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# California State Assembly

## BUSINESS AND PROFESSIONS

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# AGENDA

Tuesday, June 16, 2026
10 a.m. -- 1021 O Street, Room 1100
(Please note time change)

## BILLS HEARD IN FILE ORDER

| | No. | Bill | Author | Subject |
|---|---|---|---|---|
| | 1. | SB 903 | Padilla | Mental health professionals: artificial intelligence. |
| | 2. | SB 936 | Blakespear | Nitrous oxide: sales. |
| * | 3. | SB 1165 | Caballero | Contractor licenses: outstanding liabilities assessed by the California Department of Tax and Fee Administration. |
| | 4. | SB 1203 | Smallwood-Cuevas | Security services. |
| | 5. | SB 1271 | Reyes | Midwifery: workforce data: availability to be a clinical preceptorship. |

* *Proposed for Consent*

Date of Hearing: June 16, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
SB 903 (Padilla) – As Amended June 8, 2026

**NOTE:** This bill is double referred and if passed by this Committee will be re-referred to the Assembly Committee on Privacy and Consumer Protection.

**SENATE VOTE**: 39-0

**SUBJECT**: Mental health professionals: artificial intelligence

**SUMMARY**: Prohibits the use of companion chatbots in the provision of psychotherapy services and restricts the use of artificial intelligence (AI) by licensed professionals who provide psychotherapy services.

**EXISTING LAW**:

1) Defines “artificial intelligence” as an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments. (Government Code § 11546.45.5)

2) Requires a developer of a generative AI (GenAI) system or service to publicly disclose specific information related to the system or service’s training data. (Civil Code § 3111)

3) Requires a health facility, clinic, physician’s office, or office of a group practice that uses GenAI to generate written or verbal patient communications pertaining to patient clinical information to provide a disclaimer that the communication was generated by GenAI and instructions on how to contact a human. (Health and Safety Code § 1339.75)

4) Establishes the Department of Consumer Affairs (DCA) within the Business, Consumer Services, and Housing Agency. (Business and Professions Code (BPC) § 100)

5) Enumerates various regulatory boards, bureaus, committees, and commissions under the DCA’s jurisdiction, including healing arts boards under Division 2. (BPC § 101)

6) Makes it unlawful for any healing arts licensee to publicly communicate a false, fraudulent, misleading, or deceptive statement, claim, or image for the purpose of or likely to induce, directly or indirectly, the rendering of professional services in connection with the professional practice or business for which they are licensed. (BPC § 651)

7) Establishes the Medical Board of California (MBC) within the DCA to license and regulate physicians and surgeons under the Medical Practice Act, including physicians specializing in the practice of psychiatry. (BPC §§ 2000 *et seq.*)

8) Establishes the Osteopathic Medical Board of California (OMBC) within the DCA to license and regulate physicians and surgeons under the Osteopathic Act. (BPC §§ 2450 *et seq.*)

9) Prohibits any person from practicing medicine or advertising themselves as practicing medicine within the scope of the Medical Practice Act without a valid license from the MBC or OMBC. (BPC § 2052)

10) Declares that corporations and other artificial legal entities shall have no professional rights, privileges, or powers under the Medical Practice Act. (BPC § 2400)

11) Establishes the California Board of Psychology (BOP) within the DCA to license and regulate psychologists under the Psychology Licensing Law. (BPC §§ 2900 *et seq.*)

12) Prohibits any person from engaging in the practice of psychology, or representing themselves to be a psychologist, without a license issued by the BOP. (BPC § 2903)

13) Establishes the Board of Behavioral Sciences (BBS) within the DCA to license and regulate mental health professionals under the Licensed Marriage and Family Therapist Act, the Educational Psychologist Practice Act, the Licensed Professional Clinical Counselor Act, and the Clinical Social Worker Practice Act. (BPC § 4989.12)

14) Prohibits any person from practicing or advertising professional clinical counseling services without a license issued by the BBS. (BPC § 4999.30)

15) Prohibits any person from providing marriage and family therapy services without a license issued by the BBS. (BPC § 4999.30)

16) Prohibits the advertising or functionality of an AI or GenAI technology that indicates or implies that the care, advice, reports, or assessments being offered through the AI or GenAI technology is being provided by a licensed health care professional, including the use of protected titles reserved for licensed health care professionals. (BPC § 4999.9)

17) Defines "companion chatbot" as an AI system with a natural language interface that provides adaptive, human-like responses to user inputs and is capable of meeting a user's social needs, including by exhibiting anthropomorphic features and being able to sustain a relationship across multiple interactions, with exceptions. (BPC § 22601)

18) Requires a companion chatbot platform operator to issue a clear and conspicuous notification indicating that a companion chatbot is artificially generated and not human if a reasonable person interacting with a companion chatbot would be misled to believe that the person is interacting with a human and requires an operator to prevent a companion chatbot on its platform from engaging with users unless the operator maintains a protocol for preventing the production of suicidal ideation, suicide, or self-harm content to the user. (BPC § 22602)

19) Beginning January 1, 2027, requires operators of companion chatbots to report data related to incidents of suicide ideation by users. (BPC § 22603)

20) Requires operators of companion chatbot platforms to disclose to users that companion chatbots may not be suitable for some minors. (BPC § 22604)

21) Authorizes a person who suffers injury in fact as a result of a violation of laws restricting the use of companion chatbots to bring a civil action for relief. (BPC § 22605)

**THIS BILL**:

1) Defines "psychotherapeutic communication" as any verbal, nonverbal, or written interaction in a clinical or professional setting that is conducted for the purpose of diagnosing or treating a mental health or substance use disorder or concern.

2) Exempts from the definition of "psychotherapeutic communication" general wellness education, instruction, or guidance that is intended to promote overall health and well-being rather than to diagnose or treat a specific mental, emotional, or behavioral health disorder or concern.

3) Defines "psychotherapy services" as services provided to diagnose, or treat an individual's mental health or substance use disorder.

4) Exempts from the definition of "psychotherapy services" religious counseling or peer support, as defined.

5) Defines "triage or screening" as the assessment of an individual's health concerns and symptoms for the purpose of determining the urgency, clinical nature, or appropriate level of the individual's need for psychotherapy services.

6) Prohibits an individual, corporation, or entity from using AI to record or transcribe psychotherapeutic communications, psychotherapy sessions, or triage or screening unless both of the following conditions are satisfied:

    a) The patient or client, or the patient's or client's legally authorized representative, is informed verbally or in writing that AI will be used and the specific purpose of the AI tool or system that will be used.

    b) The patient or client, or the patient's or client's legally authorized representative, provides consent to the use of AI.

7) Prohibits an individual, corporation, or entity from advertising or otherwise purporting to offer psychotherapy services when the services are provided through the use of companion chatbots, including by claiming the companion chatbot is a therapist or provides therapy.

8) Authorizes the use of AI when providing psychotherapy services or conducting triage or screening only to the extent the use does not allow AI to do any of the following:

    a) Make independent therapeutic decisions.

    b) Directly interact with patients or clients in any form of psychotherapeutic communication, unless the tool or system is approved by the federal Food and Drug Administration (FDA) for that use and is compliant with the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA).

    c) Generate therapeutic recommendations, assessment results, diagnoses, or treatment plans without review and approval by the licensed professional.

d) Detect emotions or mental states.

e) Assess an individual's health concerns or symptoms for the purpose of determining the urgency, clinical nature, or appropriate level of the individual's need for psychotherapy services.

9) Provides that a licensed professional who uses AI in connection with psychotherapy services or triage or screening in a manner that has not been selected, provided, directed, or mandated by an employing or contracting entity is responsible for ensuring the AI is deployed in compliance with the law and used in a clinically appropriate manner.

10) Provides that an employer or contracting entity that requires or authorizes the use of AI by a licensed professional is responsible for ensuring the AI is deployed in compliance with the law and directing the licensed professional to use the AI in compliance with the law.

11) Requires the use of AI in patient or client records for psychotherapy services to comply with the Confidentiality of Medical Information Act (CMIA).

12) Provides that a violation of the bill's requirements and prohibitions is subject to the jurisdiction of the appropriate health care professional licensing board or enforcement agency.

13) Expressly exempts the following from the bill's requirements and prohibitions:

a) Religious counseling.

b) Peer support.

c) Self-help materials and educational resources that are available to the public and do not purport to offer psychotherapy services.

d) AI used solely for training or simulation purposes.

e) Research conducted by an academic or nonprofit research institution that is conducted in accordance with applicable ethics, confidentiality, privacy, and security rules.

f) Any AI tool or system that has been reviewed and cleared, authorized, or approved for use by the FDA, or another federal agency tasked with approving AI for use in health care, provided the tool or system is used consistent with its approved indication and applicable federal requirements.

14) Declares that the purpose of the bill is to safeguard individuals seeking psychotherapy services by ensuring these services are delivered by licensed professionals and to protect consumers from unlicensed or unqualified providers, including unregulated AI systems, while respecting individual choice and access to community-based and faith-based mental health support and recognizing that AI technology has the potential to expand clinical capacity if used in a safe, ethical, and legal manner.

**FISCAL EFFECT**: According to the Senate Committee on Appropriations, unknown, potentially significant fiscal impact to the healing arts boards within the DCA; actual costs for each impacted board will vary based on complaint volume and any resulting investigative and enforcement workload; additionally, impacted boards may incur one-time workload costs to the extent that they will need to promulgate regulations to implement the bill's provisions.

**COMMENTS**:

**Purpose**. This bill is co-sponsored by the *California Psychological Association*, the *National Union of Healthcare Workers*, the *California Behavioral Health Association*, and the *California Association of Marriage and Family Therapists*. According to the author:

> As we face a shortage of mental health treatment resources, some companies are marketing algorithm-driven products as "therapy" to help those in need; but AI algorithms are not fit to take over the jobs of human therapists. Therapy is effective because of uniquely human qualities that AI systems are incapable of replicating such as empathy, lived experience, ethical judgment, and trust. SB 903 addresses this growing concern by prohibiting companies from advertising or providing "therapy" when services are not delivered by a licensed professional, and by ensuring that clinicians use AI only in ways that promote safe, informed, and person-centered care.

**Background**.

*Artificial Intelligence.* The recent acceleration in the evolution of AI and GenAI technologies has elicited a significant amount of attention from state and federal policymakers, and this has been especially true when the technology is deployed in a health care setting. The integration of AI into health care practice raises both legal and ethical concerns, particularly when AI is used to supplant or influentially augment clinical judgment by practitioners. Additionally, concerns have been voiced that AI technologies have the potential to displace human medical professionals in the future, which could have detrimental effects on both the health care workforce and for patients.[1]

A significant component of these concerns relates to the use of potential for AI systems to imitate licensed health care providers. AI-powered diagnostic tools, chatbots, and virtual assistants are increasingly capable of providing what resembles medical advice, which can blur the lines between machine-generated guidance and professional medical consultation from a trained human professional. Meanwhile, there is uncertainty as to whether existing laws that restrict the use of professional titles to licensed individuals are enforceable against non-human AI programs or those who develop or deploy them. This has led to challenges in ensuring that AI systems do not mislead patients by presenting communications as coming from qualified professionals, especially since those communications are not subject to oversight by a licensing board.

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[1] Parikh, R. B., Teeple, S., & Navathe, A. S. (2024). *Artificial intelligence and the future of work in healthcare: The role of trust and acceptance. NPJ digital medicine, 6(1), 111*.

In January 2025, California Attorney General Rob Bonta issued a "legal advisory on the application of existing California law to artificial intelligence in healthcare." The advisory noted that "California's professional licensing laws provide additional standards to which licensed medical professionals must adhere" and that "only human physicians (and other medical professionals) are licensed to practice medicine in California; California law does not allow delegation of the practice of medicine to AI." The Attorney General's advisory further opined that "using AI or other automated decision tools to make decisions about patients' medical treatment, or to override licensed care providers' determinations about what a patient's medical needs are, may violate California's ban on the practice of medicine by corporations and other 'artificial legal entities' … in addition to constituting an 'unlawful' or 'unfair' business practice under the Unfair Competition Law."[2]

*AI Psychotherapy.* Psychotherapy and similar mental health services are within the scope of practice of several licensed health care professions, including psychologists licensed by the BOP, counselors and therapists licensed by the BBS, and psychiatrists licensed as physicians and surgeons by the MBC or OMBC. In the background paper for the BOP's most recent sunset review oversight hearing, Issue #13 discussed how AI is specifically changing the field of psychology.[3] The sunset background paper questioned what regulatory changes may be necessary to protect consumers and ensure the ethical use of AI-driven tools in psychotherapy practice.

As discussed in the sunset review background paper, AI has the potential to transform the field of psychology, from the provision of psychotherapy to research. While AI innovations, such as chatbots (e.g., Wysa and Woebot) and tools that automate notetaking (e.g., Mental Note AI and TherapyFuel), can improve consumer access and affordability and lessen the administrative burden on psychologists, there are numerous questions outstanding about safety, privacy, reliability, and equity. The dangers of AI-generative chatbots have been the subject of increased scrutiny and are at the center of two lawsuits.

In a letter to the Federal Trade Commission (FTC), the American Psychological Association (APA) expressed its "grave concerns about 'entertainment' chatbots that purport to serve as companions or therapists." The letter highlighted concerns that some technologies available to the public lack appropriate safeguards, adequate transparency, or the warning and reporting mechanisms necessary to ensure appropriate use and access by appropriate users. The APA urged the FTC to investigate "the prevalence and impacts of deceptive practices employed by AI-generative chatbots and other AI-related technologies like Character.ai, Replika, and other companies for developing and perpetuating AI-generated characters that engage in misrepresentations and for engaging in deceptive trade practices, passing themselves off as trained mental health providers, and potentially causing harm to the public."[4]

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[2] California Department of Justice. (2024). *Application of existing California laws to artificial intelligence in healthcare* (Legal Advisory). https://tinyurl.com/AGadvisory
[3] https://abp.assembly.ca.gov/media/1241
[4] Letter from Arthur C. Evans, Chief Executive Officer, American Psychological Association to Federal Trade Commission (December 2024).

