

New 2026 Labor and Employment Laws

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After a busy year, the California Legislature sent hundreds of bills to Governor Gavin Newsom to either sign into law or veto. These bills span a wide range of issues. For example, California now has a [new state snake and shrub](#). As great as the Giant Garter Snake and the Big Berry Manzanita are, however, many new labor- and employment-related laws are taking effect next year — and employers will want to be familiar with them.

These incoming laws touch on a variety of topics, including discrimination, leaves of absence, employment contracts, notice and recordkeeping requirements, collective bargaining, enforcement and more.

Here's a quick look at the most notable changes coming next year. Unless noted otherwise, the new laws take effect on January 1, 2026.

Minimum Wage

On January 1, 2026, California's minimum wage will increase to \$16.90 per hour. This hourly increase also affects the minimum salary requirements for full-time exempt employees, which will increase to \$70,304 per year.

Employers also must keep in mind that all fast food restaurant employees covered under California Labor Code Section 1474-1476 have their own minimum wage of \$20 per hour, and to qualify as exempt, covered fast food employees must make at least twice the fast food minimum wage.

Additionally, California has different health care worker minimum wage rates in effect — some of which increased on July 1, 2025. And covered health care employees must make at least one and a half times the applicable health care minimum wage rate or twice the state minimum wage, whichever is greater.

Several cities and counties in California have also adopted their own local minimum wage rates that are separate from the statewide rate, many of which will increase on January 1, 2026, though local minimum wage rates don't affect the statewide minimum exempt salary threshold.

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Discrimination, Harassment and Retaliation

[SB 642](#) makes changes to California's pay scale disclosure requirements and the California Equal Pay Act. Under existing law, employers must provide pay scale information to applicants and employees when requested, and employers with 15 or more employees must post pay scale information in job postings. SB 642 revises the definition of "pay scale" for these purposes to mean a "good faith estimate" of the salary or hourly wage range the employer reasonably expects to pay upon hire.

The Equal Pay Act generally prohibits employers from paying employees an amount less than employees of a different gender, race or ethnicity for substantially similar work. SB 642 increases the statute of limitations on Equal Pay Act claims from two years to three and clarifies when a cause of action arises under the law. Notably, the law will also allow recovery under the Equal Pay Act to reach back as far as six years.

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Additionally, California's pay data reporting requirements will undergo some revisions. [SB 464](#) requires demographic information collected by an employer or labor contractor for pay data reporting purposes to be stored separately from employees' personnel records and, beginning January 1, 2027, increases the number of job categories in the report from 10 to 23.

SB 464 also changes pay data reporting penalties. Currently, when an employer doesn't comply with pay data reporting requirements, the California Civil Rights Department (CRD) can seek an order from a court requiring the employer to comply, recover related costs and ask the court to impose civil penalties on the employer for noncompliance. Courts had discretion to impose penalties; however, SB 464 removes court discretion and makes penalties mandatory.

Finally, Governor Newsom signed [SB 303](#), a bill related to bias mitigation training. The bill adds new provisions to the Fair Employment and Housing Act (FEHA) stating that an employee's assessment, testing, admission or acknowledgment of their own personal bias — made in good faith or as part of a bias mitigation training — does not constitute unlawful discrimination. Lawmakers introduced this bill to address concerns that bias-related training information could be misused in discrimination claims against employees or employers.

Leaves of Absence

[AB 406](#) is a follow-up bill to last year's [AB 2499](#), which expanded and revised California's leave for victims of violence, including expanding the definition of "victim," reasons for which an individual can take leave and potential reasonable accommodations. AB 2499 also moved certain victims' leave and accommodation provisions from the Labor Code to Government Code section 12945.8 in the FEHA, giving the California Civil Rights Department (CRD) enforcement authority and creating a new notice requirement

AB 406 is essentially a clean-up bill following AB 2499 and it was passed with an urgency clause, meaning it took effect when signed on **October 1, 2025**. It moved the remaining victims' leave provisions from Labor Code sections 230.2 and 230.5 to Government Code 12945.8. These provisions protect employees who are victims, or whose family members are victims, and take time off to attend judicial proceedings related to the specific crime, including but not limited to delinquency proceedings, post-arrest release decisions, pleas, sentencing or postconviction release decisions.

For this specific leave, the term "victim" is defined as a person against whom certain crimes are committed, including a violent felony, serious felony, felony theft or embezzlement, or a person who suffers direct or threatened harm resulting from specific crimes or delinquent acts specified in the law. Placing all the victims' leave provisions in the same code under the jurisdiction of a single agency will likely make leave administration and enforcement more consistent.

AB 406 also made related changes to California's paid sick leave law (PSL) in Labor Code section 246.5 related to PSL permissible uses, adding the employees' right to use paid sick leave for judicial proceedings related to specific crimes described above and for jury duty and witness leave.

