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Keeping Up With California: New Laws Impacting Employers in 2025

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During California's 2024 legislative session, California Gov. Gavin Newsom signed several new employment laws impacting California employers. Unless otherwise specified, the laws summarized below take effect on January 1, 2025.

Minimum wage increase

In the new year, the general statewide minimum wage will increase by 50 cents, to $16.50 per hour, **for all employers, regardless of size**. Notably, voters rejected Proposition 32, which would have increased the minimum wage to $18 for all employers by 2026. Employers should remember, however, that many cities and counties require a higher minimum wage than the state's minimum wage.

Antidiscrimination updates

Intersectionality of protected characteristics

In enacting Senate Bill (SB) 1137, California became the first US state to prohibit discrimination on the basis of the intersection, or combination, of two or more protected characteristics (e.g., race, sex, age, disability, etc.). The law defines "intersectionality" as "an analytical framework that sets forth that different forms of inequality operate together, exacerbate each other, and can result in amplified forms of prejudice and harm." Notably, this intersectionality concept is one recently recognized by the US Equal Employment Opportunity Commission's latest enforcement guidance on harassment in the workplace.

Modified CROWN Act

Assembly Bill (AB) 1815 amends the state's existing CROWN (Creating a Respectful and Open Workplace for Natural Hair) Act, which generally prohibits race-based hair discrimination. In particular, the definition of "race" is amended to be "inclusive of traits associated with race, including, but not limited to, hair texture and protective hairstyles," while "protective hairstyles" has been revised so that it "includes but is not limited to such hairstyles as braids, locs, and twists." While the law removes the requirement that traits be "historically" associated with race, it is declarative of existing law and thus operates retroactively.

Driver's license discrimination

SB 1100 makes it unlawful for employers to include a statement in a job advertisement, posting, application or other material that an applicant must have a driver's license, unless the employer both:

- Reasonably expects driving to be one of the job functions.
- Reasonably believes using alternative transportation would not be comparable in travel time or cost to the employer.

Under the law, “alternative transportation” includes, but is not limited to, using a ride-hailing service or taxi, carpooling, bicycling, or even walking.

Local enforcement of antidiscrimination laws

SB 1340 permits any city, county or other political subdivision of the state to enforce local antidiscrimination law when the laws are at least as protective as the state law and certain additional requirements are met. Under the law, local enforcement may occur if all of the following apply:

- It concerns an employment complaint filed with the California Civil Rights Department (CRD).
- It happens after the CRD has issued a right-to-sue notice.
- It commences before the statute of limitations to file a civil action expires.

In addition, the time to file a civil action specified in the right-to-sue notice will be tolled during any local enforcement.

Expanded protections for victims of violence

AB 2499 expands protection available for victims of crime or abuse and introduces a definition of “qualifying act of violence,” which includes domestic violence, sexual assault, stalking, and other acts of violence.

Employers cannot discriminate against an employee for taking time off for jury service, to appear in court as a witness under court order, or to take time off as a victim of a qualifying act of violence to obtain relief for their or their child’s health, safety or welfare. Additionally, an employer with 25 or more employees cannot discriminate or retaliate against an employee who is a victim (or who has a family member who is a victim) of a qualifying act of violence for taking time off for other prescribed purposes.

This bill recasts the jury, court and victim time-off provisions as unlawful employment practices within the California Fair Employment and Housing Act and, thus, within the CRD’s enforcement authority. The CRD will publish a form notice of the expanded rights on or before July 1, 2025, for employers to satisfy their notification requirements.

‘Captive audience’ ban

California has joined the growing list of jurisdictions banning “captive audience” meetings. SB 399, the California Worker Freedom From Employer Intimidation Act, prohibits employers from requiring employees to attend meetings or participate in any communications where an employer expresses religious or political opinions, including on union organizing.

Employers also cannot retaliate or threaten adverse action if an employee declines to attend such meetings and will be subject to a $500 penalty per employee for each violation. Like other captive audience laws, the law carves out certain exceptions, permitting employers to hold meetings to share information required by law or required to perform job duties. Notably, the National Labor Relations Board similarly held that **requiring employees to attend such meetings violates the National Labor Relations Act**.