As reported by the *New York Times*, a lawsuit against Character.ai has been filed by the mother of a Florida teen who died by suicide after interacting with a chatbot claiming to be a licensed psychologist.[5] A second lawsuit was initiated by the parents of a Texas teen with autism grew hostile and violent towards them during a period of time when he was interacting with a chatbot claiming to be a psychologist. According to *The Washington Post*, he had also begun harming himself and lost 20 pounds.[6]

Although the dangers of these chatbots are well documented, they are popular. Some of Character.ai's chatbots have had more than one million conversations with users. In its letter to the FTC, the APA argues that:

> Given that the fundamental purpose of professional licensing is consumer protection, there is a compelling legal argument that the same prohibitions contained in professional licensing laws restricting unqualified individuals from referring to themselves as a "psychologist" or "physician" or other licensed professional and attempting to conduct themselves in that way ought to apply these non-human chatbots as well.

In 2025, the Legislature enacted AB 489 (Bonta), which was intended to address general concerns about the integration of AI technologies in health care practice settings, and specific concerns about the growing popularity of AI chatbots engaged in psychotherapy. AB 489 expressly applied existing title protections for health care professionals to the advertising or functionality of an AI system, program, device, or similar technology. The bill additionally prohibited the use of any term, letter, or phrase in the advertising or functionality of an AI system, program, device, or similar technology that indicates or implies that the care or advice being offered through the AI technology is being provided by a natural person in possession of the appropriate license or certificate to practice as a health care professional.

Another bill enacted in 2025, SB 243 (Padilla), placed new requirements and restrictions on companion chatbots, as defined, by requiring companion chatbot operators to disclose that the chatbot is artificial if a reasonable person interacting would be misled to believe that they were interacting with a human. The bill further required operators to take certain actions with respect to a user the operator knows is a minor, including disclosing to the user that the user is interacting with AI. Additionally, the bill mandated that companion chatbot operators implement protocols to respond when a user expresses suicidal ideation or self-harm, including providing contact information for crisis or suicide hotlines

This bill would seek to limit the use of companion chatbots in the context of psychotherapy services and psychotherapeutic communication. The bill would prohibit companion chatbots from being used to provide psychotherapy, or as being advertised for that purpose. Additionally, the bill would restrict the use of AI by psychotherapists in their services and communications with patients. The author believes these additional guardrails will further protect patients.

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[5] Ellen Barry, *Human Therapists Prepare for Battle Against A.I. Pretenders,* The New York Times (Feb. 24, 2025), https://www.nytimes.com/2025/02/24/health/ai-therapists-chatbots.html
[6] Nitasha Tiku, *An AI companion suggested he kill his parents. Now his mom is suing.* The Washington Post (Dec. 13, 2024), https://www.washingtonpost.com/technology/2024/12/10/character-ai-lawsuit-teen-kill-parents-texas

**Current Related Legislation**. AB 1988 (Pellerin) would require companion chatbot operators to ensure that multiple statements within a 72-hour period of a user's intent to harm themself or others results in a suspension of the user's account, pending human review. *This bill is pending the Senate Committee on Privacy, Digital Technologies, and Consumer Protection.*

AB 2023 (Wicks) would establish a comprehensive regulatory framework to ensure that companion chatbots made available to children in this state are safe by design. *This bill is pending the Senate Committee on Privacy, Digital Technologies, and Consumer Protection.*

SB 300 (Padilla) would place additional obligations and prohibitions on the operators of companion chatbots. *This bill is pending in the Assembly Committee on Privacy and Consumer Protection.*

SB 1119 (Padilla) would establish a comprehensively regulatory framework for companion chatbots with regard to children's safety, including imposition of a series of obligations and restrictions on operators that make such chatbots available in California. *This bill is pending in the Assembly Committee on Judiciary.*

**Prior Related Legislation**. AB 489 (Bonta), Chapter 615, Statutes of 2025 extended the enforceability of existing title protections for various licensed health care professions to expressly apply against a person or entity who develops or deploys AI or GenAI technology.

SB 243 (Padilla), Chapter 677, Statutes of 2025 placed a number of requirements and restrictions on operators of companion chatbots, as defined.

SB 579 (Padilla) of 2025 would have required the Secretary of the Government Operations Agency to appoint a mental health and AI working group to evaluate identified issues and determine the role of AI in mental health settings. *This bill was held on suspense in the Senate Committee on Appropriations.*

AB 2013 (Irwin), Chapter 817, Statutes of 2024 required a developer of a GenAI system or service to publicly disclose specific information related to the system or service's training data.

AB 3030 (Calderon), Chapter 848, Statutes of 2024, required specified health care providers to disclose the use of a GenAI tool when it is used to generate communications to a patient pertaining to patient clinical information.

**ARGUMENTS IN SUPPORT**:

The *California Psychological Association* and the *California Association of Marriage and Family Therapists* write jointly as co-sponsors of this bill: "Mental health care involves deep, nuanced understanding of human thought, emotion, history, social context, culture, and risk. AI tools, by their design, rely on patterns in data and statistical associations. They cannot reliably identify or respond to crises or subtle cues that experienced clinicians are trained to detect. These limitations pose concerns for patient safety when the tools are presented or used in ways that mimic therapeutic relationships. SB 903 protects individuals seeking care by tying the delivery of psychotherapy to professionals who hold a license and are subject to regulation and enforcement by state licensing boards."

**ARGUMENTS IN OPPOSITION**:

The *California Medical Association* (CMA) and the *California Hospital Association* (CHA) write jointly in opposition to this bill unless amended: "Artificial intelligence has the potential to improve nearly every aspect of health care, including quality, patient experience, and affordability. At the same time, the health care field faces unique considerations when using AI. Health care leaders and policymakers must understand and balance the potential benefits and risks to ensure that AI is used safely, effectively, and equitably. We welcome that conversation — and we share the Legislature's commitment to getting it right." CMA and CHA argue that provisions of the bill are "duplicative of existing Business and Professions Code sections and could create unintended consequences with existing licensure laws."

**POLICY ISSUES**:

*Limitations on Patient Assessments.* Multiple stakeholders have raised concerns related to the proposed Section 4989.84 in the bill, which would prohibit any individual, corporation, or entity from using AI to perform certain functions. Specifically, this bill would prohibit the use of AI to "detect emotions or mental states" or to "assess an individual's health concerns or symptoms for the purpose of determining the urgency, clinical nature, or appropriate level of the individual's need for psychotherapy services." While the Legislature has already firmly established that AI should not be used to render any diagnosis or to interfere with the professional judgment of a licensee, this language could be interpreted as prohibiting AI from being used to effectively prioritize patients in crisis who need mental health care more urgently than other patients seeking psychotherapy services. The author should continue to work with stakeholders to refine this language to more narrowly achieve the intent of the bill while allowing AI to be used to serve valuable triage functions in a manner that does not supplant appropriate assessments by a human.

**REGISTERED SUPPORT**:

California Association of Marriage and Family Therapists *(Co-Sponsor)*
California Behavioral Health Association *(Co-Sponsor)*
California Psychological Association *(Co-Sponsor)*
National Union of Healthcare Workers *(Co-Sponsor)*
Alliance for Children's Rights
California Alliance of Child and Family Services
California Association of Local Behavioral Health Boards and Commissions
California Association of School Counselors
California Association of School Psychologists
California Coalition for Behavioral Health
California Consortium of Addiction Programs and Professionals
California Federation of Labor Unions, AFL-CIO
California State PTA
County Behavioral Health Directors Association
Mental Health America of California
Oakland Privacy
Osteopathic Medical Board of California
PowerCA Action
TechEquity Action

**REGISTERED OPPOSITION**:

ATA Action
California Chamber of Commerce
California Hospital Association
California Medical Association
TechNet
Teladoc Health
TimelyCare

Analysis Prepared by: Robert Sumner / B. & P. / (916) 319-3301

Date of Hearing: June 16, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
SB 936 (Blakespear) – As Amended May 18, 2026

**NOTE:** This bill is double referred and if passed by this Committee will be re-referred to the Assembly Committee on Public Safety.

**SENATE VOTE**: 33-0

**SUBJECT**: Nitrous oxide: sales

**SUMMARY**: Prohibits the sale of specified nitrous oxide products associated with a greater likelihood of being inappropriately used for direct inhalation of nitrous oxide by the purchaser and establishes penalties for the unlawful sale of those nitrous oxide containers.

**EXISTING LAW**:

1) Establishes the California Department of Tax and Fee Administration (CDTFA) within the Government Operations Agency. (Government Code §§ 15570 *et seq.*)

2) Enacts the Cigarette and Tobacco Products Licensing Act of 2003 to provide for the licensing of manufacturers, importers, distributors, wholesalers, and retailers of cigarettes and tobacco products. (Business and Professions Code (BPC) §§ 22970 *et seq.*)

3) Provides for specified application requirements for a retailer to obtain a license to engage in the sale of cigarettes or tobacco products and specifies causes for denial of a license, including the conviction of specified felonies. (BPC § 22973.1)

4) Specifies causes for suspension or revocation of a retailer's license to engage in the sale of cigarettes or tobacco products by the CDTFA, including violations of laws relevant to the scope of the license. (BPC § 22980.3)

5) Provides that any person who possesses nitrous oxide with the intent to breathe, inhale, ingest for the purposes of causing intoxication, elation, euphoria, dizziness, stupefaction, or dulling of the senses, or for the purposes of changing, distorting, or disturbing the audio, visual, or mental processes, or who is intentionally under the influence of nitrous oxide, is guilty of a misdemeanor punishable by imprisonment in county jail for up to six months, by a fine not to exceed $1,000, or by both imprisonment and a fine. (Penal Code (PEN) § 381b)

6) Defines "nitrous oxide" as N2O, dinitrogen monoxide, dinitrogen oxide, nitrogen oxide, or laughing gas; states that every person who sells, furnishes, administers, distributes, or gives away, or offers to sell, furnish, distribute, or give away a device, canister, tank, or receptacle either exclusively containing nitrous oxide, or exclusively containing a chemical compound containing nitrous oxide to a person under 18 years of age is guilty of a misdemeanor punishable by imprisonment in a county jail for up to six months, by a fine not to exceed $1,000, or by both imprisonment and a fine; requires the court to consider ordering community service as a condition of probation. (PEN § 381c)

7) Makes it a misdemeanor punishable by imprisonment in a county jail for up to six months, by a fine not to exceed $1,000, or both, for any person to dispense or distribute nitrous oxide to a person knowing or having reason to believe that the nitrous oxide will be ingested or inhaled by the person for the purposes of causing intoxication, euphoria, dizziness, or stupefaction, and that person proximately cause great bodily injury or death to themselves or any other person. (PEN § 381d)

8) Requires a person who distributes or dispenses nitrous to record each transaction involving nitrous oxide in a physical written document, which both that person and the purchaser must sign, and which that person must make available during normal business hours to members of law enforcement or to the California State Board of Pharmacy. (PEN § 381e(a))

9) Specifies that the following the document used to record each transaction shall inform the purchaser of all of the following:

    a) The inhalation of nitrous oxide may be hazardous to your health;

    b) That it is a violation of state law to possess nitrous oxide or any substance containing nitrous oxide with the intent to breathe, inhale, or ingest it for the purpose of intoxication;

    c) That it is a violation of state law to knowingly distribute or dispense nitrous oxide or any substance containing nitrous oxide, to a person who intends to breathe, ingest, or inhale it for the purpose of intoxication.

    (PEN § 381e(b))

10) Exempts from these requirements any person who administers nitrous oxide for the purpose of providing medical or dental care, if administered by a licensed medical or dental provider or at the direction or under the supervision of a licensed practitioner. (PEN § 381e(c))

11) Exempts from these requirements the sale of nitrous oxide contained in food products for use as a propellant. (PEN § 381e(d))

12) Exempts from these requirements the sale of nitrous oxide by a wholesaler licensed by the California State Board of Pharmacy or a specified manufacturer. (PEN § 381e(e))

**THIS BILL**:

1) Provides that it is unlawful for any person to sell, furnish, offer, distribute, or give away any of the following:

    a) A nitrous oxide container capable of holding more than eight grams of nitrous oxide.

    b) A nitrous oxide container from which an individual may directly inhale nitrous oxide.

    c) Nitrous oxide that has, or is marketed as having, the taste or smell of any food, including any fruit, candy, dessert, alcoholic beverage, herb, or spice, that is distinguishable by an ordinary consumer either prior to or during consumption or use of the product.

d) Any device that a person knows, or reasonably should know, allows an individual to inhale nitrous oxide from the nitrous oxide container or to hold nitrous oxide released from the nitrous oxide container for purposes of inhalation.

2) Exempts from the above prohibitions nitrous oxide or a nitrous oxide container that meets any of the following:

   a) Has been denatured or otherwise rendered unfit for human consumption or use.

   b) Is intended and marketed for use by a manufacturer as part of a manufacturing process or industrial operation.

   c) Is specifically designed and marketed for use in a vehicle to enhance the performance of the vehicle.

   d) Is sold to a licensed medical, veterinary, or dental practitioner to be administered or prescribed as part of the care or treatment of a disease, condition, or injury.

   e) Contains less than nine grams of nitrous oxide as a propellant in food or to be used in food preparation for restaurant, food service, or houseware products.

   f) Is sold by a wholesaler for any purpose listed in this subdivision.

