STATE OF CALIFORNIA
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL

Senate Bill No. 951

CHAPTER 860

An act to amend Sections 1400.5 and 1401 of, and to add and repeal Section 1402.7 of, the Labor Code, relating to employment.

[Approved by Governor September 30, 2026. Filed with Secretary of State September 30, 2026.]

LEGISLATIVE COUNSEL'S DIGEST

SB 951, Reyes. Employment: technological displacement: notice.

Existing law, the California Worker Adjustment and Retraining Act (Cal/WARN Act), prohibits an employer from ordering a mass layoff, relocation, or termination at a covered establishment unless, 60 days before the order takes effect, the employer gives written notice of the order to the employees affected by the order and to the Employment Development Department and certain local officials. Existing law makes an employer who fails to give specified notice regarding a mass layoff, relocation, or termination subject to a civil penalty of not more than $500 for each day of the employer's violation.

This bill would revise the Cal/WARN Act to also require an employer giving notice of a mass layoff, relocation, or termination caused in whole or in substantial part by an artificial intelligence (AI) system or other automated technology replacing or automating employment positions to include certain information in the notice, including the job functions performed by workers that will be automated by AI or other automated technology. The bill would require the department to publish a summary of the notices received on its internet website and to post a quarterly statewide summary of technological displacements reported. The bill would require the department, on or before January 1, 2028, to submit a report to the Legislature on artificial intelligence's effects on business hiring practices, including its impact on industries and occupations at the state and regional level. The bill would repeal the provision requiring that report on January 1, 2029.

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

SECTION 1. Section 1400.5 of the Labor Code is amended to read:

1400.5. The definitions set forth in this section shall govern the construction and meaning of the terms used in this chapter:

(a) "Artificial intelligence" or "AI" 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) "Covered establishment" means any industrial or commercial facility or part thereof that employs, or has employed within the preceding 12 months, 75 or more persons.

(c) "Employer" means any person, as defined by Section 18, who directly or indirectly owns and operates a covered establishment. A parent corporation is an employer as to any covered establishment directly owned and operated by its corporate subsidiary.

(d) "Layoff" means a separation from a position for lack of funds or lack of work.

(e) "Mass layoff" means a layoff during any 30-day period of 50 or more employees at a covered establishment.

(f) "Relocation" means the removal of all or substantially all of the industrial or commercial operations in a covered establishment to a different location 100 miles or more away.

(g) "Termination" means the cessation or substantial cessation of industrial or commercial operations in a covered establishment.

(h) (1) This chapter does not apply where the closing or layoff is the result of the completion of a particular project or undertaking of an employer subject to Wage Order 11, regulating the Broadcasting Industry, Wage Order 12, regulating the Motion Picture Industry, or Wage Order 16, regulating Certain On-Site Occupations in the Construction, Drilling, Logging and Mining Industries, of the Industrial Welfare Commission, and the employees were hired with the understanding that their employment was limited to the duration of that project or undertaking.

(2) This chapter does not apply to employees who are employed in seasonal employment where the employees were hired with the understanding that their employment was seasonal and temporary.

(i) "Employee" means a person employed by an employer for at least 6 months of the 12 months preceding the date on which notice is required.

SEC. 2. Section 1401 of the Labor Code is amended to read:

1401. (a) An employer may not order a mass layoff, relocation, or termination at a covered establishment unless, 60 days before the order takes effect, the employer gives written notice of the order to the following:

(1) The employees of the covered establishment affected by the order.

(2) The Employment Development Department, the local workforce development board, and the chief elected official of each city and county government within which the termination, relocation, or mass layoff occurs.

(b) An employer required to give notice of any mass layoff, relocation, or termination under this chapter shall include in its notice the elements required by the federal Worker Adjustment and Retraining Notification Act (29 U.S.C. Sec. 2101 et seq.).

(c) An employer required to give notice of any mass layoff, relocation, or termination under this chapter shall include in the notice whether the employer plans to coordinate services, such as a rapid response orientation, through the local workforce development board, the employer plans to

coordinate services through a different entity, or the employer does not plan to coordinate services with any entity.

