

Service

Labor & Employment

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2025 California Labor & Employment Bills Signed by Governor Newsom

Governor Gavin Newsom signed 794 out of 917 bills this year, including several affecting labor and employment. Key new laws are highlighted below; most will become effective January 1, 2026. Of note, AB 406, which expands the reasons for use of California Paid Sick Leave under the Healthy Workplaces Healthy Families Act of 2014 (HWFA) was effective in part on October 1, 2025. Some of these new laws will not require compliance until 2027, such as SB 464, which expands Pay Data Reporting, or 2028, such as SB 590, which expands the Paid Family Leave program. While not all of the laws below will impact every employer, it is important for employers to determine those that are applicable to their business to avoid penalties or litigation.

AB 250 – Extension of the Statute of Limitations for Sexual Assault Claims

This new law takes effect on January 1, 2026, and permits adult survivors of sexual assault to file a lawsuit between January 1, 2026 and December 31, 2027, if it would have been previously barred by the statute of limitations. The lawsuit may be against either an individual perpetrator or an institution engaged in or attempting a “cover-up” of a sexual assault. This new law defines “cover-up” as a “concerted effort to hide evidence relating to a sexual assault that incentivizes individuals to remain silent.” This new statute of limitations also applies to related claims arising from the sexual assault, including wrongful termination and sexual harassment.

AB 288 – PERB Enforcement of Labor Laws in Private Sector

From January 1, 2026, this new law empowers the California Public Employment Relations Board (PERB) to enforce labor law in the private sector under specific circumstances, including where a case pending before the National Labor Relations Board (NLRB) lacks a quorum of the NLRB, or when the NLRB has lost its independence as a result of a Supreme Court decision, or

a case has been unresolved for more than six months. PERB can also conduct union elections and certify unions as exclusive bargaining representatives, order remedies for violations, and impose civil penalties on employers who violate the law.

AB 406 – Strengthening Safe Leave Act

This new law is effective in part on October 1, 2025, requiring employers to permit employees to use paid sick leave to attend judicial proceedings related to certain crimes if they are a family member or a victim. On January 1, 2026, this new law adds attending judicial proceedings for crime victims and their family members as a reason for protected unpaid leave.

AB 692 – Ban on Stay-or-Pay and Training Repayment

Any contracts entered into on or after January 1, 2026 which include contractual terms that require employees to pay back a debt or a financial penalty if they leave their job before a certain date may be void. Specifically, the new law prohibits employers from requiring workers to repay training costs, also known as Training Repayment Agreement Provisions (TRAPs), if their employment ends. Employers who violate the new law can face significant consequences, including having to pay the greater of the employee's actual damages or \$4,000 per affected employee, in addition to attorneys' fees and injunctive relief. There are limited exceptions, including tuition reimbursement and retention bonuses, which may be permitted if they meet strict conditions.

AB 751 – Indefinite Extension of Rest Period Exemption for Certain Petroleum Facility Employees

This is an extension of a rest period exemption law for employees covered under a collective bargaining agreement who are in safety-sensitive positions at a petroleum facility, including those who hold a safety-sensitive position at a refinery that produces fuel through the processing of alternative feedstock.

AB 1514 – Manicurist Classification

This extends the classification of licensed manicurists as independent contractors until January 1, 2029. To be classified as an independent contractor, a licensed manicurist must meet specific conditions related to their professional independence, including setting their own rates and hours and maintaining a business license.

AB 1340 – Collective Bargaining for Gig Workers

This new law allows transportation network company (TNC) drivers to unionize and collectively bargain as an industry wide unit while maintaining their status as independent contractors.

SB 261 – Wage Judgment Enforcement

Starting on January 1, 2026, the Division of Labor Standards Enforcement will be authorized to enforce wage judgments against employers who fail to satisfy a final judgment after 180 days. This

new law triples penalties against employers for delay, including interest if the final judgment is unpaid 180 days after the appeal period has lapsed. This law allows public prosecutors to step in as assignees of employees to enforce unpaid judgments adding significant enforcement capacity. Note also that business reorganizations or transfers may not shield companies as successors may be jointly and severally liable for unpaid judgments.

SB 294 – The Workplace Know Your Rights Act

From February 1, 2026, employers will be required to provide each existing employee with a stand-alone written notice of their workplace rights, and annually thereafter. New employees should be provided with this written notice upon hire. The written notice must include workers' compensation benefits, immigration-agency notices and protections against unfair immigration-related practices, the right to organize or engage in concerted activity, constitutional rights when interacting with law enforcement at work, information on new legal developments, and a list of relevant enforcement agencies. Employers should know that the new law allows the notices to be delivered using customary methods like email or text, provided it is sent within one business day, or through personal notice. The law also mandates employers to notify an employee's designated emergency contact if they are arrested or detained while at work.