3) Defines "nitrous oxide container" means a device, canister, tank, or receptacle either exclusively containing nitrous oxide or exclusively containing a chemical compound mixed with nitrous oxide.

4) Expressly provides that sales conducted in person, through the internet, or through any other electronic or digital means are included in the above prohibitions.

5) Provides that a violation of the above prohibitions are punishable as an infraction punishable by a fine of not more than $500 for the first offense, $1,000 for a second offense, or $2,000 for a third and subsequent offense.

6) Authorizes a court to suspend the business license or license to engage in the sale of cigarettes or tobacco products of a business that violates the above prohibitions.

7) Clarifies that the bill does not limit the authority of a city, county, or city and county to adopt or enforce a local ordinance that further restricts the sale, furnishing, offering, or distribution of nitrous oxide.

**FISCAL EFFECT**: According to the Senate Committee on Appropriations, the CDTFA estimates this bill would result in potentially significant state costs of up to $250,000 annually for administrative workload related to license and permit suspensions, inspections, and issuing violation citations, among other activities, along with the potential loss of some fee revenue, as well as potential loss of sales and use tax revenue, depending upon the number of licenses that would be suspended as result of the provisions of the bill; additional unknown, potentially significant costs to the trial court system to adjudicate the newly created criminal penalties.

**COMMENTS**:

**Purpose**. This bill is co-sponsored by *Rural County Representatives of California*; the *National Stewardship Action Council*; the *County of Orange*; and *San Diego District Attorney Summer Stephan*. According to the author:

> SB 936 would prohibit the public sale of nitrous oxide canisters larger than 8 grams, while preserving access for legitimate medical, dental, culinary, and automotive uses. These canisters are increasingly used recreationally by youth and pose serious public safety risks, including impaired driving. SB 936 targets misuse by limiting retail sales to intended purposes, particularly addressing flavored, youth-oriented products marketed for inhalation. SB 936 also does not create new possession crimes or further criminalize Californians who consume nitrous, it simply reduces access for non-legitimate uses. The bill builds on actions already taken in Nebraska, Louisiana, and several California counties, including Humboldt, Orange, San Mateo, and Santa Cruz, to curb the retail sale of nitrous oxide.

**Background**. Nitrous oxide, or dinitrogen monoxide, is a gaseous chemical compound. Often referred to as "laughing gas," nitrous oxide has long been used as a form of anesthesia in surgical and dental procedures. It is also commonly used in motor racing as a rapid-burning fuel for internal combustion engines (referred to in that setting as "NOS.") Nitrous oxide has been approved by the World Health Organization's Expert Committee on Food Additives as a propellant for food since 1985. The gas is used in aerosol containers to deliver culinary substances through a spray that turns into a foam upon being propelled, such as with cooking sprays and whipped cream. Nitrous oxide works particularly well for this purpose because of its interaction with food ingredients and its effectiveness for turning liquids into foamy sprays.

While most consumers interact with nitrous oxide through its use in consumer products already containing the substance intended to be sprayed, pure nitrous oxide may be purchased separately in bulbs or canisters for purposes of recharging dispensers that can then be loaded with home-made whipped products. A popular brand of whipped cream chargers is marketed as "Whip-It!" and can be easily purchased at kitchen supply stores and online retailers. These containers are associated with the inappropriate use of nitrous oxide as a recreational drug, commonly referred to as "whippets."

The inhalation of nitrous oxide in order to get high is also sometimes called "hippy crack," "nitro," "laughing gas," "the epiphany drug," "nangs," or "chargers." Typically, the user will inflate a balloon with a charging canister and then inhale it, with the gas operating as a dissociative hallucinogen, producing a sense of euphoria. Recreational use of nitrous oxide is not a new phenomenon; affluent members of English society were known to have so-called "laughing gas parties" hosted by chemist Humphry Davy, who is credited with originally discovering the compound.

There are serious health risks associated with the recreational use of nitrous oxide, which can result in serious injury or dangerous activity. Existing law makes it a misdemeanor to possess nitrous oxide with the intent to use it for the purposes of getting high. Additionally, it is a crime to sell, furnish, administer, distribute, give away, or offer nitrous oxide canisters to a person who is under 18 years of age, or to anyone the seller knows intends to use the canisters to get high.

Current law also requires a person who dispenses or distributes nitrous oxide to record each transaction in a document signed by both the seller and the buyer, which must inform the buyer that recreational use of nitrous oxide is both a crime and dangerous.

Beyond these legal restrictions, nitrous oxide canisters are legal to purchase and sell for legitimate reasons and are not federally regulated as a controlled substance. It has been contended that while many stores sell nitrous oxide for its intended use—to dispense whipped cream through an aerosol device—it is very unlikely that a consumer who purchases the product from a shop primarily selling cigarettes or tobacco products intends to use the canisters for any purpose other than getting high. However, it has also been noted that nitrous oxide can be purchased from myriad other retailers that are arguably less regulated, including online retailers that do not necessarily engage in age verification or other protections against abuse.

Existing law makes it a crime to engage in certain unlawful conduct relating to the sale of nitrous oxide. First, it is a misdemeanor to sell, furnish, administer, distribute, or give away a device, canister, tank, or receptacle either exclusively containing nitrous oxide or exclusively containing a chemical compound mixed with nitrous oxide, to a person under 18 years of age. The defendant can raise a defense that they honestly and reasonably believed that the minor involved in the offense was at least 18 years of age. Beginning in 2010, the court is required to order the suspension of the business license, for a period of up to one year, of a person who knowingly violates this misdemeanor after having been previously convicted of a violation of the same crime.

Additional provisions of law make it a misdemeanor for a retailer to dispense or distribute nitrous oxide to a person who the retailer knows or should know is going to use the nitrous oxide in violation of the law, and that person proximately causes great bodily injury or death to themselves or another person. Retailers are also required to record each transaction involving the dispensing or distribution of nitrous oxide and to make specified disclosures to purchasers, and a violation of required confidentiality relating to information obtained from purchasers is also punishable as a misdemeanor. Unlike the prohibition on sales of nitrous oxide to minors, repeated violations of these additional restrictions and requirements are not subject to mandatory suspension of a business license.

This bill would establish additional restrictions on the sale of nitrous oxide and nitrous oxide containers. Nitrous oxide containers capable of containing more than eight grams, having the taste or smell of food, or allowing for an individual to inhale nitrous oxide would all be prohibited. The bill would further prohibit the sale of a device that a person knows, or reasonably should know, allows an individual to inhale nitrous oxide from the nitrous oxide container or to hold nitrous oxide released from the nitrous oxide container for purposes of inhalation.

Specific penalties for violations of these prohibitions would additionally be established by this bill. The bill would provide that the sale of a prohibited nitrous oxide product is punishable as an infraction punishable by a fine of not more than $500 for the first offense, $1,000 for a second offense, or $2,000 for a third and subsequent offense. A court would be further authorized to suspend the business license of a business that knowingly violates the bill’s prohibitions, as well as a license issued pursuant to the Cigarette and Tobacco Products Licensing Act of 2003.

**Current Related Legislation**. SB 1314 (Menjivar) would make it a misdemeanor for a person to possess nitrous oxide with the intent to get high, sell nitrous oxide to a minor, or dispense or distribute nitrous oxide knowing it will be ingested or inhaled to get high in an instance that results in serious harm or death. *This bill is pending in the Assembly Committee on Health.*

SB 758 (Umberg) would prohibit the sale of nitrous oxide by tobacco retailers. *This bill is pending referral in the Assembly.*

**Prior Related Legislation**. AB 1107 (Flora) of 2025 would have authorized the CDTFA to deny, suspend, or revoke a license for a retailer to sell cigarettes or tobacco products if the retailer has been convicted of violating laws criminalizing the unlawful sale of nitrous oxide, and required the court to order the suspension of the business license, for a period of up to one year, for a retailer that repeatedly violates those laws. *This bill died on suspense in the Assembly Committee on Appropriations.*

SB 193 (Nielsen) of 2019 would have criminalized the sale of nitrous oxide by a tobacco retailer and requires the court to order the suspension of the retailer's business license if convicted. *This bill died on suspense in the Assembly Committee on Appropriations.*

SB 631 (Nielsen) of 2017 would have prohibited a retailer of tobacco products or tobacco-related products from selling or offering to sell nitrous oxide, and made a violation punishable by a civil penalty not to exceed $2,500. *This bill died in Assembly Committee on Judiciary.*

AB 1735 (Hall), Chapter 458, Statutes of 2014 made it a misdemeanor for any person to dispense or distribute nitrous oxide to a person knowing or having reason to believe that the nitrous oxide will be ingested or inhaled by the person for the purposes of causing intoxication, and that person proximately cause great bodily injury or death to themselves or any other person.

AB 1015 (Torlakson), Chapter 266, Statures of 2009 made it a misdemeanor to sell or furnish to a person under 18 years of age a canister or device containing nitrous oxide, or a chemical compound mixed with nitrous oxide.

**ARGUMENTS IN SUPPORT**:

The *Rural County Representatives of California*, the *National Stewardship Action Council*, the *California Product Stewardship Council*, *Republic Services*, *RethinkWaste*, *Recology*, *Californians Against Waste*, the *Resource Recovery Coalition of California*, *Western Placer Waste Management Authority*, *Tehama County Solid Waste Management Agency*, *Del Norte Solid Waste Management Authority*, the *Sanitation Districts of Los Angeles County*, *Solid Waste Association of North America California Chapters*, *StopWaste*, and *Zero Waste Marin* write jointly in support of this bill in a coalition letter. The coalition writes: "Senate Bill 936 bans the sale of nitrous oxide, which is widely used as an illicit recreational inhalant. Aside from serious and sobering public health and safety impacts associated with its illicit use as a party drug, large nitrous oxide cylinders are a growing and expensive waste management problem. … Local governments and the solid waste industry have no control over what products are introduced into the marketplace and for which we will ultimately be responsible for management and disposal. By banning the sale of large nitrous oxide containers, SB 936 will significantly reduce cost pressures and management challenges for local solid waste programs and their operators."

**ARGUMENTS IN OPPOSITION**:

The *American Civil Liberties Union California Action* (ACLU) writes in opposition to this bill: "SB 936 raises concerns as it extends criminal liability to individuals, including those with no relation to a retailer, for the wrongs committed by a business." ACLU opposes this bill unless amended "to directly regulate businesses. For example, California's approach to regulating flavored tobacco products imposes civil fines and retail license consequences for businesses that fail to comply with the regulatory framework. The proper avenue for the intent of SB 936 is direct regulation of retailers, not criminalization of individuals. For these reasons, ACLU California Action respectfully opposes SB 936, unless it is amended to directly regulate businesses instead of criminalizing individuals."

**REGISTERED SUPPORT**:

County of Orange *(Co-Sponsor)*
National Stewardship Action Council *(Co-Sponsor)*
Rural County Representatives of California *(Co-Sponsor)*
San Diego County District Attorney's Office *(Co-Sponsor)*
California Behavioral Health Planning Council
California Cannabis Operators Association
California CUPA Forum
California Medical Association
California Narcotic Officers' Association
California Nurses for Environmental Health & Justice
California Product Stewardship Council
Californians Against Waste
City of Carlsbad
City of Ventura
County of Santa Barbara
County of Santa Clara
Del Norte Solid Waste Management Authority
Dental Board of California
Good Farmers Great Neighbors
Health Officers Association of California
League of California Cities
Los Angeles County Sanitation Districts
Recology
Republic Services
Resource Recovery Coalition of California
RethinkWaste
San Francisco Marin Medical Society
StopWaste
SWANA California Chapters Legislative Task Force
Tehama County Solid Waste Management Agency
Urban Counties of California
Western Placer Waste Management Authority
Zero Waste Marin

**REGISTERED OPPOSITION**:

ACLU California Action

Analysis Prepared by: Robert Sumner / B. & P. / (916) 319-3301

Date of Hearing: June 16, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
SB 1165 (Caballero) – As Amended April 16, 2026

**NOTE:** This bill is double-referred and, if passed by this Committee, will be re-referred to the Assembly Revenue and Taxation Committee.

**SENATE VOTE**: 36-0

**SUBJECT**: Contractor licenses: outstanding liabilities assessed by the California Department of Tax and Fee Administration

**SUMMARY**: Clarifies that the Contractors State License Board (CSLB or board) may refuse to issue, reinstate, reactivate, or renew a license or may suspend a license for failure of the licensee to resolve all outstanding liabilities assessed by the California Department of Tax and Fee Administration (CDTFA), unless the licensee has entered into a written installment payment agreement and is in compliance with the terms of that agreement; requires the application for a contractor's license to include an authorization by the applicant for the CDTFA to disclose tax information that is required to implement this bill; and authorizes the CDTFA to audit these authorizations.

