

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Oppose

BILL NUMBER: AB 1362
AUTHOR: Kalra, Ash

BILL SUMMARY: Foreign labor contractor registration: agricultural workers.

This bill extends to licensed farm labor contractors certain recruitment requirements that currently apply to other foreign labor contractors.

FISCAL SUMMARY

The Department of Industrial Relations (DIR) estimates costs of \$2.5 million in 2025-26 and \$1.4 million dollars ongoing from the Labor Enforcement and Compliance Fund for the Labor Commissioner's Office (Labor Commissioner) to implement this bill, noting that costs could be greater depending on the size of the regulated community.

The Department of Finance notes that the Labor Commissioner is authorized to charge registration fees to cover programmatic costs. Accordingly, increased revenue collected by the Labor Commissioner would likely be sufficient to offset the increased costs driven by this bill.

Any request for resources will be evaluated as part of the annual budget development process.

This bill does not create a state-reimbursable mandate because it does not require a new program or higher level of service. Rather, this bill defines a new crime, changes the existing definition of a crime by the state, and/or changes the penalty for conviction of a crime, which are local mandates not reimbursable by the state.

COMMENTS

Notwithstanding the merits, Finance is opposed to this bill because it will create additional costs that are not included in the 2025 Budget Act.

Finance notes that a similar bill, AB 364 of 2022, was vetoed by the Governor. In his veto message, the Governor noted that the bill: (1) would have created a redundant process for many of the contractors covered by the bill given they are already regulated through federal and state agencies and (2) would have created uncertainty by bringing visa programs that would not normally be considered worker visa programs into the scope of foreign labor contractor regulations.

Existing law establishes requirements for foreign labor contractors during recruitment, specifying that the requirements only apply to "nonagricultural workers" and excludes farm labor contractors. Examples of these requirements are as follows:

Analyst/Principal Elmore, Cynthia / Hewitt, Allison	Date	Program Budget Manager Calvert, Teresa	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS		Form DF-43 (Rev 03/95 Buff)	

AUTHOR

AMENDMENT DATE

BILL NUMBERKalra, Ash

AB 1362

COMMENTS (continued)

- Requires a foreign labor contractor to register with the Labor Commissioner, a process that includes a written application, a surety bond, and a registration fee.
- Requires the Labor Commissioner to post the name, contact information, and other specified details of all registered foreign labor contractors on its website.
- Requires a foreign labor contractor to inform workers, in a specified manner at the time of recruitment, about their legal rights and protections.

Existing law establishes the following guidelines specific to farm labor contractors:

- Requires the Labor Commissioner to issue a license to any person acting as a farm labor contractor.
- Permits the Labor Commissioner to revoke, suspend, or refuse to renew a license if the farm labor contractor does not comply with certain state and federal laws or are found to have committed sexual harassment of an employee.
- Requires farm labor contractors to make specified disclosures, maintain specific records, promptly pay all moneys owed to workers, conspicuously display information related to workers' rights, provide mandated training, and comply with all federal law.

This bill will extend the requirements that apply to foreign labor contractors to farm labor contractors by repealing the statutory exemption that current applies to farm labor contractors.

According to the author's office, the lack of protection for temporary agricultural workers during recruitment has created a gap in protection that leaves many temporary and seasonal workers vulnerable to exploitation by human traffickers. Specifically, fraudulent recruiters make false promises to foreign workers to bring them into California, where they are then put into exploitative situations after already paying exorbitant and illegal fees to secure employment.

		(Fiscal Impact by Fiscal Year)								
Code/Department		LA	(Dollars in Thousands)							
Agency or Revenue		CO	PROP				Fund			
Type		RV	98	FC	2025-2026	FC	2026-2027	FC	2027-2028	Code
7350/DIR		SO	No	C	2,500	C	1,400	C	1,400	3152
<u>Fund Code</u>	<u>Title</u>									
3152	Labor Enforcement and Compliance Fund									