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EMPLOYMENT LAW
2026 LEGAL UPDATE

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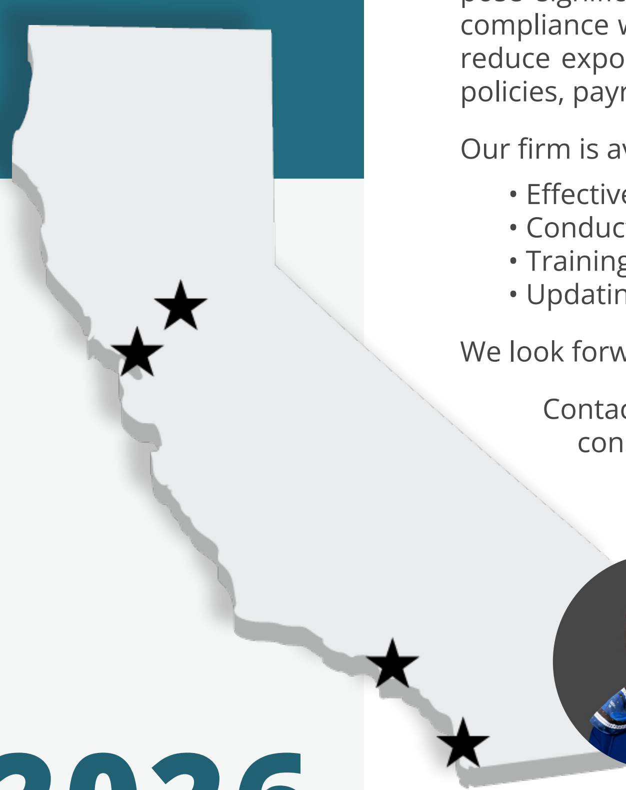

STAY AHEAD OF 2026's LEGAL CHANGES

Review your employee handbook and employment contracts for necessary updates on changes to the law.

As we approach 2026, Meyers Nave is pleased to provide this summary of key developments in California employment law that may affect your operations, human resources policies, and compliance obligations in the coming year.

The California employment law landscape continues to evolve in both scope and complexity. New minimum wage requirements, updated rules affecting employee relations, and expanding oversight of artificial intelligence, pay transparency, privacy, and local ordinances highlight the need for early preparation. Changing guidelines on Diversity and Inclusion programs are also reshaping workplace culture, prompting employers to take steps that support recruiting and retention.

Wage and hour compliance and the flood of related claims continue to pose significant challenges for both employers and the courts. Consistent compliance work, clear policies, and regular audits have become key tools to reduce exposure. Thus, we encourage you to begin reviewing and updating policies, payroll systems, and training programs now to ensure compliance.

Our firm is available to assist with:

- Effectively and strategically defending employment lawsuits and threats
- Conducting wage and hour audits
- Training to educate and to reduce employment risk
- Updating policies and handbooks to comply with new laws

We look forward to partnering with you as you navigate the year ahead.

Contact our Labor and Employment Practice Group to schedule a consultation or discuss how we can support your organization.

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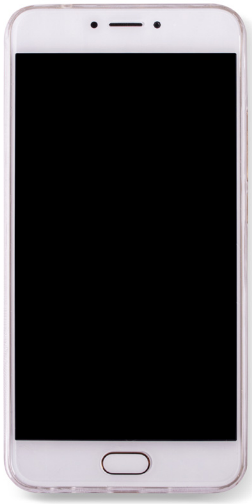

Navigating the New Frontiers of App-Based Labor

California's gig/app economy continues to develop legislatively. Proposition 22, passed by voters in 2020 and later approved by the California Supreme Court, allowed app-based transportation and delivery companies to classify drivers as independent contractors rather than employees. Starting in 2026, however, two new laws will further reshape the landscape for companies managing contingent or flexible independent contractor workforces.

Senate Bill 809 clarifies that simply owning a vehicle does not make someone an independent contractor. Targeted primarily at the construction and trucking industries, it reinforces that workers using their own vehicles for business must be reimbursed for work-related expenses if they are classified as employees. Assembly Bill 1340 goes a step further, redefining how the state views gig work. It allows ride-share drivers to organize and bargain collectively. The law sets up certification procedures for driver organizations, mandates good-faith bargaining, and provides mediation mechanisms for dispute resolution. Together, these measures signal the state's efforts to prioritize protections, rights and benefits for those in gig economy roles.