**EXISTING LAW**:

1) Establishes, until January 1, 2029, the CSLB under the Department of Consumer Affairs (DCA) to implement and enforce the Contractors State License Law (License Law). (Business and Professions Code (BPC) §§ 7000 *et seq.*)

2) Authorizes the CSLB to appoint a registrar of contractors to be the executive officer and secretary of the CSLB. (BPC § 2011)

3) Authorizes the registrar to refuse to issue, reinstate, reactivate, or renew a license or may suspend a license for the failure of a licensee to resolve all outstanding final liabilities, which include taxes, additions to tax, penalties, interest, and any fees that may be assessed by the board, the Department of Industrial Relations, the Employment Development Department, the Franchise Tax Board, or the State Board of Equalization (BOE). (BPC § 7145.5(a))

4) Requires all versions of the application for a contractor's license to include, as part of the application, an authorization by the applicant, in the form and manner mutually agreeable to the Franchise Tax Board and the board, for the Franchise Tax Board to disclose the tax information that is required for the registrar to administer this section. The Franchise Tax Board may from time to time audit these authorizations. (BPC § 7145.5(d))

5) Exempts, in the case of outstanding final liabilities assessed by the BOE, any outstanding final liability if the licensee has entered into an installment payment agreement for that liability with the BOE and is complying with the terms of that agreement. (BPC § 7145.5(e))

6) Specifies that, except as provided, the CDTFA is the successor to, and is vested with, all of the duties, powers, and responsibilities of the BOE. All laws prescribing the duties, powers, and responsibilities of the BOE to which the CDTFA succeeds, together with all lawful rules and regulations established under those laws, are expressly continued in force, including, but not limited to, existing processes and remedies available to a taxpayer or feepayer such as settlement options and appeals processes. (Government Code (GOV) § 15570.22)

7) Specifies that, except as provided, and unless the context clearly requires otherwise, whenever any reference to the BOE appears in any statute, regulation, or contract, or in any other code, with respect to any of the functions transferred to the CDTFA, it shall be deemed to refer to the CDTFA. (GOV § 15570.24)

8) Makes it unlawful, except as specified, for the CDTFA, any person having an administrative duty, or any person who obtains access to information contained in, or derived from, sales or transactions and use tax records of the CDTFA to make known in any manner whatever the business affairs, operations, or any other information pertaining to any retailer or any other person required to report to the CDTFA or pay a tax, or the amount or source of income, profits, losses, expenditures, or any particular thereof, set forth or disclosed in any return, or to permit any return or copy thereof or any book containing any abstract or particulars thereof to be seen or examined by any person. (Revenue and Taxation Code § 7056(a))

**THIS BILL**:

1) Clarifies that the registrar may refuse to issue, reinstate, reactivate, or renew a license or may suspend a license to failure of the licensee to resolve all outstanding liabilities assessed by the CDTFA.

2) Requires all versions of the application for a contractor's license to include, as part of the application, an authorization by the applicant, in the form and manner mutually agreeable to the CDTFA and the board, for the CDTFA to disclose the tax information that is required for the registrar to administer this section. Authorizes the CDTFA to audit these authorizations from time to time.

3) Exempts, in the case of outstanding final liabilities assessed by the BOE *or CDTFA*, any outstanding final liability if the licensee has entered into a *written* installment payment agreement for that liability with the BOE *or CDTFA* and is in compliance with the terms of that agreement (emphasis added to distinguish from existing law).

4) Makes additional conforming changes.

**FISCAL EFFECT**: Pursuant to Senate Rule 28.8, no significant state costs anticipated.

**COMMENTS**:

**Purpose**. This bill is author-sponsored. According to the author:

> [This bill] strengthens tax enforcement and promotes fairness for law-abiding contractors by improving coordination between state agencies. The Contractors' State Licensing

Board (CSLB) can already act to suspend a contractor's license due to outstanding unpaid taxes. However, the [CDTFA] lacks the statutory authority to share necessary taxpayer information with CSLB to facilitate collection and enforcement of unpaid sales & use taxes. As a result, CDTFA is unable to fully utilize CSLB licensing as a compliance and collection tool to collect taxes that are owed. The State currently has a combined outstanding sales & use tax liability among construction contractors of approximately $42.5 million. This lack of coordination among state agencies creates serious consequences for state and local revenues. [This bill] authorizes limited information sharing between CDTFA and CSLB to allow appropriate licensing action, while preserving due process and flexibility for law-abiding taxpaying contractors. This bill improves accountability and helps ensure the state collects lawfully owed revenues.

**Background**. The CSLB is responsible for the implementation and enforcement of the Contractor State License Law, which governs the licensure, practice, and discipline of contractors in California. A license is required for construction projects valued at $1,000 or more, including labor and materials. The CSLB issues licenses to business entities and sole proprietors. Each license requires a qualifying individual who satisfies the experience and examination requirements for licensure and directly supervises and controls construction work performed under the license. There are roughly 288,000 licensed contractors in California.[1]

Current law authorizes the CSLB to withhold or suspend a license when a contractor has outstanding final liabilities (e.g., taxes, additions to tax, penalties, interest, and any fees) that may be assessed by the CSLB, the Department of Industrial Relations, the Employment Development Department, the Franchise Tax Board, or the BOE—except when a licensee with outstanding final liabilities assessed by the BOE is complying with a payment plan. The application for a contractor's license includes an authorization by the applicant for the Franchise Tax Board to disclose tax information to CSLB, which it is otherwise prohibited from doing.

In 2017, numerous duties, powers, and responsibilities of the BOE were transferred to a new department, the CDTFA, including the administration of sales and use, fuel, tobacco, alcohol, and cannabis taxes, as well as a variety of other taxes and fees that fund specific state programs. The BOE retained the administration of property taxes, assessment of taxes on insurers, and collection of excise taxes on the manufacture, importation, and sale of alcoholic beverages. Nonetheless, pursuant to interagency agreements, the CDTFA co-administers the insurance tax program and administers the alcohol beverage tax program for the BOE.[2] [3]

The CDTFA reports that in Fiscal Year 2024, the 42 tax and fee programs it administers generated $97.8 billion in revenue, which helps fund essential services for Californians.[4] The CDTFA reports that as of February 28, 2026, there are 124,348 sales and use tax accounts in delinquent status, with total outstanding final liabilities exceeding $3.4 billion. This figure does

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[1] Contractors State License Board, *CSLB Home*, https://www.cslb.ca.gov/ (last visited June 10, 2026).
[2] California State Board of Equalization, *Tax on Insurers (Insurance Tax)*, https://www.boe.ca.gov/sptaxprog/tax_on_insurers.htm (last visited June 10, 2026)
[3] California State Board of Equalization, *Alcoholic Beverage Tax Program*, https://boe.ca.gov/sptaxprog/alcoholic_bev_tax.htm (last visited June 10, 2026).
[4] California Department of Tax & Fee Administration, *California Department of Tax and Fee Administration Annual Report 2024–25* (Pub. 306, May 2026), https://cdtfa.ca.gov/formspubs/pub306-2024-25.pdf.

not include liabilities currently in bankruptcy, under an offer in compromise, or under an installment payment agreement. Construction contractor accounts represent about 1,743 of these delinquent accounts, with a total outstanding final liability of approximately $52.8 million.

CDTFA is not authorized to share tax information with the CSLB and is therefore unable to use the CSLB as a tax collection tool, unlike other state agencies, including BOE. This bill would update the Contractor State License Law to reflect the transfer of most of the BOE's tax administration functions to CDTFA. Specifically, this bill would allow the CSLB to withhold or suspend a license for a contractor's failure to resolve all outstanding liabilities assessed by the CDTFA, unless the licensee is complying with a payment plan, and all payment plans to be in writing. This bill would also require the CSLB to update license applications to include applicants' authorization for the CDTFA to disclose tax information to the CSLB, and to authorize the CDTFA to audit these authorizations.

**Prior Related Legislation**. AB 102 (Committee on Budget), Chapter 16, Statutes of 2017, established within the Government Operations Agency, the CDTFA, and specified that the CDTFA is the successor to, and is vested with, all duties, powers, and responsibilities of the BOE to which the CDTFA succeeds, except as provided.

AB 1307 (Skinner), Chapter 734, Statutes of 2011, authorized CSLB to refuse to issue, reinstate, reactivate, or renew a license or to suspend the license of a contractor for the failure of the licensee to resolve all outstanding final liabilities assessed by the BOE, if the licensee has not entered into a payment plan for that liability and is in compliance with it.

AB 2332 (Eng) of 2010 would have authorized CSLB to refuse to issue, reinstate, reactivate, or renew a license or to suspend the license of a contractor for the failure of the licensee to resolve all outstanding final liabilities assessed by the BOE. *That bill was vetoed.*

AB 2282 (Eastin), Chapter 1386, Statutes of 1990, authorized the CSLB to refuse to issue, reinstate, reactivate, or renew or suspend a license for the failure of the licensee to resolve all outstanding final liabilities assessed by the CSLB, Department of Industrial Relations, Employment Development Department, or the Franchise Tax Board, as specified. That bill also required all versions of the application for contractors' licenses to include an authorization by the applicant for the Franchise Tax Board to disclose tax information to the CSLB.

**ARGUMENTS IN SUPPORT**:

The *CSLB* writes in support:

> California Contractors License Law authorizes the CSLB Registrar to refuse to issue, reinstate, reactivate, or renew a license or to suspend a license when the licensee fails to resolve outstanding final liability from other state agencies. The purpose of this law is to encourage licensees and applicants to meet their legal obligations by linking compliance to their ability to obtain or maintain a license. [This bill] simply updates outstanding liability enforcement provisions of the Contractors Law to include the [CDTFA] and does not have any anticipated impact on workload.

**ARGUMENTS IN OPPOSITION**:

There is no opposition on file.

**REGISTERED SUPPORT**:

California State Council of Laborers
California Tax Reform Association
Contractors State License Board
Flasher Barricade Association
Western Electrical Contractors Association

**REGISTERED OPPOSITION**:

None on file

Analysis Prepared by: Kaitlin Curry / B. & P. / (916) 319-3301

Date of Hearing: June 16, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
SB 1203 (Smallwood-Cuevas) – As Amended May 19, 2026

**NOTE:** This bill is triple-referred and if passed by this Committee will be re-referred to the Assembly Labor and Employment Committee and the Assembly Public Safety Committee.

**SENATE VOTE**: 25-8

**SUBJECT**: Security services

**SUMMARY**: Requires additional training for proprietary private security officers (PSO) and private security guards specific to deescalation and employee rights; increases reporting requirements and fines for specified violations of law; and requires the Industrial Welfare Commission (IWC) to issue a specific wage order for the security services industry, among other provisions.

**EXISTING LAW**:

1) Establishes the Bureau of Security and Investigative Services (BSIS or Bureau) within the Department of Consumer Affairs (DCA) to license and regulate the private security industry, private investigators, locksmiths, repossessors, and alarm companies. (Business and Professions Code (BPC) §§ 7512 *et seq.*)

2) Establishes the Proprietary Security Services Act, which provides for the BSIS's regulation of proprietary private security employers (PSE) and PSOs. (BPC §§ 7574 *et seq.*)

3) Establishes the Private Security Services Act, which provides for the BSIS's regulation of Private Patrol Operators (PPO) and private security guards and security patrolpersons. (BPC §§ 7580 *et seq.*)

4) Defines PSE to mean a person who has one or more employees who provide security services for the employer and only for the employer. (BPC § 7574.01(f))

5) Defines PSO to mean an unarmed individual who is employed exclusively by any one employer whose primary duty is to provide security services for their employer, whose services are not contracted to any other entity or person, and who meets both of the following criteria:

   a) Is required to wear a distinctive uniform clearly identifying the individual as a security officer.

   b) Is likely to interact with the public while performing their duties.

   (BPC § 7574.01(g))

6) Defines a PPO as a person who agrees to furnish, or furnishes, a watchman, guard, patrolperson, or other person to protect persons or property or to prevent the theft, unlawful taking, loss, embezzlement, misappropriation, or concealment of any goods, wares, merchandise, money, bonds, stocks, notes, documents, papers, or property of any kind; or performs the service of a watchman, guard, patrolperson, or other person, for any of these purposes. (BPC § 7582.1(a))

7) Defines a security guard or security officer as an employee of a PPO or an employee of a lawful business or public agency who performs the functions described above on or about the premises owned or controlled by the customer of the PPO or by the guard's employer or in the company of persons being protected. (BPC § 7582.1(e))

8) Requires PSOs to complete training in security officer skills within six months from the date upon which registration is issued, or within six months of their employment with a PSE. (BPC § 7574.18(a))

9) Requires DCA to develop and establish by regulation a standard course and curriculum, which shall include a minimum number of hours of instruction, for the skills training to promote and protect the safety of persons and the security of property. (BPC § 7474.18(d))

10) Authorizes DCA to approve any PSE, organization, or school to teach the security skills training. (BPC § 7474.18(e))

11) Requires each PSE to annually provide each registered employee with specifically dedicated review or practice of the security officer skills and requires the BSIS to adopt by regulation the minimum number of hours required for annual review. (BPC § 7474.18(f)(1))

12) Authorizes the director of DCA to issue a citation, which may include an order of abatement or an order to pay an administrative fine, for a violation of the Proprietary Security Services Act and establishes the following fines:

    a) The fine for violating subdivision (a), (b), or (e) of Section 7574.38 shall be $500 per violation.

    b) The fine for violating subdivision (c) or (d) of Section 7574.38 shall be $2,500 per violation.

    c) The fine for violating subdivision (a) or (c) of Section 7574.39 shall be $500 per violation.

    d) The fine for violating subdivision (b) of Section 7574.39 shall be $1,000.

    (BPC § 7474.30(c),(d),(e),(f))

13) Requires a person registered as a PSE to deliver to the director of DCA a written report describing the circumstances surrounding any physical altercation by a registered PSO with a member of the public while on duty and while acting within the course and scope of their employment within seven business days after the qualifying incident. (BPC § 7574.37(a))

14) States that the report above shall be required only for physical altercations that result in any of the following:

    a) The arrest of a PSO.

    b) The filing of a police report by a member of the public.

    c) A member of the public requiring any type of first aid or other medical attention.

    d) The discharge, suspension, or reprimand of a PSO by their employer.

    e) Any physical use of force or violence on any person while on duty.

    (BPC § 7574.37(b))

15) Specifies that the report shall include, but not be limited to, a description of any injuries or damages incurred, the identity of all participants, and whether a police investigation was conducted. (BPC § 7574.37(c))

16) Makes the failure to deliver the report to the director subject to a fine of two $2,500. (BPC § 7574.37(f))

17) Provides that a PSE shall not do the following:

    a) Fail to properly maintain an accurate and current record of the name, address, commencing date of employment, and position of each PSO, and the date of termination of employment when a PSO is terminated.

    b) Fail to properly maintain an accurate and current record of proof of completion by each PSO of the security skills training.

    c) Fail to certify proof of current and valid registration for each employee who is subject to registration.

    d) Permit any employee to carry a firearm or other deadly weapon, including any electronic control device, stun gun, baton, or any chemical agent, including pepper spray.

    e) Fail to administer to each registered employee of the licensee the annual review or practice training required.

