

CALIFORNIA LAWMAKER PROPOSES “NO ROBO BOSSES” ACT: WHAT EMPLOYERS NEED TO KNOW ABOUT LATEST AI LEGISLATION

Insights
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Another California lawmaker wants the state to be at the forefront of AI regulation, unveiling the “No Robo Bosses” Act and taking direct aim at the use of AI in the workplace. Senate Bill 7, released by Senator Jerry McNerney (D-Stockton) on Friday, seeks to regulate the use of automated decision systems (ADS) in employment, hoping to strictly limit AI-driven tools when hiring, promoting, disciplining, and terminating workers. If enacted, SB 7 would significantly impact employers using AI-driven workforce management tools. Here’s what businesses need to know about this latest push to regulate AI in the workplace – and how it differs from other pending AI legislation in California.

What Would SB 7 Require?

The No Robo Bosses Act, [which you can read here](#), would impose several key obligations and restrictions on employers that use ADS in employment-related decisions:

- **Human Oversight Mandate** – Employers would not be able to rely solely on automated decision-making tools for hiring, promotions, disciplinary actions, or terminations. A human reviewer would need to be involved in all major employment decisions.
- **Notice Requirements** – Employers would need to provide written notice to workers when an ADS is used to make employment-related decisions. This includes:
 - A pre-use notice at least 30 days before introducing an ADS.

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- A post-use notice explaining how an ADS influenced an employment decision.
- **Transparency and Data Access** – Employees must have the right to access and correct their data used by an ADS, ensuring they are not misjudged due to inaccurate AI-driven analysis.
- **Appeals Process** – Employers must provide workers with a clear appeals process if they believe an ADS-driven employment decision was incorrect.
 - Employers would need to provide workers with 30 days to lodge an appeal.
 - They would then have 14 business days to respond – after a human reviewer who meets specified criteria objectively evaluates all evidence.
 - If the human reviewer determines that the decision should be overturned, the employer would need to rectify the decision within 21 business days.
- **Prohibited Uses** – The bill explicitly bans certain ADS functions, including:
 - Using AI to **predict worker behavior** or assess personality, emotional state, or intentions.
 - Collecting or inferring **sensitive personal data** (such as immigration status, sexual orientation, credit history, religious beliefs, and more).
 - Relying **primarily** on customer ratings or similar AI-generated metrics for employment decisions.

This last point – banning such actions as predictive AI – is likely to be highly controversial. Such a ban could significantly impede progress and efficiency as it ends up broadly sweeping up common uses of AI that are actually intended to help employees, including employee retention, employee satisfaction, and other similar goals. Opponents will likely contend that such uses aren't fueled by generative AI but instead simple mathematical formulas and thus not susceptible to the same concerns (hallucinations, bias, etc.) that crop up with other GenAI uses.

How Would SB 7 Be Enforced?

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The Labor Commissioner would have enforcement authority over SB 7, and violations could lead to civil penalties of \$500 per violation – not to mention private lawsuits from employees.

How Does SB 7 Differ from Other Pending AI Regulation in California?

SB 7 is not the only AI workplace regulation being considered in California. Assembly Bill 1018 (AB 1018), [which can you read about here](#), also seeks to regulate AI in employment – but there are key differences.

- **SB 7 focuses primarily on human oversight** in employment decisions, preventing employers from relying solely on AI to make critical workplace choices.
- **AB 1018 places broader compliance obligations** on both employers and AI vendors, requiring audits, data retention policies, and comprehensive risk assessments for AI-driven hiring tools.
- **SB 7 explicitly bans predictive behavior analysis**, while AB 1018 focuses more on impact assessments and reporting obligations.

Meanwhile, SB 7 would essentially impose similar requirements to what is currently proposed by the California Privacy Protection Agency (CPPA) in round two of the [CCPA/CPRA regulations related to automated decision-making technology \(ADMT\)](#). Those proposed regulations are likely to pass and get enacted later this year.

- But the CCPA only applies to certain size for-profit businesses or those fitting certain criteria tied to number of consumers about whom they collect data.
- Conversely, SB 7 would apply to all employers with no exception, including small business and nonprofits.

The effect? SB 7 might effectively displace the CCPA/CPRA mandate to regulate ADMT because this law would impose essentially the same requirements – not to mention some additional requirements not in the pending CCPA regulations.

Finally, Senator Scott Wiener (D-San Francisco) has introduced Senate Bill 53, which aims to promote responsible development of large-scale artificial intelligence

(AI) systems. The bill proposes the creation of CalCompute, a public cloud-computing cluster designed to support startups and researchers in developing large-scale AI models. Additionally, SB 53 seeks to bolster protections for whistleblowers who report potential risks associated with AI development. It follows a similar path as [a controversial bill that passed the legislature but was ultimately vetoed by Governor Gavin Newsom last year.](#)

What's Next?

The No Robo Bosses Act is expected to generate significant debate between labor unions and business groups. Supporters argue that human oversight is essential to prevent AI-driven discrimination, while critics claim that existing employment laws already provide adequate protections.

Employers should watch for potential amendments as the bill moves through committee hearings over the next few months. The key deadlines? It would need to reach Governor Newsom by mid-September, and he would have until October 12 to sign or veto the legislation.

From a big-picture perspective, this bill is another reminder that states will be taking the lead on AI regulation for the foreseeable future. In fact, a similar bill proposed at the federal level last year – the “[No Robot Bosses](#)” Act – failed to even make it out of committee in Congress. Finding no traction at the federal level, these types of bills will no doubt proliferate in the states.

What Should Employers Do Now?

Even though SB 7 is still making its way through the legislative process, employers using AI in workforce management should start preparing now by considering some best practices:

- ✓ **Audit Current AI Systems** – Identify where and how AI-driven tools are being used in employment decisions.
- ✓ **Consider How You Would Implement Human Oversight Policies** – You may need to soon ensure human decision-makers have the final say on hiring, promotions, discipline, and terminations – so if your current ADS is weak in those areas, you may want to begin preliminary planning to adjust as necessary.

✓ **Review Data Collection Practices** – You will want to ensure that your AI tools are not using or inferring prohibited personal characteristics, which you can do through AI bias audits.

✓ **Implement AI Governance Policies** – Establish clear AI governance frameworks, including bias mitigation protocols and transparency measures. Follow [our 10-step guide](#) to setting up your own AI governance system.

✓ **Stay Updated on Legislative Developments** – Given California’s aggressive push for AI regulation, employers should monitor SB 7 and AB 1018 closely to stay ahead of compliance requirements – which you can do by subscribing to [Fisher Phillips’ Insight System](#).

Conclusion

We will continue to monitor developments and provide updates as warranted, so make sure you subscribe to [Fisher Phillips’ Insight System](#) to gather the most up-to-date information on AI and the workplace. Should you have any questions on the implications of these developments and how they may impact your operations, contact your Fisher Phillips attorney, the author of this Insight, any attorney in [any of our California offices](#), or any attorney in our [AI, Data, and Analytics Practice Group](#).