State and Local Ordinance-Based Minimum Wages To Be Increased

Minimum wage in California will once again increase from $16.50 to $16.90 on January 1, 2026. Certain industries, including fast food establishments (no increase for 2026) and health care businesses are subject to higher hourly rates, and employers must comply with those specific requirements. The salary threshold for full-time exempt employees (those who qualify under the professional, executive and administrative exemptions) also will increase from $68,640 to $70,304 effective January 1, 2026. Additional exemptions, such as the computer professional exemption, will also increase as of January 1, 2026. Minimum annual salary for these professionals will be $122,573.13 annually to be classified as exempt.

It is important to note that particular cities and counties require even higher minimum wage payments and adjust at times other than the first of the year. For example, the minimum wage for San Diego will rise to $17.75/hour; San Jose to $18.45/hour; West Hollywood (non-hotel workers) will be $20.25/hour; and San Francisco City and County to $19.18 per/hour through June 30, 2026. These local ordinance based rates do not affect the minimum salary requirements for exempt employees and some adjust midyear.

Pay Equity Enforcement Act Expanded to Require More Information and the Potential for More Liability for Violations

California employers were already required to provide pay scale information in job postings, but now that pay scale information must be "a good faith estimate" of the salary a prospective employee can expect at the time of hire (not at some point in the future) with the Pay Equity Enforcement Act. California also now adopts a non-binary definition of "sex" and expands the law by preventing pay disparity between an employee and an employee of "another sex" (as opposed to "opposite sex"). The law also updates the definition of "wages" to include all forms of compensation, including non-salary compensation such as bonuses, expense reimbursement, allowances, accommodations, and stock options.

Finally, the statute of limitations has been expanded to three years from the date of the alleged violation, and an employee may recover for the entire time period a violation exists (up to six years). The statute also clarifies the accrual of a cause of action: (1) when an unlawful practice is adopted, (2) when an individual becomes subject to the unlawful practice, or (3) when the unlawful practice affects the employee.

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Employment Contract Repayment Provisions (AB 692) Now Prohibited

Under AB 692, California employers will be prohibited from entering into an employment contract requiring employees to repay training costs, fees, or other debts when employment ends. This will significantly impact employment and training agreements currently used by employers to recoup training costs when an employee leaves. Employers should act now to review offer letters, repayment agreements, and training reimbursement provisions to ensure compliance in order to avoid civil penalties.

Paid Family Leave Benefits to Care for "Designated Persons" Will Start in 2028

Starting in July 2028, California will expand its Paid Family Leave (PFL) to include leave to care for a "designated person." This change allows employees to receive PFL benefits when they take time off to care for someone related by blood or whose association with the employee is equivalent of a family relationship. Employees will be required to identify the designated person when they first request the benefits and confirm the nature of the relationship. While California Family Rights Act (CFRA) allows for employees to take leave for a designated person, this update to PFL leave ensures employees can now receive wage-replacement benefits for that time.

Judicial Proceeding and Jury Duty Leaves (AB 406) Clarified By New Law

AB 406 strengthens protections for jury duty related leaves. Employees are now required to give reasonable advance notice to their employer before jury service, unless giving advance notice is not feasible. Additionally, starting January 1, 2026, the law expands protected leave to victims of certain crimes and qualifying family members to attend court proceedings. This update ensures employees can participate in court proceedings without the fear of losing their job or retaliation. The law also shifts enforcement of these protections to the Civil Rights Department.

Workplace Know Your Rights Act (SB 294) Addresses Immigration and Workers Comp Concerns

By February 1, 2026, employers must provide a written notice to each employee of certain workplace rights, including, among other things, workers compensation and notice requirements related to inspections conducted by immigration authorities. The Labor Commissioner will post a template notice on its website by January 1, 2026 that employers can use to be compliant. Employers are required to provide the notice to employees upon hire and annually. An employer's failure to comply will lead to a $500 fine per employee, per violation.

Additionally, on or before March 30, 2026, employers must provide employees an opportunity to designate an emergency contact. The employer must inform the emergency contact if the employee is arrested or detained on site. Failure to comply will lead to a fine of $500 per employee, per day the violation occurs, up to a maximum of $10,000 per employee.

AI Transparency Law for Frontier Models (SB 53) Require Employer Action

Effective January 1, 2026, SB 53 creates a comprehensive oversight framework for “large frontier developers” of advanced AI foundation models. Covered AI developers must publish and annually update a safety framework detailing catastrophic-risk assessment, mitigation standards, third-party evaluations, deployment criteria, and cybersecurity practices for protecting model weights. Before releasing new or materially modified frontier models, developers must disclose summaries of catastrophic-risk assessments and report qualifying safety incidents to the state. The law also provides internal whistle-blower channels and anti-retaliation protections for covered technical employees. While aimed at developers, employers using frontier models should expect enhanced vendor disclosures and evaluate procurement, security, and governance practices for alignment.