    (BPC § 7474.38)

18) Requires each disciplinary review committee to perform the following functions as they pertain to PPO, security guards, firearm qualification cardholders, baton permitholders, firearm training facilities, firearm training instructors, baton training facilities, and baton training instructors, as licensed, permitted, certified, or registered by the BSIS under the Private Security Services Act, and PSOs, as registered by the BSIS under the Proprietary Security Services Act:

a) Affirm, rescind, or modify all appealed decisions that concern administrative fines assessed by the director of DCA.

b) Affirm, rescind, or modify all appealed decisions that concern denials, revocations, or suspensions of a license, certificate, or registration except denials, revocations, or suspensions ordered by the director of DCA, as specified.

(BPC § 7581.2)

19) Authorizes a PPO, qualified manager of a PPO, security guard, firearm qualification cardholder, baton permitholder, firearm training facility, firearm training instructor, baton training facility, or baton training instructor to request a review by a disciplinary review committee to contest the assessment of an administrative fine or to appeal a denial, revocation, or suspension of a license, certificate, or registration unless the denial, revocation, or suspension is ordered by the director of DCA. (BPC § 7581.3(a))

20) Asserts that a person licensed as a PPO shall not do any of the following:

a) Fail to properly maintain an accurate and current record of all firearms or other deadly weapons that are in the possession of the licensee or of any employee while on duty. Within seven days after a licensee or the licensee's employees discover that a deadly weapon that has been recorded as being in the licensee's possession has been misplaced, lost, or stolen, or is in any other way missing, the licensee or their manager must mail or deliver to any local law enforcement agency that has jurisdiction a written report concerning the incident, as specified. (BPC § 7583.2(a))

b) Fail to properly maintain an accurate and current record of the name, address, commencing date of employment, and position of each employee, and the date of termination of employment when an employee is terminated. (BPC § 7583.2(b))

c) Fail to properly maintain an accurate and current record of proof of completion by each employee of the licensee of the trainings and for the retention period specified in statute. (BPC § 7583.2(c))

d) Fail to certify proof of current and valid registration for each employee who is subject to registration. (BPC § 7583.2(d))

e) Permit any employee to carry a firearm or other deadly weapon without first ascertaining that the employee is proficient in the use of each weapon to be carried. (BPC § 7583.2(e))

f) Fail to deliver to the director a written report describing the circumstances surrounding the discharge of any firearm, or physical altercation with a member of the public while on duty, by a licensee or any officer, partner, or employee of a licensee while acting within the course and scope of their employment within seven business days after the qualifying incident, except as specified. (BPC § 7583.2(f)(1))

i) Specifies that the report above shall be required only for physical altercations that result in any of the following:

(1) The arrest of a security guard.

(2) The filing of a police report by a member of the public.

(3) A member of the public requiring any type of first aid or other medical attention.

(4) The discharge, suspension, or reprimand of a security guard by their employer.

(5) Any physical use of force or violence on any person while on duty.

(BPC § 7583.2(f)(2))

ii) Requires the report to include, but not be limited to, a description of any injuries or damages incurred, the identity of all participants, and whether a police investigation was conducted. Any report may be investigated by the director to determine if any disciplinary action is necessary. (BPC § 7583.2(f)(3))

g) Fail to notify the Bureau in writing and within 30 days that a manager is no longer connected with the licensee. (BPC § 7583.2(g))

h) Fail to administer to each registered employee of the licensee eight hours of specifically dedicated review or practice of security officer skills annually. (BPC § 7583.2(h))

21) Requires every PPO and any person employed and compensated by a PPO, other lawful business, or public agency as a security guard or patrolperson, and who in the course of that employment or business carries a firearm, to complete a course of training in the exercise of the power to arrest and the appropriate use of force and a course of training in the carrying and use of firearms, except as specified. The course must meet the standards prescribed by the DCA. (BPC § 7583.5(a))

22) Requires each applicant for a security guard registration to complete a course in the exercise of the power to arrest and the appropriate use of force as a condition for the issuance of the registration. The training shall be administered and certified by a single course provider and completed within six months preceding the date of application to BSIS. (BPC § 7583.6(a))

23) Requires a security guard registrant to complete 32 hours of security officer skills within six months from the date an initial registration is issued, including 16 of the 32 hours within 30 days from the date of registration. (BPC § 7583.6(b))

24) Requires security guard registrants to annually complete eight hours of specifically dedicated review or practice of security officer skills, as specified. (BPC § 7583.6(e))

25) Authorizes the security skills training to be administered, tested, and certified by any licensee; any BSIS-certified training facility; or any BSIS-approved organization or school approved by the Bureau so long as the Bureau approves any instructor of an organization or school who will administer the trainings. (BPC § 7583.6(f))

26) Requires each licensee to maintain at the principal place of business or branch office a record for each of its registrant employees verifying completion of the training for the duration of

the registrant's employment and to make the records available for inspection by the Bureau upon request. (BPC § 7583.6(g)(2))

27) Requires the course of training in the exercise of the power to arrest and the appropriate use of force to be administered, tested, and certified by any licensee or by any organization or school approved by DCA. The course of training is required to be approximately eight hours in length and cover 24 individual topics, including:

a) Responsibilities and ethics in citizen arrest.

b) Relationship between a security guard and a peace officer in making an arrest.

c) Limitations on security guard power to arrest.

d) Restrictions on searches and seizures.

e) Criminal and civil liabilities, including both of the following:

   i) Personal liability.

   ii) Employer liability.

f) Trespass law.

g) Ethics and communications.

h) Emergency situation response, including response to medical emergencies.

i) Security officer safety.

j) The appropriate use of force, including all of the following topics:

   i) Legal standards for use of force.

   ii) Duty to intercede.

   iii) The use of objectively reasonable force.

   iv) Supervisory responsibilities.

   v) Use of force review and analysis.

   vi) Deescalation and interpersonal communication training, including tactical methods that use time, distance, cover, and concealment, to avoid escalating situations that lead to violence.

   vii) Implicit and explicit bias and cultural competency.

   viii) Skills, including deescalation techniques, to effectively, safely, and respectfully interact with people with disabilities or behavioral health issues.

ix) Use of force scenario training, including simulations of low-frequency, high-risk situations and calls for service, shoot-or-don't-shoot situations, and real-time force option decision making.

x) Mental health and policing, including bias and stigma.

xi) Active shooter situations.

k) Any other topic deemed appropriate by the bureau, excluding Weapons of Mass Destruction and Terrorism Awareness, which may be an elective topic only.

(BPC § 7583.7(a))

Requires the majority of the course of training in the exercise of power and arrest and the appropriate use of force to be taught by means of verbal instruction. The instruction may include the use of video presentation. (BPC § 7583.7(b)(1))

28) Requires the appropriate use of force portion of the course to be conducted through traditional classroom instruction, which means the instructor is physically present with students in a classroom for a minimum of 50 percent of the course and is available at all times, including during instruction provided through distance learning or remote platforms, to answer students' questions while providing the required training. In this setting, the instructor provides demonstrations and hands-on instruction in order to establish each student's proficiency as to the course content. (BPC § 7583.7(b)(2))

29) Requires the DCA to make available a Power to Arrest and Appropriate Use of Force Manual, and exempts the development, adoption, amendment, or repeal of the Manual from the Administrative Procedure Act. (BPC § 7583.7(c))

30) Authorizes the Bureau to issue a citation to a licensee for violation of BPC §§ 7583.2, 7583.3, 7583.37, 7585.19, 7587.2, or 7587.14 that may contain an assessment of an administrative fine that shall in no event exceed $2,500. (BPC § 7587.7)

31) Authorizes the director of DCA to assess fines for the following acts only as follows:

a) Violation of subdivisions (a), (b), and (c) of Section 7583.2; $500 per violation.

b) Violation of subdivisions (g) and (h) of Section 7583.2; $250 per violation.

c) Violation of subdivision (f) of Section 7583.2; $5,000.

d) Violation of subdivision (e) of Section 7583.2; $2,500 per violation, notwithstanding any other provision of law.

(BPC § 7587.8)

32) Requires on or before February 1, 2026, and annually thereafter, an employer to provide a stand-alone written notice to each current employee, and each new employee upon hire, in a manner the employer normally uses to communicate employment-related information,

whether by personal service, email, or text message, to include a description of specified workers' rights, including the right to organize a union or engage in concerted activity in the workplace. (Labor Code (LAB) § 1553(a))

33) Requires the IWC to ascertain the wages paid to all employees in this state, to ascertain the hours and conditions of labor and employment in the various occupations, trades, and industries in which employees are employed in this state, and to investigate the health, safety, and welfare of those employees. (LAB § 1173)

34) Sets forth the subjects that shall be taught and the minimum number of hours that shall be allowed towards meeting the required training for PSOs and security guards. (16 CCR § 643(a))

**THIS BILL**:

1) Codifies BSIS regulations requiring PSOs to complete power to arrest and appropriate use of force training as a condition of registration and requiring course providers to issue a certificate of completion to the person upon satisfactory completion of each training.

2) Adds 10 hours to the security officer skills training required of PSOs for a total of 42 hours, and specifies that 18 of the 42 hours must be completed within 30 days from the date of registration. The training on the power to arrest and the appropriate use of force, and the security officer skills training, must meet standards and requirements set forth in this bill and existing law.

3) Prohibits the DCA from approving any PSE, organization, or school to teach the deescalation training required by this bill.

4) Requires PSOs to annually complete a minimum of eight hours of training dedicated to practicing deescalation skills through in-person role-play and interactive training methods administered by an approved organization, as specified, in addition to current annual training.

5) Specifies that a church, mosque, shrine, synagogue, temple, or other place of worship is exempt from requiring its PSOs to take deescalation training required by this bill and is only required to ensure that its PSOs take 16 hours of security officer skills training.

6) Increases the fine for PSEs violating specified recordkeeping requirements or failing to provide annual review or practice training from $500 to $1,000.

7) Specifies that a PSE shall not fail to ensure that the security skills training occurs as required, nor fail to compensate employees for training, and makes both failures a violation subject to a $10,000 fine.

8) Adds deescalation organizations to the list of individuals and entities for which each disciplinary review committee must perform specified functions and authorizes a deescalation organization to request a review by a disciplinary review committee.

9) Requires PPOs to deliver a written report to the director of DCA describing a physical altercation that results in a security guard requiring first aid or other medical attention. The

report must include the apparent race and gender of the member of the public and whether the security guard involved had received all required training at the time of the incident.

10) Requires the Bureau to release an annual report containing specified incident report data by county and comparative analysis with previous years' data.

11) Specifies that a PPO shall not fail to ensure that the security skills training for security guards occurs as required, nor fail to compensate employees for training.

12) Requires the Bureau to develop and establish by emergency regulations a standard course and curriculum that must include a minimum number of hours of instruction for training individuals on the role of implicit and explicit bias on racial profiling and the use of firearms in commercial, entertainment, government property, urban street, and residential settings.

13) Allows the deescalation training required by this bill to be provided by an approved organization that employs evidence-based, trauma-informed techniques and strategies, as specified. The deescalation training must be based on principles and methods informed by peer-reviewed or clinical research on trauma and include role-playing and interactive methods. The BSIS must develop emergency regulations establishing the criteria it will use to evaluate whether any organization qualifies. The BSIS must identify qualifying organizations by July 1, 2028. An organization cannot be a licensee.

14) Specifies that a person certified by a deescalation organization must be a natural person and cannot provide deescalation training if they are employed by a licensee.

15) Requires an organization seeking the BSIS's approval to offer the deescalation training to complete an application containing specified information and pay a $250 application fee.

16) Requires the Bureau chief to issue a "deescalation organization certificate," to a facility upon approval by BSIS. The certificate must be posted in a conspicuous place at the facility.

17) Authorizes the Bureau chief to refuse to issue or to cancel a deescalation organization certificate or may assess fines on the grounds that the trainings were not conducted as required.

18) Adds 10 hours to the security officer skills training required of security guards for a total of 42 hours, and specifies that 18 of the 42 hours must be completed within 30 days from the date of registration. Specifies that the 42 hours of training must be conducted through traditional classroom instruction, as defined. The time spent attending the training must be compensated by the licensee if the guard is employed by, or has a pending offer of employment from, the licensee. The cost of the training must be provided by the employer of the guard. No part of this training may be completed while a guard is on duty at their post.

19) Requires eight hours of security skills training to be dedicated to practicing deescalation skills through in-person role-play and interactive training methods administered by an organization, or a person certified by an organization, that employs evidence-based, trauma-informed techniques and strategies. These hours must be compensated by the employer, and the cost of the training must be paid by the employer if the individual has an offer of

employment or is employed by the employer. The deescalation training must be conducted by an instructor who is a human being and physically present, in person, and live with students in a classroom 100 percent of the course and available to answer students' questions while providing the required training. The Bureau must develop and establish by emergency regulation a standard course and curriculum for deescalation training.

20) Requires the Bureau to develop emergency regulations establishing the criteria the Bureau shall use to evaluate whether any organization is a qualifying organization. Organizations qualified to provide this training shall be identified by July 1, 2028. An organization wishing to offer the deescalation training must complete an application for certification as a deescalation training organization and pay a $250 application fee.

21) Requires two of the first 18 hours of security skills training to be dedicated to training on employee rights.

