
New Employment Laws Taking Effect January 1, 2025

Starting on January 1, 2025, several new federal laws impacting California employers and new California employment laws will take effect, including an expansion of rights of employees who are victims of violence and revisions to paid family leave.

More information on the new employment laws is available below. Please reach out to [Katherine M. Forster](#) and [Margaret G. Maraschino](#) of Munger, Tolles & Olson for more information.

****Federal Laws Impacting California Employers****

Federal Contractor Minimum Wage Increase: Beginning on January 1, 2025, the minimum wage will increase to \$17.75 per hour for workers who are performing work on or in connection with federal contracts in the following categories that were entered into, renewed, or extended on or after January 30, 2022: (1) procurement contracts covered by the Davis-Bacon Act, (2) service contracts covered by the Service Contract Act, (3) concessions contracts, and (4) contracts entered into, renewed, or extended on or after August 17, 2024, in connection with federal property or lands and related to offering services for federal employees, their dependents, or the general public.

For federal contracts in these categories entered into, extended or renewed *prior to* January 30, 2022, the minimum wage for employees will increase to \$13.30 per hour (for nontipped workers) and \$9.30 per hour (for tipped workers). Note that these rates are lower than California's minimum wage; employers should pay the applicable California or local minimum wage, whichever is higher.

Pregnant Workers Fairness Act (PWFA): The final regulations and interpretative guidance from the Equal Employment Opportunity Commission on PWFA went into effect on June 18, 2024. Although California already provides protections for pregnant workers, employers should ensure that their policies and practices also comply with PWFA.

****New California Employment Laws****

State Minimum Wage Increase: California state minimum wage will increase to \$16.50 per hour effective January 1, 2025. The salary for California exempt-status employees will increase to \$5,720 per month (i.e., \$68,640 annually). Fast Food Restaurant employees have a minimum wage of \$20.00 per hour and Healthcare Facility employees have a minimum wage between \$18.00 to \$23.00, although this is set to increase again on July 1, 2025.

Local Minimum Wage Increase: Employers are encouraged to check city and county minimum wage ordinances to confirm they are also in compliance with local minimum wage laws.

Adjusted Salary Threshold for Computer Professionals: Effective January 1, 2025, the minimum hourly rate of pay for a computer software employee to qualify as exempt from overtime is \$56.97 per hour (i.e., \$9,888.13 per month, or \$118,657.43 per year).

Wages for Mentally Ill or Physically Disabled Employees of Nonprofits: Beginning on January 1, 2025, non-profits must pay at least the legal minimum wage to employees with disabilities.

PAGA Reform: On July 1, 2024, two PAGA Reform bills went into effect for civil actions filed (or based on notices filed) on or after June 19, 2024. PAGA Reform provides many potential benefits to employers, including additional standing and manageability requirements that may reduce the scope of PAGA claims, opportunities for early evaluation conferences by a third-party neutral and a stay of court proceedings, potential opportunities to cure alleged violations, and reduced penalties in some circumstances. Information on key changes included in PAGA Reform can be found [here](#).

Expansion of Employee Rights for Victims of Violence: [AB 2499](#) introduces several new employment protections related to victims of violence under the Fair Employment and Housing Act (FEHA):

- **Unlawful Employment Practices:** Employers cannot deny time off for jury duty, court appearances, or for victims to address issues related to qualifying acts of violence.
- **Expanded Definitions:**
 - "Qualifying acts of violence" replaces references to crimes or abuse.
 - The definition of "victim" now includes family members of employees affected by such violence.
- **Reasonable Accommodations:**
 - Employees with family members who are victims may now request accommodations.
 - Leave is limited to 12 weeks overall, but specific caps apply if the family member is not deceased. Leave runs concurrently with FMLA and CFRA if applicable.
- **Expanded Sick Leave:** Employees or their family members who are victims may use sick leave to seek legal relief or obtain services from domestic violence or victim-support organizations.

- **Employee Rights Notification:** The Civil Rights Department must develop a rights form by July 1, 2025, which employers must distribute to employees at hire, annually, upon request, and when informed of victim status.

Revisions to Paid Family Leave: [AB 2123](#): On or after January 1, 2025, employers may no longer require employees to take up to two weeks of earned but unused vacation leave prior to the employee's initial receipt of paid family leave.

