

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

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

28 (1) A plain language explanation of the nature, purpose, and
29 scope of the decisions for which the ADS will be used, including
30 the specific employment-related decisions potentially affected.

31 (2) The specific category and sources of worker input data that
32 the ADS will use and how that data will be collected.

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

35 (4) The individuals, vendors, or entities that created the ADS
36 and the individuals, vendors, and entities that will run, manage,
37 or interpret the results of the ADS output.

38 ~~(5) For each performance metric, quota, or other related measure,
39 ~~a description of how the performance standard is measured, how~~~~

1 ~~data is collected, and any adverse consequences or incentives~~
2 ~~associated with the performance standard.~~

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

9 (6) A description of the worker's right to access information
10 about the employer's use of ADS to make an employment-related
11 decision.

12 (7) ~~A~~ *With respect to an ADS used for a discipline, termination,*
13 *or deactivation decision, a description of the worker's rights to*
14 *appeal a decision for which the ADS was used and will be used.*

15 (8) *A description of the worker's right to correct data used by*
16 *the ADS.*

17 (8)

18 (9) That the employer is prohibited from retaliating against
19 workers for exercising their rights described in ~~paragraph (7).~~
20 *paragraphs (6), (7), and (8).*

21

22 CHAPTER 3. EMPLOYER REQUIREMENTS

23

24 1524. (a) An employer shall not use an ADS that does any of
25 the following:

26 (1) Prevents compliance with or results in a violation of any
27 federal, state, or local labor, occupational health and safety,
28 employment, or civil rights laws or regulations.

29 (2) Infers a worker's immigration status, veteran status, ancestral
30 history, religious or political beliefs, health or reproductive status,
31 history, or plan, emotional or psychological state, neural data,
32 sexual or gender orientation, disability, criminal record, credit
33 history, or ~~status~~ *any status* protected under Section 12940 of
34 the Government Code.

35 (3) Conducts predictive behavior ~~analysis.~~ *analysis on a worker.*

36 (4) Identifies, profiles, predicts, or takes adverse action against
37 a worker for exercising their legal rights, including, but not limited
38 to, rights guaranteed by state and federal employment and labor
39 law.

(5) Uses or relies on 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 on cost differentials in performing the tasks involved, or that the data was directly related to the tasks the worker was hired to perform.

(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 primarily on an ADS when making discipline, termination, or deactivation decisions.

(2) An employer shall use a human reviewer to conduct its own investigation and compile corroborating or supporting information for the decision. This information may include, but is not limited to, any of the following:

(A) Supervisory or managerial evaluations.

(B) Personnel files.

~~(C) Employee work products.~~

(C) *Work product of workers.*

(D) Peer 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) An employer shall allow a worker to access *their own* worker data collected or used by an ADS and correct errors in any input or output data used by or produced by the ADS or used as corroborating evidence by a human reviewer.

(f) An employer shall allow a worker to appeal—~~an employment-related~~ *a discipline, termination, or deactivation* decision for which the ADS was used pursuant to Chapter 5 (commencing with Section 1528).

CHAPTER 4. AUTOMATED DECISION SYSTEM POST-USE NOTICE

1526. (a) An employer that has used 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, including corroborating evidence found by a human reviewer, for access to data used to make the decision, or to appeal the decision.

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

(3) That the worker has the right to appeal the decision pursuant to Chapter 5 (commencing with Section 1528).

(4) That the worker has the right to correct errors in any input or output data used by or produced by the ADS or used as corroborating evidence by the human reviewer. *reviewer if the data is the worker's own worker data.*

(5) A form or a link to an electronic form for the worker to file an appeal or request more information on the data used in the decision.

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

CHAPTER 5. RIGHT TO APPEAL ~~EMPLOYMENT-RELATED~~
DISCIPLINE, TERMINATION, OR DEACTIVATION DECISIONS

1528. (a) ~~An employer that uses an ADS to make~~ *A worker who is the subject of a discipline, termination, or deactivation decision shall provide an affected worker with a form or a link to an electronic form made by an ADS has the right to appeal the decision within 30 days from the date that the worker is notified of receiving the notice of the decision pursuant to Chapter 4 (commencing with Section 1526). The appeal form provided to an affected worker the worker in the notice shall include all of the following:*

(1) The option to request access to the data used as input to or as output from the ADS.