22) Adds eight hours of annual dedicated review or practice of security skills, for a total of 16 hours, and requires at least eight of these hours to be dedicated to practicing deescalation skills through in-person role-play and interactive training methods administered by an organization, or a person certified by an organization, approved by the BSIS. This annual training must be compensated by any employer for whom the guard works, or from whom the guard has a pending offer of employment.

23) Prohibits the deescalation skills trainings from being administered, tested, and certified by any licensee, BSIS-certified training facility, or BSIS-approved organization or school.

24) Authorizes a labor union that represents the security guards of a licensee and is approved by the BSIS to provide the two-hour labor rights training, upon request to the Bureau. Absent such a request, this training may be provided by any licensee to their applicants for employment and direct employees, BSIS-certified training facilities, or any BSIS-approved organization or school.

25) Requires, if the BSIS or DCA adopts, modifies, or seeks to rescind a rule or regulation pertaining to training or the Power to Arrest and Appropriate Use of Force Manual, to convene a training advisory committee to recommend requirements and share their experience in the security industry. The committee must be composed of representatives of the DCA and the BSIS as well as representatives from a recognized or certified collective bargaining agent that represents security workers, security employers, labor-management groups in the security industry, security officers, worker centers, and other related subject matter experts.

26) Increases the maximum fine that may be issued for various violations of the Private Security Services Act from $2,500 to $10,000 per violation.

27) Requires the IWC, on or before July 1, 2027, to convene regional hearings to perform their mandated duties for the "property services industry," as defined.

28) Requires the IWC to issue a wage order specific to employees employed in the property services industry by June 30, 2028, and meet every two years, to evaluate the adequacy of the minimum wage.

29) Includes findings and declarations.

30) Makes additional technical, nonsubstantive, and conforming changes.

31) Except as otherwise specified, delays implementation until July 1, 2028.

**FISCAL EFFECT**: According to the Senate Appropriations Committee:

- The Bureau reports significant costs, ranging in the millions of dollars, for the expansion of its responsibilities to develop standards for power to arrest and use of force curricula, and to ensure licensee compliance with CBAs (Private Security Services Fund). The Bureau's estimate accounts for additional personnel to handle various functions, such as reviewing applications, developing a standard guidebook, and approving schools and unlicensed persons seeking to provide training. The Bureau will also need staff resources to research and approve labor organizations as training providers within 30 days of an organization's request to provide employee rights training.

- Unknown, potentially significant fiscal impact, likely ranging from the high hundreds of thousands to low millions of dollars for the Industrial Welfare Commission (Commission) to convene and issue a wage order for the property services industry. Staff notes that the Commission has remained non-operational since 2004. Although the Budget Act of 2023 initially allocated $3 million to restart the Commission, this funding was subsequently repealed. To the extent the Commission requires resources comparable to those proposed in 2023, General Fund costs may range into the millions of dollars.

**COMMENTS**:

**Purpose**. This bill is sponsored by *SEIU California*. According to the author:

> Security guards are relied upon by communities, local businesses, property managers, nonprofits, and local governments to help keep people safe. They are often the first to respond during emergencies and high-stress situations and must act quickly to protect those around them. Communities increasingly rely on security guards as essential workers, and the scope of their work has significantly expanded. However, their wages, working conditions, and training standards have not kept pace with the importance of their role or the risks of the profession. [This bill] improves working conditions for security guards by ensuring they are adequately trained and fairly compensated for their responsibilities.

**Background**.

*Security Guard Workforce.* According to an April 2026 factsheet on the demographic and job characteristics of the security guard workforce in California by the UC Berkeley Labor Center, the security guard workforce is predominantly male and relatively young, with a median age of

35, although nearly 20% are over the age of 55.[1] A majority of employees are people of color, and foreign-born workers account for roughly one-fifth of the workforce. The majority have some education beyond high school. Nearly four in five security guards work full-time. Similarly, about four in five security guards earn below the MIT Living Wage for their region.[2] In 2024, the security services sector in California had a turnover rate of 91.6 percent compared to 95.1 percent in 2019 and 82.5 percent in 2014.

*BSIS.* The BSIS licenses and regulates the alarm, locksmith, private investigator, private security services, and repossession industries through the administration and enforcement of six practice acts, including the Proprietary Security Services Act, which regulates PSEs and PSOs. A PSE is a person who employs PSOs. They cannot subcontract their security services. PSOs are employees of a PSO who are required to wear a distinctive uniform that clearly identifies them as security officers and who are likely to interact with the public in the course of their duties. They cannot provide security services for any other entity or person, and they are not authorized to carry a firearm, nor any other weapon, such as a baton, chemical weapons, or stun guns. The Bureau also regulates PPOs and security guards through the Private Security Services Act. A PPO is a company that protects people or property or prevents theft. Security guards are employed by licensed PPOs or PSEs and contracted out to protect people or property or prevent theft. A security guard is not authorized to contract themselves out for private security services unless they also hold a PPO license.

There are significantly more PPOs and security guards than PSE and PSO. Security guards make up most of the Bureau's licensee population. Private security is one of the largest regulated professions in California; licensing data from Fiscal Year (FY) 2023-24 indicates that the number of security guards is second only to that of registered nurses. In FY 2023-24, there were more than 310,000 active registered security guards and more than 7,800 PSOs. That year, the Bureau's total licensee population grew more than 20 percent. In the current FY, the BSIS has approved more than 80,000 applications across all professions it regulates.

The BSIS has an advisory committee comprising seven industry members and six public members who provide insight and perspective on the industries regulated by the Bureau, conduct outreach, and advise on legislation and regulations affecting those industries. Members include one representative from the alarm, locksmith, private investigator, proprietary security services, private security services, and repossession industries and one owner of a BSIS training facility. Representatives from SEIU United Services Workers West and Huntington Hospital currently serve as two public members. The other public member positions are vacant. The committee meets two to four times per year, and membership is voluntary.

The Bureau has four Disciplinary Review Committees (DRCs): Alarm Company Operator DRC, Collateral Recovery DRC, Private Investigator DRC, and Private Security Services DRCs (Northern California and Southern California). DRCs consider appeals from applicants and

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[1] UC Berkeley Labor Center, *Demographic and Job Characteristics of the Security Guard Workforce in California* (Apr. 23, 2026), https://laborcenter.berkeley.edu/demographic-and-job-characteristics-of-the-security-guard-workforce-in-california/?utm_source=chatgpt.com.

[2] The MIT Living Wage estimates the hourly wage required for a full-time worker to cover basic living costs. It is $30.48 per hour statewide for a household with one adult and no children.

licensees regarding the Bureau's denials, suspensions, and revocations, as well as the assessment of administrative fines. DRCs consist of five members appointed by the Governor, with three members actively engaged in the industry for which the DRC oversees and two public members.

As a special fund agency, the Bureau receives no General Fund support, relying solely on fees set by statute and collected through licensing and renewal fees. The Private Security Services (PSS) Fund is not continuously appropriated. Until FY 2019/20, the Bureau oversaw two funds – the PSS Fund and the Private Investigator (PI) Fund. SB 609 (Glazer), Chapter 377, Statutes of 2019, combined the PI Fund with the PSS Fund and raised application and licensure fees for private investigators consistent with findings of the fee audit. Combining funds has eliminated the significant workload associated with administering two separate funds and allowed the Bureau to redirect staff to address workload spikes without cross-funding concerns. Effective October 1, 2025, the Bureau increased licensing fees by 10 percent to alleviate a structural imbalance and help ensure the Bureau has sufficient funds to carry out its consumer protection mandate and to continue its daily operations.[3]

*Sunset Review.* Each year, the Assembly Committee on Business and Professions and the Senate Committee on Business, Professions and Economic Development hold joint sunset review oversight hearings to review the licensing entities under the DCA. The sunset review process provides an opportunity for the Legislature, DCA, boards and bureaus, and stakeholders to discuss the performance of the licensing entity and make recommendations for improvements.

Issue #4 of the committee background paper prepared prior to the Bureau's sunset hearing asked whether the current security guard training requirements were rigorous enough to effectively reduce inappropriate use of force and protect the public from unnecessary violent incidents involving security guards. At the time, the Bureau reported that an increasing number of security guards were applying for firearm and baton permits, which it took to mean greater demand for security guards to be proactive in preventive measures, rather than merely observing and reporting. Given the Bureau's belief that more armed security guards would increase the likelihood of a public safety incident, the Bureau proposed increasing security guard training from 40 to 80 hours to include additional training on security guard conduct and misconduct, civil and criminal liability, appropriate use-of-force methods, and in-depth deescalation techniques. The Bureau also noted the lack of specific training requirements or licensing requirements for chemical agents (pepper spray), kinetic energy weapons (rubber bullets or bean bags), or electronic control devices (stun guns or tasers), which are involved in numerous incidents reported to the Bureau. The Bureau reported that the absence of training standards and licensing requirements for these additional weapons limits the Bureau's enforcement options and its ability to take action against a security company for misuse or abuse of these weapons. The committee background paper identified several bills that had recently modified the registration requirements for security guards, as well as firearm and baton permit requirements, that were intended to improve public safety and in the process of being implemented. No additional changes to security guard training were included in the sunset bill, SB 1454 (Ashby), Chapter 484, Statutes of 2024.

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[3] Bureau of Security & Investigative Services, California Department of Consumer Affairs, *Initial Statement of Reasons: Fees* (Nov. 19, 2024), https://www.bsis.ca.gov/about_us/laws/bsis_fees_isor.pdf.

This bill proposes to substantially amend the Proprietary Security Services Act and the Private Security Services Act, including training requirements.

*Training.* Prior to registration as a PSO or security guard, an applicant must complete an eight-hour course in the exercise of powers to arrest and the appropriate use of force. Once registered, they must complete an additional 32 hours of security skills training within six months. Sixteen hours must be completed within 30 days. These trainings cover a wide range of important topics, such as the legal standards for use of force, deescalation tactics, implicit and explicit bias, active shooter situations, trespass law, criminal liability, and much more. The training may be provided by an employer to its own applicants and employees, a BSIS-certified training facility, or a BSIS-approved organization or school. Consistent with Bureau regulations and an existing statutory requirement for security guards, this bill would require PSOs to complete power-to-arrest and appropriate use-of-force training prior to registering with the BSIS.

Additionally, this bill would require an additional eight hours of in-person deescalation training to be completed within six months of registration. The deescalation training would have to be provided by an organization or person certified by an organization that employs evidence-based, trauma-informed techniques and strategies and is approved by the Bureau. The BSIS would be required to establish a standard course and curriculum for the training. This bill would also require PSOs and security guards to complete two hours of labor-rights training within 30 days of registration, which may be provided by an employer, a BSIS-certified training facility, a BSIS-approved organization or school, or, upon request, a union. Moreover, this bill would require that security skills training be conducted through traditional classroom instruction, meaning the instructor must be physically present with students in the classroom for at least 50 percent of the course, and prohibits this training from being completed while a guard is on duty. Lastly, the employer would be required to pay for the training and compensate employees and applicants with a pending offer of employment for the time required to complete the training.

In addition to initial training, PSOs and security guards are required to complete eight hours of training annually. This bill would double that requirement by mandating an additional eight hours of deescalation training each year. This bill would also require employers to compensate employees and applicants with a pending offer of employment for the time required to complete the training.

Before a security guard can carry a firearm or baton, they must obtain a Firearms Permit or Baton Permit from the Bureau. In addition to numerous qualifying criteria, applicants for a Firearms Permit training must complete a course of firearms training at a Bureau-approved firearms training facility from a Bureau-approved instructor. The BSIS is required to develop a Firearms Training Manual, which is required to include the following subjects: The moral and legal aspects of firearms usage; firearms nomenclature and maintenance; weapon handling and shooting fundamentals; emergency procedures; prequalification range training, including the firing of practice rounds; and the appropriate use of force, among others. This bill would require BSIS to develop a standard course and curriculum on the role of implicit and explicit bias on racial profiling and the use of firearms in commercial, entertainment, government property, urban street, and residential settings.

This bill would require the BSIS to convene a training advisory committee whenever it adopts, modifies, or seeks to rescind a rule or regulation related to security guard training or the

Bureau’s Power to Arrest and Appropriate Use of Force Training Manual. Moreover, this bill would require that the advisory committee be composed of representatives of the DCA and Bureau as well as representatives from a union that represents security workers, security employers, labor-management groups in the security industry, security officers, worker centers, and other related subject matter experts.

*Violations and Fines.* Currently, an employer’s failure to administer annual training is subject to a $500 fine under the Proprietary Security Services Act and $250 under the Private Security Services Act. This bill would amend the Proprietary Security Services Act to make an employer’s failure to ensure that security skills training and annual deescalation training occur as required, or failure to compensate and pay for training, a violation subject to a $10,000 fine. This bill would also increase the fine for violations of two recordkeeping requirements in the Proprietary Security Services Act from $500 to $1,000. Additionally, this bill would increase the maximum fine for numerous specified violations of the Private Security Services Act from $2,500 to $10,000.

*Reporting.* Under existing law, a PPO is required to provide a written report describing the circumstances surrounding the discharge of a firearm, or a physical altercation with a member of the public that results in various outcomes, such as the arrest of a security guard or a member of the public requiring first aid or other medical attention. This bill would require a PPO to report any physical altercation with a member of the public that results in a security officer needing first aid or other medical attention. The report would have to include the apparent race and gender of the member of the public, as well as whether the security guard involved had received all required training at the time of the incident.

This bill would also require BSIS to publish an annual report containing a county-level breakdown on the number of reports received from PPOs and a comparison of the current year’s data to previous years.

*Security Guard Wages.* This bill also requires IWC to convene five regional hearings throughout the state and issue a wage order specific to employees in the property services industry by June 30, 2028. This bill is triple-referred to the Assembly Labor and Employment Committee and the Assembly Public Safety Committee so that those committees may evaluate the provisions of this bill within their jurisdiction.