Driver's Licenses As a Job Requirement: [SB 1100](#): This law makes it unlawful for employers to include a requirement for a driver's license in job advertisements, postings, or applications unless driving is genuinely necessary for the job.

Expansion of Arbitration for Civil Disputes: [SB 940](#): Parties to an arbitration agreement must now have the same rights to take depositions and obtain discovery as they would if the subject matter was pending before the superior court, except that depositions require leave of the arbitrator.

Intersectionality and Revision of Definition of Race in Discrimination Prevention Laws: [SB 1137](#) and [AB 1815](#):

Claims of discrimination or harassment under the Fair Employment and Housing Act may now require assessing whether the combined factors, rather than a single protected characteristic, caused the misconduct. Protected characteristics now include combinations of traits, perceptions of such traits, or associations with individuals perceived to have them. In addition, the definition of race in the Unruh Civil Rights Act now includes traits linked to race, such as hair texture and protective hairstyles like braids, locs, and twists.

Discrimination Prevention: [SB 1340](#): A city, county, or other political subdivision of the state is permitted to enforce local laws to prohibit discrimination in employment subject to certain requirements. During local enforcement, the statute of limitations is tolled.

Expansion of Implicit Bias Training for Healthcare Providers: [AB 2319](#): By June 1, 2025, healthcare providers in hospitals, alternative birthing centers, clinics, and emergency departments who regularly provide perinatal care or interact with perinatal patients must complete implicit bias training, which includes recognition of intersecting identities as well as nonbinary and transgender people. Training is to be provided during paid work time.

Model List of Employee's Rights and Responsibilities under Whistleblower Laws: [AB 2299](#): Employers must post a list of employees' rights and responsibilities under whistleblower laws. The Labor Commissioner will develop a model list that satisfies the posting requirement.

Employer-Sponsored Events or Communications Regarding Religion or Politics: [SB 399](#): Employers are prohibited from taking adverse actions against employees who decline to attend employer-sponsored meetings or refuse to engage with communications expressing the employer's opinions on religious or political matters. Employees who choose not to attend such

meetings during work hours must still be paid for their time. This rule does not restrict employers from sharing legally required information or details essential for job performance. Exceptions apply for religious corporations, political organizations, educational institutions, training programs, and public employers. Violations can result in penalties including damages and a \$500 fine per employee for each violation.

Small Employer Family Leave Mediation Program Expansion: [AB 2011](#): The small employer family leave mediation program has become permanent and will now include resolution of alleged violations of reproductive loss leave laws.

Contracts with Entertainment Vendors and Expansion of Enforcement of Labor Code Provisions: [AB 2738](#): Contracts with entertainment event vendors must now include a written provision requiring the vendor of a live event to provide the contracting entity with a list of employees and subcontractors along with details of their completed trainings, certifications, and the dates of completion. Public prosecutor enforcement has been expanded to include additional provisions, with remedies such as wages, liquidated damages, and civil penalties. The revisions also mandate that prevailing plaintiffs receive reasonable attorney's fees and costs.

Freelance Workers Protection: [SB 988](#): SB 988 establishes protections for freelance workers, defined as individuals or sole-person organizations hired as independent contractors for professional services valued at \$250 or more. These protections, effective for contracts entered into or renewed on or after January 1, 2025, include requirements for timely payment within 30 days unless specified otherwise, a prohibition against altering agreed compensation or services after work begins, and a mandate for written contracts. Contracts must include detailed information, such as party names and addresses, itemized services with rates and compensation methods, payment terms, and submission deadlines for services rendered. Hiring parties are barred from retaliating against freelance workers who enforce these rights, and violations may result in civil actions by the worker or a public prosecutor.

Notice of Right to Consult Attorney for Workers' Compensation Injury: [AB 1870](#): Employer postings regarding employee rights under workers' compensation law now must include information regarding an injured employee's ability to consult with a licensed attorney to advise them of their rights under workers' compensation laws and that, in most instances, those attorney's fees would be paid from the injured employee's recovery.