Freelance Worker Protection Act (FWPA)

Following Los Angeles’ enactment of its Freelance Worker Protections Ordinance in 2023, under SB 988, the state will now require contracts with independent contractors providing “professional services” valued at least $250 to be written. “Professional services” has the same meaning as California Labor Code Section 2778(b)(2), which applies generally to creative professionals (e.g., photographers, estheticians, marketing professionals and grant writers). The $250 threshold applies to all contracts for services

between the hiring entity and the contractor during the preceding 120 days.

Like other freelance worker protections laws, the contracts must contain key items of information, such as an itemization of all services to be provided by the contractor and the dates for payment. Hiring parties must provide a copy of the written contract either physically or electronically to the contractor. Hiring parties also must retain a copy of the contract for at least four years.

Aggrieved contractors can sue for violations and recover reasonable attorneys' fees and costs, injunctive relief, and other remedies deemed appropriate by the court. The amount of damages recoverable depends upon the violation. This law does not prevent a freelance worker from enforcing an oral contract.

New rules for paid family leave benefits

Under AB 2123, employers can no longer require employees to use up to two weeks of vacation leave before receiving Paid Family Leave, the state's partial-wage replacement benefits program administered by the Employment Development Department.

Posters and notices

Updated whistleblower poster

AB 2299 requires that the state labor commissioner develop a "model list" of rights and responsibilities an employee has under whistleblower laws. It also works to simplify employers' compliance obligations, as employers who post this model list will be deemed compliant with existing requirements. Employers can **view the updated notice on the Department of Industrial Relations website**.

Updates to workers' compensation notice requirements

AB 1870 amends the state's existing workers' compensation notice requirements to contain additional information, including that injured employees have the right to consult with an attorney, and that attorneys' fees will be paid from the injured worker's award, in most instances.

'Social compliance audit' reporting

AB 3234 introduces new reporting requirements for employers that conduct a "social compliance audit," which is defined as a "voluntary, nongovernmental inspection or assessment of an employer's operations or practices to evaluate whether the operations or practices are in compliance with state and federal labor laws, including, but not limited to, wage and hour and health and safety regulations, including those regarding child labor."

While employers are not required to conduct such audits, when they do, they must post a clear and conspicuous link on their website to report the detailed findings of these audits. These detailed findings must include certain required information, such as whether children work for the employer within or outside regular school hours, or during night hours, and whether the employer engages in or supports the use of child labor. The state may provide further guidance on these disclosure obligations. If you have any questions about these laws or how to comply, please contact a member of Cooley's **ESG and sustainability advisory practice**.

Disclosure and reporting updates

Climate disclosure requirements

In 2023, California became the first state to impose climate-related disclosure obligations on companies, through SB 253 and SB 261. This year, SB 219 made timeline and reporting amendments to those laws, which were **discussed in our September 2024 Cooley client alert**. Notably, the first reporting deadlines for companies remain unchanged, with emissions disclosures still due in 2026.

Venture capital diversity reporting law amendments

Also in 2023, we reported on SB 54, a law requiring venture capital (VC) firms with a nexus to California to report data regarding the diversity of the founding members of the portfolio companies in which they invest. As we explained in an early December 2024 client alert, significant amendments were made to SB 54 via SB 164, including the delay of the initial reporting deadline from March 1, 2025, to March 1, 2026.

Next steps

Every year, the Golden State enacts expansive new employment laws, and this recent batch of laws is no exception. Employers should prepare in advance by reviewing and updating policies and practices for compliance with these laws. For example, employers should train human resources personnel and managers on new discrimination protections and requirements surrounding paid family leave benefits, and ensure that they review and revise training materials, handbooks, and other documents containing antidiscrimination policies and leave administration policies. Employers should stay tuned for the state's updated poster on whistleblowing, review their policies and practices on engaging independent contractors (including record keeping), and analyze whether any mandatory meetings may run afoul of the captive audience meeting ban.

If you have any questions about these laws or how to comply, please contact the Cooley employment team or one of the lawyers listed below.

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