**Current Related Legislation**. SB 1148 (Niello) would authorize a security guard applicant to complete all training prior to registration with BSIS. SB 1128 is pending in this committee.

**Prior Related Legislation**. SB 652 (Richardson), Chapter 94, Statutes of 2025, clarified that the required power-to-arrest and appropriate-use-of-force training courses for security guard applicants must be administered and certified by a single course provider and completed within six months of applying for registration, and clarified that PPOs shall only administer and certify training to their applicants for employment and direct employees.

SB 1454 (Ashby), Chapter 484, Statutes of 2024, extended the sunset date for the BSIS until January 1, 2029, and made additional technical changes, statutory improvements, and policy reforms in response to issues raised during the BSIS's sunset review oversight process.

AB 229 (Holden), Chapter 697, Statutes of 2021, required that various licensees regulated by the BSIS complete a course of training in the exercise of the appropriate use of force to be issued a license or a firearms permit; mandates that the training be conducted through traditional classroom instruction, as specified; required PPOs to report within seven business days any incidents involving physical altercation with a member of the public requiring any type of first aid or other medical attention, and any physical use of force or violence on any person while on duty; increased the fines for failing to report incidents to $5,000; requires private security guard registrants to maintain certificates of training completion until they expire or are cancelled; and prohibited a person required to be registered as a security guard from carrying or using a firearm or baton unless they are an employee of a PPO, the state, or a political subdivision of the state.

AB 2515 (Holden), Chapter 287, Statutes of 2022, as it relates to this bill, required PSOs and PSEs to deliver to BSIS a written report describing any physical altercation including, but not limited, to injuries or damages incurred, the identity of all participants, and whether a police investigation was conducted with a member of the public while on duty within seven business days after the incident, except as specified; made failure to report subject to a $2,500 fine per violation; prohibited PSOs and PSEs from doing specified acts and established accompanying fines; and exempted the Power to Arrest and Appropriate Use of Force Manual from the Administrative Procedures Act.

SB 609 (Glazer), Chapter 377, Statutes of 2019, extended the sunset for the BSIS to January 1, 2024, and as it relates to this bill, required an applicant for a security guard registration to complete a course in the exercise of the power to arrest as a condition of registration as a security guard rather than prior to being assigned to a duty location; required a course provider to issue a certificate to the person upon satisfactory completion the training; authorized training to be provided by any licensee or any BSIS-certified training facility; and required the BSIS to develop a standard course and curriculum for required skills trainings instead of DCA and removed the requirement to do so in consultation with consumers, labor organizations, and subject matter experts.

AB 2880 (Chavez), Chapter 886, Statutes of 2002, as it relates to this bill, increased the power to arrest training from three hours to eight hours, and specified additional topics required to be included in the training; required registered security guards to complete 32 hours of training within 90 days of registration and 16 of the 32 hours to be completed within 30 days of registration; required DCA to develop a standard course and curriculum for security skills training; authorizes licensees or DCA-approved organizations to provide the security officer skills training; and required PPOs to annually provide employees with eight hours of specifically dedicated review or practice of security skills.

AB 2928 (Koretz) of 2002 would have prohibited employers of security guards from deducting the fees and costs associated with obtaining licenses, background clearances, and training from the wages of security guards, and required employers to pay guards at their regular rate of pay for all time spent obtaining required job-related training or re-training, except for those with a collective bargaining agreement that addresses these topics. *AB 2928 was gutted and amended into a bill on another subject entirely and its authorship changed.*

**ARGUMENTS IN SUPPORT**:

As the sponsor of this bill, *SEIU California* writes in support:

> Security officers are on the front lines of public safety every day. Across California, they protect people and property in high-rise buildings, hospitals, airports, stadiums, warehouses, and other critical infrastructure. Increasingly, they are called upon to respond to complex and high-risk situations, including de-escalating conflicts, addressing behavioral health crises, and serving as the first point of contact in emergencies. Security officer duties often include responding to incidents and critical situations, apprehending or expelling persons engaged in suspicious or criminal acts, restraining or removing trespassers, protecting people from physical attack, preventing inappropriate occurrences, confronting and detaining violators, implementing conflict management techniques to resolve issues, and de-escalating conflicts [...]
>
> However, the reality is that many security officers are being asked to perform these duties without the training, support, or compensation necessary to safely do their jobs. As outlined in [this bill], current training standards are insufficient to prepare officers for the dangerous and unpredictable situations they routinely face. At the same time, a shortage of law enforcement personnel has increased reliance on security officers to fill critical public safety gaps, often placing them in precarious positions without adequate preparation.
>
> This disconnect puts both workers and the public at risk.
>
> Security officers deserve the tools to protect themselves and the communities they serve. [This bill] takes an important step forward by strengthening training standards, requiring meaningful, in-person de-escalation training, ensuring workers are paid for required training, and improving oversight of wages and working conditions. These reforms recognize the evolving role of security officers and begin to align expectations with reality.

**ARGUMENTS IN OPPOSITION**:

The *California Association of Licensed Security Agencies, Guards & Associates* writes:

While we support the sentiment and continuing need to ensure security officers are well-trained, [This bill] will immediately make it more expensive and more difficult to employ security guards, resulting in an even greater shortage and delayed deployment of the exact individuals the bill seeks as necessary to provide protection to California citizens and visitors, especially in light of the upcoming world-wide events coming to California (e.g., 2026 FIFA World Cup in Inglewood and Santa Clara, Super Bowl LXI in Inglewood, LA 2028 Summer Olympics, etc.). [This bill] will eliminate jobs making companies that seek to automate security functions more competitive thereby displacing the very people the bill intends to help. Cameras, computer screens, fences, and lighting will replace human security officers with the result of less support for our law enforcement officers. [This bill] is a job killer.

[This bill] will increase unregulated and untrained security personnel at events throughout California jeopardizing public safety at a time of heightened risk. Unregulated activity is a

significant problem in the security industry today and has been a primary focus for CALSAGA and the Bureau of Security and Investigative Services (BSIS). [This bill's] wage pressure on current lawful operators and those on the fringe will no doubt amplify and incentivize less than ethical providers to skip the licensing training requirements altogether. The bill will make the regulated companies uncompetitive in a marketplace that will be overrun by those calling themselves EVENT STAFF OR USHERS. The Department of Consumer Affairs and BSIS do not currently have the budget or resources to regulate this important issue. In essence, SB 1203 will start a race to the bottom due to its costly provisions. That is, underground and unregulated security operators will proliferate.

California still suffers from retail significant theft and property crimes. If retail operators cannot afford to retain contract security providers, they are likely to go without, thereby increasing safety risks. By imposing a billion dollars in new annual costs to these struggling business, [this bill] makes California more expensive and is antithetical to the stated goal of the legislation.

Finally, as we have seen across the nation, when the cost of retaining employees or providing human services escalates, those who would typically acquire such services (such as CALSAGA member clients) will turn to nonhuman resources (cameras, artificial intelligence, etc.). We believe that on this one point alone we occupy some common ground as we understand and support the desire to keep Californians working.

**POLICY ISSUES**:

*Deescalation Training.* This bill would require PSOs and security guards to complete an additional eight hours of training dedicated solely to deescalation, both at the outset of initial registration and annually thereafter. As currently drafted, it is unclear whether the annual training would be duplicative of the initial training or include new content.

Currently, required training may be provided by an employer, a BSIS-certified training facility, or a BSIS-approved organization or school, resulting in nearly 5,000 potential trainers. In contrast, this bill would require deescalation training to be provided by organizations that meet specified qualifications, including the use of evidence-based, trauma-informed techniques and strategies. Additionally, the training must be based on principles and methods informed by peer-reviewed or clinical research on trauma. It is unclear how many organizations, if any, would presently qualify for the Bureau's approval and whether they could ultimately provide deescalation training at the scale required by this bill. There are currently more than 350,000 security guards, and the BSIS receives between 15,000 and 18,000 applications per month. Moreover, a bottleneck of security guards awaiting training would unfairly jeopardize compliance with this bill, while the bill simultaneously imposes a $10,000 fine on employers who fail to ensure that training occurs as required. In doing so, this bill would make employers liable for training they have no control over. To address concerns regarding the readiness of the third-party organizations to provide deescalation training, the author may wish to consider delaying the prohibition on employers providing this training until the Bureau completes a regional market analysis.

*Employee-Rights Training.* This bill would require PSOs and security guards to complete two hours of training on employee rights within 30 days of registration and authorize a labor union to

provide this training, upon request to BSIS. It is unclear whether this training is necessary in addition to a new law, the *Workplace Know Your Rights Act*, which took effect on January 1, 2026, and requires employers to provide a yearly written notice to workers by February 1 explaining key rights under California's labor laws.[4] The notice must include information explaining workers' rights related to retaliation, workers' compensation, protections against unfair immigration-related practices, the right to organize or act together with co-workers, emergency contact notification, and interactions with law enforcement at the workplace.

*Mandated Costs for Employers.* This bill would significantly increase costs for employers by requiring them to pay for security guards' security skills training and to compensate employees for the time required to complete the initial and annual security skills training. The California Association of Licensed Security Agencies, Guards & Associates states in their opposition letter to this bill that "the additional cost of the training requirements alone will exceed $350 million a year." Moreover, the private security industry has indicated that some of the additional costs will be passed on to the businesses and government entities that contract with these security companies. They have also stated that companies will hire fewer guards and instead rely on technology, fencing, lighting, and unregulated "event staff or ushers."

*Fines.* Under the Proprietary Security Services Act, this bill would impose a $10,000 fine on PSEs that fail to compensate employees for training or ensure training occurs as required. For example, if an employer does not compensate 50 employees for training, whether intentionally or not, that PSE could be fined $500,000. In contrast, failure to provide the annual training required by law today is punishable by a $500 fine. This bill would increase that fine to $1,000.

Within the Private Security Services Act, this bill would increase from $2,500 to $10,000 the maximum fine that can be imposed upon a PPO for numerous violations, ranging from what a PPO, security guard, and training instructors are prohibited from doing to making a false statement on an application and failure to notify the BSIS within 30 days of any change of residence or business address. As such, the punishment may not fit the crime in every instance. The author may wish to establish new fines specific to failure of a PPO to compensate employees for training or ensure training occurs as required.

**IMPLEMENTATION ISSUES**:

*Incongruent Changes to the Proprietary Security Services Act and the Private Security Services Act.* This bill makes numerous changes to one act or the other, when arguably both should be amended for consistency within the profession. Regarding fines, this bill increases fines for specified recordkeeping violations or failing to provide annual training committed by PSEs, but not PPOs. The author may wish to amend BPC § 7587.8 also for fairness. Similarly, this bill would establish a $10,000 fine for PSEs that fail to compensate employees for training and to ensure security skills training occurs as required. In contrast, this bill increases the maximum fine for numerous violations committed by PPOs to $10,000. The author may wish to tailor the fine to the specific violations: failure to compensate employees for training and to ensure training occurs as required. Additionally, this bill would make it a violation for a PPO to fail to

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[4] California Department of Industrial Relations, *New California Law Requires Annual Workplace Rights Notice*, News Release No. 2026-14 (Jan. 30, 2026), https://www.dir.ca.gov/DIRNews/2026/2026-14.html.

compensate employees for any annual training, whereas this bill would only make it a violation for a PSE to fail to compensate employees for annual *deescalation* training. In contrast, this bill would make it a violation for PSEs to fail to compensate employees for power to arrest and appropriate use of force training, but not for PPOs. The author may wish to clarify these provisions for consistency and fairness.

Regarding reporting, this bill would require PPOs to report to BSIS when physical altercations with a member of the public result in a security guard requiring first aid or other medical attention but would not impose the same requirement on PSEs. The author may wish to amend BPC § 7574.37 for consistency.

Regarding compensation for and payment of training, this bill would require PSEs to compensate employees for power to arrest and appropriate use of force training, but not PPOs. The author may wish to apply the same requirement to both for fairness. Moreover, unlike the Private Security Services Act (BPC § 7583.6(b)(1) and (3)), no provision in the Proprietary Security Services Act explicitly requires any training to be compensated or paid for by a PSE. Although the Proprietary Security Services Act cross-references the training requirements in the Private Security Services Act, it may be clearer to include the same requirements in both acts.

*Training Advisory Committee.* This bill requires the BSIS to convene a training advisory committee composed of representatives from various backgrounds in the private security industry whenever the BSIS adopts, modifies, or seeks to rescind a rule or regulation related to training or the Power to Arrest and Appropriate Use of Force Manual. Since its creation, the BSIS has updated the Manual several times each year to correct grammatical errors and make technical changes. This bill makes no exception for grammatical or technical changes. Moreover, this requirement is at odds with the current law, which exempts the development, adoption, amendment, or repeal of the manual from the Administrative Procedures Act.

*Emergency Regulations.* This bill erroneously tasks the DCA with promulgating emergency regulations. The author may wish to consider amending this bill to instead require the BSIS to promulgate regulations.

*Exemption for PSOs Employed by Religious Institutions.* This bill requires a place of worship to ensure its PSOs complete just 16 hours of security officer training. Although the likely intent is to exempt them from the deescalation training required by this bill, as currently drafted, it may unintentionally halve the required amount of security skills training for PSOs employed by a religious institution.

*Drafting Errors.* This bill includes erroneous cross-references to paragraph (3) of subdivision (b) of BPC § 7583.7, which does not exist.

*General Need for Greater Clarity.* It is unclear whether the author intends to require employers to pay for all security skills training, or only the eight hours of deescalation training. As amended by this bill, BPC § 7583.6(b)(1) would state that PSOs and security guards must complete 42 hours of security skills training, including eight hours of deescalation training. After describing the deescalation training in some detail, the bill states that the time spent attending the training shall be compensated and paid for by the employer. Subdivision (3) describes the deescalation

training in greater detail and restates that it must be compensated by the employer. The author may wish to clarify which training employers would be required to pay for.