1 (2) The option to request access to any corroborating or
2 supporting evidence provided by a human reviewer to verify output
3 from the ADS. *used to make the decision.*

4 (3) The worker's reason or justification for an appeal and any
5 evidence to support the appeal.

6 (4) ~~Designation of~~ *The option for a worker to designate an*
7 *authorized representative that can also access the data.*

8 ~~(b) An employer shall respond to an appeal within 14 business~~
9 ~~days.~~

10 *(b) If a worker requests information listed in paragraph (1) or*
11 *(2) of subdivision (a), a worker shall be given 15 additional days*
12 *to appeal the decision.*

13 *(c) Within 14 business days of receiving an appeal form*
14 *submitted by or on behalf of the worker, the employer shall provide*
15 *the worker with an explanation of the employer's decision on the*
16 *appeal.*

17 ~~(1) In responding to an~~ *To make its decision on the appeal, the*
18 *employer shall designate a human reviewer who is required to*
19 *objectively evaluate all evidence, has sufficient authority,*
20 *discretion, and resources to evaluate the decision, and has the*
21 *authority to overturn the decision. The employer shall not designate*
22 *a person who was involved in the decision that the worker is*
23 *appealing; is the subject of the appeal.*

24 ~~(2) The response~~ *explanation of the decision* provided to the
25 worker shall be a clear, written document describing the result of
26 the appeal and the reasons for that result.

27 (3) If the human reviewer determines that the decision should
28 be overturned, the employer shall rectify the decision within 21
29 business days. *days in the following ways:*

30 *(A) For workers who have been terminated, reinstating workers*
31 *to their former positions at the same pay rate and work schedule.*

32 *(B) For workers who have been disciplined, halting the*
33 *disciplinary action immediately and erasing it from their personnel*
34 *record.*

35
36 CHAPTER 6. ENFORCEMENT
37

38 1530. An employer shall not discharge, threaten to discharge,
39 demote, suspend, or in any manner discriminate or retaliate against
40 any worker for using or attempting to use their rights under this

1 part, filing a complaint with the Labor Commissioner, alleging a
2 violation of this part, cooperating in an investigation or prosecution
3 of an alleged violation of this part, or any action taken by the
4 worker to invoke or assist in any manner the enforcement of this
5 part, or for exercising or attempting to exercise any right protected
6 under this part.

7 1532. (a) The Labor Commissioner shall enforce this part,
8 including investigating an alleged violation, and ordering
9 appropriate temporary relief to mitigate a violation or maintain
10 the status quo pending the completion of a full investigation or
11 hearing through the procedures set forth in Section 98.3, 98.7,
12 98.74, or 1197.1, including issuing a citation against an employer
13 who violates this part and filing a civil action. If a citation is issued,
14 the procedures for issuing, contesting, and enforcing judgments
15 for citations and civil penalties issued by the Labor Commissioner
16 shall be the same as those set out in Section 98.74 or 1197.1, as
17 applicable.

18 (b) Alternatively to subdivision (a), any worker, or their
19 exclusive representative, who has suffered a violation of this part
20 may bring a civil action in a court of competent jurisdiction for
21 damages caused by that adverse action, including punitive damages.

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

25 (d) In any civil action brought pursuant to paragraph (a), (b),
26 or (c) in superior court in any county wherein the violation in
27 question is alleged to have occurred, or wherein the person resides
28 or transacts business, the petitioner may seek appropriate temporary
29 or preliminary injunctive relief, including punitive damages, and
30 reasonable attorney's fees and costs as part of the costs of any such
31 action for damages.

32 (e) An employer who violates this part shall be subject to a civil
33 penalty of five hundred dollars (\$500) per violation.

34 1534. This part does not preempt any city, county, or city and
35 county ordinance that provides equal or greater protection to
36 workers who are covered by this part.

37 1536. An employer who complies with the requirements related
38 to notice and appeal under this part is not required to comply with
39 any substantially similar notice and appeal provisions related to

1 automated decision systems *used for employment-related decisions*
2 required under any other state law.
3 SEC. 2. The provisions of this act are severable. If any
4 provision of this act or its application is held invalid, that invalidity
5 shall not affect other provisions or applications that can be given
6 effect without the invalid provision or application.

O