(1) Regardless of whether the employer chooses to coordinate services with the local workforce development board or another entity, the employer shall include in the notice a functioning email and telephone number of the board and the following description of the rapid response activities offered by the local workforce development board in accordance with Chapter 32 (commencing with Section 3102) of Title 29 of the United States Code:

"Local Workforce Development Boards and their partners help laid off workers find new jobs. Visit an America's Job Center of California location near you. You can get help with your resume, practice interviewing, search for jobs, and more. You can also learn about training programs to help start a new career."

(2) If the employer chooses to coordinate services with the local workforce development board or another entity, the employer shall arrange services within 30 days from the date of the notice.

(d) (1) An employer required to give notice of a mass layoff, relocation, or termination caused in whole or in substantial part by an AI system or other automated technology replacing or automating employment positions shall additionally include in the notice all of the following information:

(A) The number, classification or occupation, and work location of layoffs that are substantially due to the replacement or automation by AI or other automated technology.

(B) The job functions performed by those replaced workers that will be automated by AI or other automated technology.

(C) The specific category or type of AI system or other automating technology that substantially resulted in technological displacement.

(D) The notice shall include the statement "This notice is for a technology displacement" at the top of the notice.

(2) As part of its regular data reporting of the Cal-WARN Act, the Employment Development Department shall publish a summary of the notices received pursuant to this subdivision on its internet website. The department shall also post a quarterly statewide summary of technology displacements reported pursuant to this article.

(e) An employer required to give notice of any mass layoff, relocation, or termination under this chapter shall include in the notice a description of the statewide food assistance program known as CalFresh (Chapter 10 (commencing with Section 18900) of Part 6 of Division 9 of the Welfare and Institutions Code), the CalFresh benefits helpline, and a link to the CalFresh internet website.

(f) An employer required to give notice of any mass layoff, relocation, or termination under this chapter shall include in the notice a functioning email and telephone number of the employer for contact.

(g) Notwithstanding the requirements of subdivision (a), an employer is not required to provide notice if a mass layoff, relocation, or termination is necessitated by a physical calamity or act of war.

SEC. 3. Section 1402.7 is added to the Labor Code, to read:

1402.7. (a) For purposes of this section, the following definitions apply:

(1) "Artificial intelligence" has the same meaning as set forth in Section 1400.5.

(2) "Technological cessation in hiring" means the permanent ending of hiring or contracting for a particular occupation or position caused in whole or in part by the employer's use of artificial intelligence or other automated technology, regardless of either of the following:

(A) Whether any workers in that occupation or position remain employed or under contract.

(B) Whether the cessation results in an overall reduction in occupations or positions.

(b) On or before January 1, 2028, the Employment Development Department shall submit to the Legislature a report on artificial intelligence's effects on business hiring practices, including its impact on industries and occupations at the state and regional level.

(c) The report required pursuant to subdivision (b) shall include one or more of the following:

(1) Recommendations regarding a public notice requirement for employers or businesses engaged in technological cessation in hiring, including, but not limited to, the following:

(A) Timing of when such a notice must be provided.

(B) The role of the department to compile, make public, or otherwise analyze these notices.

(C) Details to be included in the required notice, such as data on the number of workers or contractors, or the types of occupations, potentially affected by a technological cessation in hiring.

(D) Considerations on how best to ensure accurate information on emerging hiring trends through a notice requirement.

(2) A summary of the trends in hiring demand across industries or occupations based on their level of exposure to artificial intelligence.

(3) A summary of how businesses use artificial intelligence and its effects on hiring practices, including technological cessation in hiring.

(4) A summary of existing research regarding the effects of artificial intelligence on businesses' hiring needs and practices.

(d) The report specified in subdivision (b) shall be submitted to the Legislature pursuant to Section 9795 of the Government Code.

(e) This section shall remain in effect only until January 1, 2029, and as of that date is repealed.

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