Given these changes, the CRD will likely update its model notice, *Survivors of Violence and Family Members of Victims Right to Leave and Accommodations*. Similarly, the California Labor Commissioner will likely update its paid sick leave notice.

Employers should be on the lookout for these updated notices.

Though not a protected leave of absence itself, California's Paid Family Leave (PFL) program, a state-sponsored insurance program within the State Disability Insurance program that provides wage replacement benefits during a qualifying leave, is being revised. [SB 590](#) expands eligibility for benefits to include individuals who take time off work to care for a seriously ill designated person, legally defined as "any care recipient related by blood or whose association with the individual is the equivalent of a family relationship."

Employees must name the designated person at the time they request PFL benefits and attest to the relationship. This change takes effect on **July 1, 2028**.

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Employment Contracts

[AB 692](#) affects certain voluntary employer benefits like monetary bonuses or educational tuition assistance that employers offer to incentivize and keep employees. Typically, an employer offers this benefit in exchange for an employee's promise to pay the employer back if the employment ends before a specified term.

AB 692 limits employers' ability to offer these types of benefits with repayment agreements by making it unlawful to include in any contract entered on or after January 1, 2026, a provision or term that does any of the following if the worker's employment or work relationship with a specific employer ends:

- Requires the worker to pay an employer, training provider or debt collector for a debt.
- Allows the employer, training provider or debt collector to resume or initiate collection of or end forbearance on a debt.
- Imposes any penalty, fee or cost on a worker.

The law has some exceptions for repayment agreements, including the following:

- Contracts entered under any loan repayment assistance or loan forgiveness program provided by a federal, state or local governmental agency.
- Contracts related to tuition repayment for a "transferable credential," as defined, that meets specific criteria.
- Contracts for enrollment in an apprenticeship program approved by the Division of Apprenticeship Standards.
- Contracts for discretionary monetary payments, including financial bonuses, at the outset of employment that are not tied to specific job performance, provided they meet specified criteria.
- Contracts related to the lease, financing or purchase of residential property.

Employers that offer these types of benefits and programs should consult with legal counsel about AB 692's impact on their practices and programs moving forward.

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Notice and Recordkeeping

SB 294, the Workplace Know Your Rights Act, requires employers to distribute a new annual notice to their employees with information about several topics including workers' compensation, immigration protections, the right to engage in concerted activity and constitutional rights when interacting with law enforcement.

SB 294 directs the California Labor Commissioner to create a template notice by January 1, 2026, that employers can give their employees. Employers have until February 1, 2026, to provide it to their employees, and it must be provided annually thereafter. Employers must also provide new hires with this notice.

For recordkeeping, SB 294 requires employers to keep compliance records for three years, including the date that each written notice is provided or sent.

Separate from the new notice requirement, SB 294 also requires employers to notify an employee's designated emergency contact if the employee is arrested or detained on their worksite but only if the employee has designated an emergency contact for this purpose, and the employer has actual knowledge of the arrest. The bill requires employers to provide existing employees with the opportunity to choose an emergency contact by March 30, 2026, and at the time of hire for new employees hired after that date.

[SB 617](#) will require covered employers to review and update the notices required under the California Worker Adjustment and Retraining Act (CalWARN). In addition to the notice's existing content requirements, SB 617 requires employers to include whether the employer plans to coordinate services through the local workforce development board as well as information about their local workforce development board and California's CalFresh food assistance program.

Lastly, regarding personnel records, [SB 513](#) makes minor revisions to existing law, requiring employers to include the following information in their employees' education and training records:

- The name of the employee.
- The name of the training provider.
- The duration and date of the training.
- The core competencies of the training, including skills in equipment or software.
- The resulting certification or qualification.

Employers will need to review and adjust their recordkeeping practices accordingly.

Collective Bargaining

The Legislature passed and Governor Newsom signed two significant bills impacting collective bargaining rights — AB 288 and AB 1340.

[AB 288](#) substantially expands the jurisdiction of the California Public Employment Relations Board (PERB), a state agency within the Labor and Workforce Development Agency that is responsible for overseeing government employer/employee labor relations. AB 288 gives PERB jurisdiction to enforce labor laws with respect to private-sector employees, who are generally covered by the federal National Labor Relations Act (NLRA), which is enforced by the National Labor Relations Board (NLRB).

AB 288 states that NLRA-covered employees may petition PERB when the NLRB has “expressly or impliedly ceded jurisdiction.” The bill goes on to detail the conditions under which the NLRB will be

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deemed to have ceded jurisdiction.