Port Drayage Motor Carriers: Contracts and Misclassification: [AB 2754](#): Port drayage motor carriers are now included among entities prohibited from entering into contracts that lack sufficient funds to comply with labor and service laws, joining industries like construction, farm labor, and janitorial services. A rebuttable presumption applies, along with exceptions for contracts involving 30 or fewer cumulative labor days within a year. Customers of port drayage motor carriers may be held liable for civil responsibilities arising from the misclassification of drivers as independent contractors. Exceptions to customer liability apply if the motor carrier uses employee drivers or legitimate independent contractors who meet California's legal standards and possess their own operating authority.

Enforcement of Wage Violations on Public Work Projects: [SB 1303](#): Private labor compliance entities overseeing public works projects must review public work laws with negotiating parties before withholding funds for alleged violations. Withheld amounts cannot exceed the alleged underpayments and penalties. These entities must provide contractors or subcontractors an opportunity to review and respond to evidence of violations. They must also submit declarations confirming no conflicts of interest, with violations voiding contracts and incurring civil penalties. Aggrieved parties can take legal action against the entity, awarding body, or its agent, with the possibility of recovering attorney's fees and costs. Exceptions apply to the Department of Transportation, the City of Los Angeles, the Los Angeles Unified School District, and the County of Sacramento.

INDUSTRY-SPECIFIC CHANGES

Educational Institutions: There are a number of bills that address changes for educational institutions, most notably around sexual harassment and discrimination prevention.

- [AB 1905](#): Public postsecondary educational institutions seeking state financial aid must adopt policies barring official letters of recommendation for employees who are respondents in sexual harassment complaints and are found guilty in a final decision, resign before the decision is made, or enter into settlements. Institutions must also establish policies, including approval requirements, governing settlements, and informal resolutions of sexual harassment complaints involving employees.
- [AB 2047](#) requires the establishment of a Title IX office at each California State University and University of California campus and also requires that the California State University establish, and the University of California designate, a systemwide office of Civil Rights on or before July 1, 2026.

Extension of Exemption for Newspaper Distributors and Carriers: [AB 224](#) extends the exemption for newspaper distributors and carriers from the *Dynamex* and ABC employee classification tests to January 1, 2030. Newspaper publishers and distributors must continue submitting annual reports on carrier payroll taxes, wage rates, and wage claims to the Labor and Workforce Development Agency by March 1 each year.

Grocery and Pharmacy Closures: [SB 1089](#) requires covered grocery and pharmacy establishments to provide advance notice before closures to mitigate the impact on access to essential goods and services. The notice requirements are:

- Small establishments (≤ 5 employees): 30 days written notice to employees.
- Larger establishments (> 5 employees): 45 days written notice to employees and notification to relevant state and local agencies.

- **Public notice:** A conspicuous written notice must be posted at the establishment's entrance and communicated to consumers in customary formats.

Exceptions are allowed for closures due to unforeseeable business circumstances, physical calamity, or war. Penalties for noncompliance include civil penalties up to \$10,000, plus attorney's fees, and employees may recover \$100 per employee per day per violation until corrected.

Restrictions on Contract Provisions Regarding Digital Replicas: [AB 2602](#) prohibits certain contractual provisions allowing the use of a person's digital replica for the performance of personal or professional services starting January 1, 2025, unless specific conditions are met:

- (1) the provision allows for the creation and use of a digital replica of the individual's voice or likeness in place of work the individual would have otherwise performed in person;
- (2) the provision does not include a reasonably specific description of the intended uses of the digital replica; and,
- (3) the individual was not represented.

[AB 1836](#) amends existing law on the unauthorized use of digital replicas of deceased personalities, establishing liability of at least \$10,000 or actual damages if their likeness or voice is used without prior consent. Exceptions apply for uses related to news, public affairs, criticism, parody, documentaries, fleeting or incidental appearances, or permitted advertisements, provided no false impression is created.

OSHA Expansion to Household Domestic Services: [SB 1350](#): Effective on July 1, 2025, the OSHA definition of employment will include household domestic service performed on a permanent or temporary basis; however, it will continue to exclude (1) publicly funded household domestic service; (2) employment in family daycare homes; and (3) individuals who, in their own residence, privately employ persons to perform ordinary domestic household tasks.

Paid Sick Leave Expansion for Agricultural Workers: [SB 1105](#) revises existing sick leave law to permit agricultural workers to take paid sick days to avoid smoke, heat, or flooding conditions created by a local or state emergency.