Personnel Records (SB 513) Must Include Training Documents

As of January 1, 2026, employers must expand what is tracked and what may be viewed in employees’ personnel records. Employees may now inspect their personnel records relating to education and training. All training records must include: the employees name, the name of the training provider, duration and date of the training, core competencies covered (including skills in equipment and/or software) and any resulting certification or qualification. Employers must still respond to requests for inspection or copies within 30 calendar days, unless agreed between the parties in writing to extend the time up to 35 days from the date the employer’s receives the written request. Failure to comply with this new mandate can expose employers to penalties, including criminal liability.

Bias Mitigation Training (SB 303) Encouraged, But Not Required

The Government Code has been amended to encourage, and not require, that employers conduct bias mitigation training for employees by providing that an employee’s assessment, testing, admission or acknowledgment of their own personal biases made in good faith and solicited or required as part of a bias mitigation training does not constitute unlawful discrimination. The protection applies to assessing or testing for personal bias, analyzing bias assessments or tests, conducting bias training and workshops, using toolkits, and tracking bias mitigation and elimination. Other training requirements, such as for sexual harassment, remain in place.

PERB Jurisdiction Expanded for Labor Disputes in the Private Sector

AB 288 expands the Public Employee Relations Board’s (PERB) jurisdiction when the National Labor Relations Board (NLRB) fails to act. A worker who is subject to the National Labor Relations Act (NLRA), and who meets certain criteria, can petition PERB to: (1) process a petition previously filed with NLRB; (2) certify an exclusive bargaining representative; and (3) decide unfair labor practice cases. The Agricultural Labor Relations Board’s jurisdiction is also modified so NLRA is viewed as persuasive authority, and ALRB can depart from their authority, if deemed appropriate.

Cal-WARN Notice (SB 617) Require Updating to Include Info on Public Benefits

SB 617 updates Cal-WARN notice content for mass layoffs, relocations, and terminations. Employers must state whether they will coordinate Rapid Response services with a local workforce development board (or another entity) and provide specified contact information. Notices must also include CalFresh benefit information, including the website and helpline. If coordination is elected, services must be arranged within 30 days. Employers should revise Cal-WARN templates and internal procedures to ensure compliance in advance of planned workforce reductions.

Unsatisfied Wage Judgments (SB 261) to Meet Stiffer Enforcement Efforts

Effective January 1, 2026, under SB 261, the Division of Labor Standards Enforcement must publicly post the names of employers with unsatisfied wages orders, decisions, or awards. If a judgment remains unpaid for more than 180 days, the courts may imposed civil penalties up to three times the outstanding amount. The civil penalties are half payable to the affected employees and half to the state. Additionally, SB 261 authorizes public prosecutors to enforce wage judgments and recover attorney's fees and costs.

Penalties for Pay Data Reporting Failures (SB 464) Now Mandatory

The California legislature has amended its Pay Data Reporting law and amped up California's pay data reporting requirements in three different ways. Companies with 100 or more employees (or 100 or more third-party labor contractors) were already required to submit annual pay data reports containing demographic and pay information for their workforce. Now, instead of organizing the jobs according to the ten available EEO-1 categories, employers must categorize their roles according to 23 different categories based on the Standard Occupational Classification system. Additionally, employers are now required to store the demographic information they collect separately from employees' personnel files. The amended law now requires the court to impose monetary penalties for non-compliance.

Extended Statute of Limitations for Sexual Assault / Harassment Claims (AB 250) in Cases of a "Cover up"

A two-year statute of limitations window will open for plaintiffs sexually assaulted on or after their 18th birthday to file claims that would have been otherwise time-barred before January 1, 2026—if they can allege a "cover up." A plaintiff must allege that an entity or entities, including officers, directors, representatives, employees or agents engaged in a cover up or attempt to cover up a previous allegation of sexual assault against the perpetrator. A cover-up is as a "concerted effort" to hide evidence relating to sexual assault that incentivizes the individual to remain silent or prevents information relating to sexual assault from becoming public or disclosed to plaintiff." The law, which does not apply to claims made against public entities, allows these claims to be filed between January 1, 2026 and December 31, 2027, and revives related claims of wrongful termination and sexual harassment.

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For more information on recent legislative changes, or for a review of your employee handbook for compliance, **contact us**.

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Please consult with your legal counsel in regards to applications of these laws to your workforce.

This is a summary of new laws and is not intended to be comprehensive.