Under AB 288, PERB will be able to hear unfair practices charges, conduct union elections, certify bargaining representatives and order certain remedies, among other things. Notably, on October 15, 2025, the NLRB filed a lawsuit challenging AB 288 on the grounds that it's preempted by the NLRA, which would prevent California from regulating this area.

**The
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facilities and water
corporations.**

AB 1340 applies to rideshare drivers covered by Proposition 22. Back in 2020, California voters approved Proposition 22, which classified certain app-based drivers as independent contractors. With the signing of AB 1340, in 2026, those drivers will gain unionization rights under PERB's jurisdiction. Specifically, AB 1340, the Transportation Network Company Drivers Labor Relations Act, provides that covered drivers have the right to form, join and participate in driver organizations, bargain through representatives of their own choosing and engage in concerted activities for the purpose of bargaining or other mutual aid or protection.

AB 1340 also requires covered Transportation Network Companies (TNC) to collect and report to PERB information on drivers that meet specified criteria starting January 1, 2026, and each following quarter. The law also describes in significant detail the obligations of covered TNCs and the PERB with respect to forming driver organizations and negotiating agreements.

Covered TNCs should consult legal counsel to ensure compliance.

Wage and Hour

This year, the Governor signed two industry-specific wage and hour bills. First, **AB 751** makes permanent an existing rest period exception for certain positions within petroleum facilities. Under this limited exception, employers can require employees holding safety sensitive positions at petroleum facilities to be on call and required to respond to emergencies during their rest periods. The exception was scheduled to expire at the end of this year but will instead be made permanent and expanded to cover safety sensitive positions at other types of fuel refineries.

Second, Labor Code section 512 related to meal periods provides an exception to the general meal period rules if the employee is covered by a valid collective bargaining agreement (CBA) and works in certain industries such as construction, commercial drivers, utility companies and others. **SB 693** revises section 512 to add "water corporations" to the list of exceptions for those covered by valid CBAs.

Displaced Workers

Although the COVID-19 pandemic is long behind us, current law still provides certain hospitality workers displaced by COVID-19 with recall rights when the employer has open positions. Enacted in 2021 and revised in 2023, the law presumes that a covered employee separated from employment for economic, non-disciplinary reasons is separated due to a COVID-19-related reason unless the employer establishes otherwise. [AB 858](#) extends the law another year to January 1, 2027.

Wage-and-Hour Enforcement

California lawmakers also passed new wage-and-hour enforcement bills. Under [SB 261](#), California employers that fail to pay a final wage judgment may face additional costs and penalties.

This bill provides that if a final judgment for unpaid wages remains unsatisfied 180 days after the time to appeal expires and there has been no appeal, the judgment debtor (employer) may face a civil penalty up to three times the outstanding judgment amount, including post-judgment interest. The employer has opportunity for a reduced penalty if they can show — through clear and convincing evidence — good cause to reduce the penalty.

In addition to triple penalties for not timely paying a final judgment, the law also provides that a prevailing plaintiff will be awarded attorney's fees and costs in an action to enforce the judgment.

SB 261 also expands enforcement by allowing public prosecutors, such as the Attorney General, a district attorney, city attorney, county counsel, or any other city or county prosecutor, to step in for employees to enforce unpaid judgments.

[SB 648](#) expands the California Labor Commissioner's authority to enforce California's rules on tips and gratuities. Currently, Labor Code section 351 prohibits employers from taking tips from employees, deducting employees' wages based on gratuities paid to them or crediting gratuities against their wages. SB 648 gives the Labor Commissioner the ability to investigate and issue citations or file civil actions for potential violations of California's tip rules.

In addition to triple penalties for not timely paying a final judgment for unpaid wages, SB 261 provides that a prevailing plaintiff will be awarded attorney's fees and costs in an action to enforce the judgment.

Veto

Governor Newsom vetoed two notable CalChamber-opposed and/or designated [cost-driver bills](#) this year, including the following:

- AB 1136, which would have created new leave of absence and reinstatement rights related to immigration proceedings and detainment.
- SB 7, which would have established several rules for employers using automated decision

systems (ADS) in their practices, including notifying workers and job applicants before use, notifying job applicants of ADS use in hiring, prohibiting an employer from relying solely on ADS when making discipline or termination decisions, notifying workers when they use ADS in discipline or termination decisions and giving workers the ability to request the ADS data used in making such a decision.

Although the Governor vetoed SB 7, employers currently using or considering using ADS should keep in mind the CRD's recent ADS regulations that went into effect on October 1, 2025, clarifying when using those tools may be discriminatory.

For more information about how California's new labor and employment laws will affect your workplace, register for one of CalChamber's virtual [2026 Virtual Employment Law Updates seminars](#), where our legal experts offer key insights into new laws, regulations and court cases.

Employers should consult with legal counsel to address any questions they may have and help ensure compliance with the laws covered here.

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