As amended by this bill, subdivision (a) of BPC § 7574.18 codifies a specific number of hours required for the security skills training, whereas subdivision (d), which this bill does not amend, instructs DCA to pick the number of hours of instruction by regulation.

**REGISTERED SUPPORT**:

SEIU California *(Sponsor)*
California Federation of Labor Unions

**REGISTERED OPPOSITION**:

Allied Universal
Americal Patrol
Armed Guard Private Security
Armorous Security
Blue Knight Security and Patrol
California Association of Licensed Security Agencies, Guards & Associates
California Chamber of Commerce
Centurion Security Services
Cooke and Associates
Capitol Business Alliance (unless amended)
County of Kern
Customized Guard Services and Systems
Diligence Security Group
Excell Security
John 316 Private Security
Law Security and Investigations
Lead STAR Security
Militum in Terra Security
Mint Security INC
Mountain Valley Protective Services
Proguard Security Services
Scorpion Security Services
Securitas
Southwest Patrol
SVT Protective Services
Triple Threat Solutions
Woodside Patrol

Analysis Prepared by: Kaitlin Curry / B. & P. / (916) 319-3301

Date of Hearing: June 16, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
SB 1271 (Reyes) – As Amended June 9, 2026

**NOTE**: This bill is double referred and if passed by this Committee will be re-referred to the Assembly Health Committee.

**SENATE VOTE**: 39-0

**SUBJECT**: Midwifery: workforce data: availability to be a clinical preceptorship

**SUMMARY**: Requires (1) the Medical Board of California (MBC) to work with the Department of Health Care Access and Information (HCAI) to collect information regarding the eligibility and availability of licensed midwives (LMs) to serve as clinical preceptors for midwifery students and (2) HCAI to submit a report to the Legislature on or before January 1, 2029, detailing its findings.

**EXISTING LAW**:

1) Regulates the practice of medicine under the Medical Practice Act and establishes the MBC within the Department of Consumer Affairs (DCA) to administer and enforce the portions of the act relating to physicians and surgeons and LMs. (Business and Professions Code (BPC) §§ 2000-2529.8.1)

2) Regulates the practice of midwifery (non-nursing) under the Licensed Midwifery Practice Act of 1993 within the Medical Practice Act. (BPC §§ 2505-2523)

3) Defines "licensed midwife" to mean an individual licensed to practice midwifery under the midwifery act. (BPC § 2506(b))

4) Authorizes an LM to attend cases of normal pregnancy and childbirth, as specified, and to provide prenatal, intrapartum, and postpartum care, including family-planning care, for the mother, and immediate care for the newborn. (BPC § 2507(a))

5) Specifies that the practice of midwifery "constitutes" [sic] the furthering or undertaking by a licensed midwife to assist a woman in childbirth as long as progress meets criteria accepted as normal, as specified. (BPC § 2507(b))

6) Specifies that qualifying LM education programs must be accredited by an accrediting organization approved by the MBC and must provide classroom theory and clinical practice concurrently. (BPC §§ 2512.5(a), 2513)

7) Requires the DCA and specified healing arts boards, including the MBC, to work with the Department of Health Care Access and Information (HCAI) to collect specified workforce and demographic data from licensees on a voluntary basis at the time of license renewal, including educational background, hours spent in direct patient care, type of employer or classification of practice site, and workhours. (BPC § 502)

**THIS BILL**:

1) Requires the MBC, by April 1, 2027, to request, as part of its existing HCAI workforce survey, the following information from each LM applying for renewal:

    a) The LM's eligibility to serve as a clinical preceptor for student midwives enrolled in an MBC-approved midwifery education program, including whether they have met the minimum requirements to become a clinical preceptor.

    b) If the LM responds that they are eligible to serve as a clinical preceptor, both of the following:

        i) Whether the LM is currently available, or anticipates becoming available within the next two years, to serve as a clinical preceptor for student midwives.

        ii) The primary practice setting or settings in which the LM would offer to serve as a clinical preceptor, including, but not limited to, home births, freestanding birth centers, hospital-based or integrated maternity settings, rural or frontier community settings, or federally qualified health centers.

    c) If the LM responds that they are currently available, the maximum number of student midwives the LM is currently able to supervise concurrently and the county or counties in the state in which the LM currently practices and within which they would be available for clinical preceptorship.

    d) If the LM responds that they are not currently available, the primary reason or reasons for their unavailability.

2) Requires the MBC to maintain the confidentiality of the information it receives from LMs under the provisions of this bill and may only release information in an aggregate form that cannot be used to identify an individual except as specified by HCAI.

3) Requires the MBC to quarterly provide the individual LM survey data it collects to HCAI as directed by HCAI for the purpose of statewide midwifery workforce planning, analysis, and public reporting.

4) Requires HCAI to maintain the confidentiality of the LM information it receives and to only release information in an aggregate form that cannot be used to identify an individual LM.

5) Requires HCAI, on or before January 1, 2029, to submit a report to the Legislature detailing its findings based on the information received under this bill.

6) Specifies that an LM is not required to provide the information as a condition for license renewal nor subject to discipline for not providing the information.

**FISCAL EFFECT**: According to the Senate Appropriations Committee:

- HCAI reports ongoing General Fund costs of approximately $195,000 for 1.0 Research Data Specialist to analyze additional health workforce data regarding LM eligibility and availability to serve as clinical preceptors and to submit findings to the Legislature.
- MBC notes minor and absorbable costs to update online applications, renewal instructions, BreEZe surveys, and other website and public newsletter content (Contingent Fund of the MBC).

**COMMENTS**:

**Purpose**. This bill is sponsored by the *Women's Foundation California, Solis Policy Institute*. According to the author:

> [This bill] requires the Medical Board of California to collect data on the capacity of Licensed Midwives (LMs) to serve as preceptors who will train incoming students. This data will be shared with the Department of Health Care Access and Information, which will compile and submit a report to the Legislature. LMs are perinatal health professionals who provide maternity and newborn care, lactation support, and community-based services. Midwife preceptors are experienced providers who play a critical role in training, mentoring, and supervising aspiring LMs—bridging academic learning with hands-on clinical experience. Despite their importance, the current system does not support this training pathway. A shortage of preceptors, limited mechanisms to identify them, and demographic barriers often force trainees to complete their training out of state. While research shows strong outcomes for patients receiving midwifery care, a fragmented training pipeline creates structural barriers, particularly for rural and diverse communities. To address this gap, [this bill] allows LMs, at the time of licensure or renewal, to voluntarily complete a survey assessing their capacity to serve as preceptors. An expansion to this data collection is a critical step towards supporting the longevity of the practice and building a sustainable workforce that can meet California's maternal health needs.

**Background**. Midwifery is a health care model that covers the maternal and newborn care continuum.[1] Specifically, midwifery practice includes care for women and other childbearing people during the pre-pregnancy, pregnancy, labor and delivery, postpartum, and postnatal newborn care periods. Midwifery focuses on pregnancy and childbirth as normal, healthy processes rather than medical conditions to be treated. To that end, midwives aim to prevent and manage complications before they require medical intervention. However, to effectively do so, they must be trained to identify abnormal conditions, to know when to consult and refer to other providers, and to provide emergency services when medical help is unavailable.

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[1] Mary J. Renfrew et al., "Midwifery and Quality Care: Findings from a New Evidence-Informed Framework for Maternal and Newborn Care," *The Lancet* 384, no. 9948 (2014): 1130, https://doi.org/10.1016/S0140-6736(14)60789-3.

As a result, the Licensed Midwifery Practice Act of 1993 requires applicants seeking licensure as an LM to complete an approved training program that includes classroom training and hands-on clinical experience. LM education programs are specifically required to provide both classroom theory and clinical experiences in maternal and child health, including, labor and delivery, basic newborn care, and postpartum care.

However, the sponsor states that there is a shortage of LM preceptors to supervise the clinical experiences. Therefore, this bill requires the MBC to survey its LM population regarding their eligibility and availability to serve as preceptors, with the goal of identifying any potential barriers that prevent otherwise qualified LMs from serving in those roles.

*Concurrent Clinical Requirement*. In California, LM educational programs are statutorily required to provide the classroom theory and clinical experiences concurrently, mirroring the structure of nursing education programs where a student goes to class while also placed in a clinical site relevant to the course. The pedagogical goal is to maximize the student's learning potential by having the student immediately apply the concepts or techniques in a direct patient care setting. Essential to both the student's education and the client or patient's safety is the presence of a licensed clinical preceptor who can demonstrate, supervise, critique, and debrief the student.

In nursing, this concurrency requirement can make it difficult for educational programs to secure clinical placements for their students. If the availability of the clinical instructors who are able to supervise the students does not align with the program's course schedule, then the students cannot meet the concurrency requirement and therefore cannot progress in the course. While hospitals and other health facilities voluntarily provide these placements to protect the nursing student pipeline and potentially recruit the students, there are no direct incentives to offset the costs to the clinical site. This is an ongoing problem in nursing education in this state.

For LMs, any similar difficulty resulting from the concurrency requirement is likely compounded by the fact that there are no longer any MBC-approved LM programs physically located in CA, and eligible out-of-state programs would have to coordinate with students and an in-state preceptor to provide the appropriate concurrent experiences. However, one Florida-based program is advertising a California satellite program set to open in Fall 2026.[2] They note that they cannot guarantee placement with an onboarded preceptor but will assist students in securing one.

**Prior Related Legislation**. AB 133 (Committee on Budget), Chapter 143, Statutes of 2021, established the existing HCAI workforce survey requirement utilized under this bill.

**ARGUMENTS IN SUPPORT**:

The *Women's Foundation California, Solis Policy Institute* (sponsor) writes in support, "[This bill] provides a practical, low-burden solution to better understand the barriers impacting the midwifery pipeline. An expansion to data collection to include preceptor availability, capacity,

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[2] Commonsense Childbirth School of Midwifery, "CCSM California Satellite," accessed June 11, 2026, https://commonsensemidwifery.org/ccsm-california-satellite/.

practice setting, and barriers to precepting will support the longevity of the field, ensure the profession is reflective of the diverse communities they serve, and improve birth outcomes across California."

**ARGUMENTS IN OPPOSITION**:

There is no opposition on file.

**IMPLEMENTATION ISSUES**:

1) *Survey Design*. The following aspects of the bill may require additional attention to ensure the reliability and validity of the survey:

   a) *Self-Assessed Eligibility*. There are no statutory or regulatory requirements for becoming a preceptor in an accredited LM education program. The requirements are established by the individual program and its accreditor.[3] As a result, it is currently unclear how this question would be phrased to ensure an accurate assessment. If this bill passes this Committee, the author and sponsor may wish to work with the MBC and HCAI to determine whether there is a clear, definitive list of qualifications that would meet the minimum qualifications of every potential accreditor or program or whether the survey will be limited to LMs who are already approved by a program to serve as a preceptor, are registered as preceptors with the North American Registry of Midwives, or meet other objective criteria.

   b) *Availability vs. Willingness*. This bill requires the MBC to ask detailed questions about an eligible LM's availability to serve as a preceptor. If the respondent answers that they are not available, then the bill requires the MBC to ask the respondent why they are unavailable. According to the sponsor, the purpose of this line of questioning is to identify potential barriers hindering the availability of otherwise eligible LMs. However, if pressing the respondent for additional details induces guilt or feels intrusive, then the respondent may provide false answers or abandon the survey altogether. If this bill passes this Committee, the author and sponsor may wish to work with the MBC and HCAI to ensure respondents do not feel pressured to describe personal reasons that cannot be addressed in future legislation.

2) *Collection and Reporting Frequency*. At the MBC's request, the author recently amended the bill to allow the MBC to implement the survey by April 1, 2027 (page 4, line 16):

   the Medical Board of California ~~shall~~ *shall, by April 1, 2027,* request all of the following, as applicable, from a licensed midwife in the form and manner prescribed by the board…

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[3] See for example, "All academic faculty who are… clinical faculty members who are midwives must be qualified as follows:… [b] [h]ave at least three years of work experience in clinical midwifery practice -OR- a minimum of 50 births as the primary or co-primary attendant." Midwifery Education Accreditation Council, *Accreditation Handbook* (Midwifery Education Accreditation Council, 2025), 10, https://www.meacschools.org/wp-content/uploads/2026/05/Accreditation-Handbook-2025-COMPLETE.pdf.

However, the placement of the "by April 1, 2027," deadline before the act of requesting "all of the following" creates ambiguity as to whether this is a one-time data collection project or an ongoing survey attached to license renewal. In addition, this bill contains an indefinite quarterly reporting requirement for the MBC to send the survey data to HCAI but only requires only a one-time report to the Legislature by January 1, 2029. Lastly, the quarterly reporting requirement may not provide significant utility after the report date. In the DCA's *Fiscal Year 2024–25 Annual Report*, the MBC only reported a total of 494 active LMs, 34 new LM licenses issued, and 245 licenses renewed. Although the number may vary based on the timing of the renewals, this may generate approximately 60 responses every three months if they are evenly spaced and every licensee responds. If this bill passes this Committee, the author may wish to clarify the timing of the initial and future surveys.

**REGISTERED SUPPORT**:

Women's Foundation California, Solis Policy Institute (sponsor)
Around-Birth Collective
BIPOC Student Midwives Fund
Black Women Birthing Justice
California Coalition for Black Birth Justice
California Latinas for Reproductive Justice
California Women's Law Center
Girls Talk Organisation
March of Dimes
Medical Board of California
Strong Hearted Native Women's Coalition

**REGISTERED OPPOSITION**:

There is no opposition on file.

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