SB 303 – Bias Mitigation Training

This new law establishes protections for bias mitigation training by clarifying that an employee's good faith acknowledgment of personal bias in such a training does not, by itself, constitute unlawful discrimination. The purpose of this new law is to encourage employers to conduct more bias mitigation training, which can include assessing and testing for bias, without fear of the training itself leading to unlawful discrimination claims.

SB 464 – Expanded Pay Data Reporting

Beginning January 1, 2027, employers will be required to report on a greater number of job categories and store demographic information separately from personnel files. This is a shift from EEO-1 type of categories to the Standard Occupational Classification (SOC) system used by the U.S. Bureau of Labor Statistics to classify workers into occupational categories for the purpose of collecting, analyzing, and disseminating data. This new law adds entirely new occupational groups, including Health Care Support Occupations; Community and Social Service Occupations; Educational Instruction and Library Occupations; Farm, Fishing, and Forestry Occupations; Art, Design, Entertainment, Sports, and Media Occupations; and Protective Service Occupations. Penalties for failing to file the required pay data report when requested by the Civil Rights Division are the same (\$100 per employee for first failure and \$200 per employee for subsequent failures), but penalties will be mandatory if requested by the CRD. While there's still time to comply, note that employers that fail to file the report, even once, will face mandatory financial penalties.

SB 477 – Tolling Period Extension

Starting on January 1, 2026, the tolling period for filing a civil action is tolled if a complainant appeals the CRD's closure of their complaint, allowing one year after the CRD issues a notice that the complaint remains closed. It also requires deadlines for filing civil actions to be tolled during written agreements, petitions to compel, and appeals related to the complaint closures. It also mandates the issuance of a right-to-sue notice after the resolution of related group or class complaints and extends the tolling provisions for these notices.

SB 513 – Updated Personnel File Requirements

Starting January 1, 2026, employers should include training and education records in an employee's personnel file, detailing information such as the provider duration and certification.

SB 590 – Paid Family Leave – Designated Person

Although not effective until July 1, 2028, employers should be aware that this new law expands California's Paid Family Leave (PFL) program which provides up to eight weeks of wage replacement benefits. Benefits can be used for care of a "designated person" in addition to immediate and traditional family members. The "designated person" will include any individual related by blood or whose association with the employee is equivalent of a family relationship. The law requires an employee who files a claim for PFL to a) identify the designated person; and b) attest under penalty of perjury how the relationship is either blood-related or equivalent to a family relationship. Employers may still limit an employee to one designated person per 12-month period. The new law also will not change the maximum of eight weeks of benefits available under the PFL program.

SB 617 – WARN Amends

Starting January 1, 2026, employers will need to include additional information in their layoff notices. Notices will need to include details on whether the employer plans to coordinate with the local workforce development board (LWDB) or another entity to provide services, such as rapid response orientation for laid-off workers. The notice must also provide a working email address and phone number for the LWDB, along with a specific prescribed description of the LWDB's rapid response activities to assist laid-off workers with finding new jobs, resume assistance, and skills training. Employers should also include details about CalFresh, including a link to its website and contact information. If an employer chooses to coordinate services with the LWDB, they must arrange for these services within 30 days of the notice date. Since this new law amends Labor Code Section 1401, employers who violate the new law will be liable for back pay; the value of the employee's benefits, as required by Labor Code Section 1402; and the civil penalty of \$500 for each day of the employer's violation, as required by Section 1403.

SB 642 – Expansion of Pay Equity Enforcement

Starting January 1, 2026, the statute of limitations for equal pay claims will be extended from two

years to three years after the cause of action occurs. This new law allows recovery of lost wages for the entire period during which the violation occurred, up to six years. It also broadens the definition of “wages” to include all forms of compensation, not just salary, making it more consistent with federal law. This includes bonuses, stock, stock options, profit sharing, and expense reimbursements like gasoline and travel allowances. Also updates the “pay scale” definition in job postings to a “good-faith” estimate of the expected range upon hire.

SB 809 – Truck Driver Classification

Starting on January 1, 2026, construction trucking drivers’ ownership of their own vehicle will not automatically make them an independent contractor. The new law establishes the Construction Trucking Employer Amnesty Program for eligible construction employers who have misclassified truck drivers as independent contractors. To qualify for amnesty from civil penalties, construction employers must execute a settlement agreement with the Labor Commissioner before January 1, 2029 and reclassify their drivers as employees. Construction employers should also note this law establishes a “two-check” compensation system for construction drivers who own their own vehicles. In addition to their regular wages, these employee-drivers must receive a separate check to reimburse for vehicle expenses. This can either be a flat rate or a per-mile rate and must be at least the IRS standard mileage rate or the driver’s actual expenses.

Contact us

Employers have a small window to review and update their employment policies to ensure compliance and avoid penalties or litigation, and the Husch Blackwell team is available to assist. If you have questions regarding new laws coming into effect in 2026, please contact Kevin Koronka, Jon McNutt, Henry Aho, or your Husch Blackwell attorney.