



September 18, 2025

The Honorable Governor Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

**SUBJECT: SB 7 (MCNERNEY) EMPLOYMENT: AUTOMATED DECISION SYSTEMS
REQUEST FOR VETO**

Dear Governor Newsom:

The California Chamber of Commerce, and the organizations listed below, respectfully urge you to **VETO SB 7 (McNerney)**. The bill broadly targets both public and private employers of all sizes, across every industry, and regulates even low-risk applications of automated decision systems (ADS). **SB 7** imposes unprecedented compliance burdens, and any misstep would result in costly penalties. Further, the administrative burdens of the right to access will overwhelm employers. We strongly believe **SB 7** will have an undesired chilling effect on the creation of and investment in new technology.

SB 7's Overly Broad Definitions and Pre-Use Notice Requirements Create a Troubling Precedent and Contain Problematic Provisions

SB 7's pre-use notice requirement is concerning for several reasons:

- **SB 7's** sweeping definitions create troubling precedent and result in overly broad notice requirements. **SB 7** would codify definitions that we have consistently argued are too broad. ADS as defined includes any tools that merely "assist" with decision making and an "employment-related decision" is every single aspect of employment. Any time an ADS is present at all, and an employment decision follows, the bill applies. This would include tools like simple scheduling software, security systems, or task allocation tools, even if they are used only a miniscule amount to make a decision. Based on these definitions, **SB 7's** pre-use notice requirement would apply to every inconsequential or low-risk tool. This would result in such a high volume of notices that their usefulness would be diminished. For that reason, required notices should be limited to information about consequential, high-risk decisions such as termination or discipline that directly impact the worker and where there is little to no human involvement.
- Proposed Section 1522(e)(6) is inconsistent with recent amendments in Sections 1524 and 1526(b)(3), which removed the worker's right to "correct" worker data used by ADS. However, this provision still references a right to "correct" that data.
- An employer may not know all of the information required under proposed Section 1522, especially if they are a small business. For example, an employer may not know the names of all individuals, vendors, or entities that created the ADS or what key parameters may impact the output unless that information is provided by the developer. If a small business uses anything like scheduling software or simple task allocation software, they would be covered under **SB 7's** pre-use notice requirements.

Even if an employer can communicate with the developer, the developer or their vendors may consider that information proprietary. Further, there is risk that divulging this information would necessarily mean divulging information to workers (including temporary

contractors) about security systems or similar safety tools. Those types of tools are included within the bill's broad definitions.

SB 7's Inclusion of Independent Contractors in the Definition of "Worker" is Inappropriate

SB 7 inappropriately treats independent contractors the same as employees. The bill's definition of "worker" includes independent contractors, meaning that all of **SB 7**'s provisions apply the same to employees and contractors.

Classifying a worker as an independent contractor is a high bar because they are treated differently from employees under the law. Contractors are therefore often used to fill temporary or unique needs, in specific industries, or in business to business transactions. Smaller businesses often have no choice but to use contractors for short-term, specific projects. Their contract will dictate the terms of that job, under what circumstances the relationship may be altered or terminated, and more. **SB 7** will make this more difficult and more expensive.

Many of **SB 7**'s provisions do not make sense as applied to a contractor. For example, we are not aware of any other employment-type notice requirements that apply to contractors. This unprecedented requirement is a significant compliance burden, especially in light of the breadth of the notice requirements in **SB 7**, as outlined above. Another example is the limits on terminating a contract. For example, if an ADS system at a small company notices that an IT contractor is improperly interfering with customer accounts, **SB 7** would require an individualized notice, investigation, and a mandate to hand over data to the contractor before that contract could be terminated. Or consider a company that receives a customer review through its platform that a contractor was acting inappropriately with them. Not only does **SB 7** limit the extent to which entities can rely on customer reviews in certain decisions, but it also prohibits any immediate termination of that individual. A full investigation must occur, even where unsafe behavior is alleged.

SB 7's Right to Access is Problematic

While **SB 7**'s right to access was narrowed, it still presents several compliance issues. For example, the bill provides that a worker is entitled to a "copy" of certain data over the last 12 months. It is unclear whether this means that the company must hand over raw data, potentially revealing confidential or proprietary information. Proposed section 1524(c)(2) only allows for redactions of certain information that is considered "personal information", but not other information that a company may deem proprietary or privileged. Further, even if someone's personal information is redacted, an employee or contractor may still be able to piece together which coworker or customer's data was used in the ADS. Further, complying with this provision will likely require dozens of hours of time spent by HR staff or legal counsel.

For these reasons, we urge you to **VETO SB 7 (McNerney)**.

Sincerely,



Ashley Hoffman
Senior Policy Advocate
California Chamber of Commerce

Acclamation Insurance Management Services (AIMS), Dominic Russo
Allied Managed Care (AMC), Dominic Russo
Associated General Contractors of California, Matt Easley
Associated General Contractors – San Diego Chapter, Matt Easley

Brea Chamber of Commerce, Lacy Schoen
California Apartment Association, Embert P. Madison Jr.
California Association of Winegrape Growers, Michael Miiller
California Builders Alliance, Jordan Blair
California Credit Union League, Eileen Ricker
California Grocers Association, Daniel Conway
California Hospital Association, Erika Frank
California League of Food Producers, Katie Little
California Manufacturers and Technology Association, Elizabeth Esquivel
California Retailers Association, Ryan Allain
Carlsbad Chamber of Commerce, Bret Schanzenbach
Coalition of Small and Disabled Veteran Businesses, Jeffrey Langlois
Corona Chamber of Commerce, Bobby Spiegel
El Dorado County Chamber of Commerce, Laurel Brent-Bumb
El Dorado Hills Chamber of Commerce, Debbie Manning
Elk Grove Chamber of Commerce, Angela Perry
Flasher Barricade Association (FBA), Kenneth Johnston
Folsom Chamber of Commerce, Joe Gagliardi
Gilroy Chamber of Commerce, Manny Bhandal
Greater Coachella Valley Chamber of Commerce, Brandon Marley
Greater Conejo Valley Chamber of Commerce, Danielle Borja
Greater High Desert Chamber of Commerce, Mark Creffield
Greater Riverside Chambers of Commerce, Nicholas Adcock
Insights Association, Howard Fienberg
Lake Elsinore Valley Chamber of Commerce, Kim Joseph Cousins
Lincoln Area Chamber of Commerce, Tom Indrieri
Long Beach Area Chamber of Commerce, Jeremy Harris
Los Angeles Area Chamber of Commerce, Chris Micheli
Mission Viejo Chamber of Commerce, Dave Benson
Murrieta/Wildomar Chamber of Commerce, Patrick Ellis
Oceanside Chamber of Commerce, Scott Ashton
Orange County Business Council, George Boutros
Pacific Association of Building Service Contractors, Dana Nichol
Public Risk Innovation, Solutions, and Management, Michael Pott
Rancho Cordova Chamber of Commerce, Diann Rogers
Rancho Cucamonga Chamber of Commerce, Robert Hufnagel
Rancho Mirage Chamber of Commerce, James Brownyard
Rocklin Area Chamber of Commerce, Robin Trimble
Roseville Area Chamber of Commerce, Amy Triplett
Sacramento Regional Builders Exchange, Jordan Blair
San Diego Regional Chamber of Commerce, Justine Murray
Santa Clarita Valley Chamber of Commerce, Ivan Volschenk
Santee Chamber of Commerce, Kristen Dare
Security Industry Association, Margaret Gladstein
Shingle Springs/Cameron Park Chamber of Commerce, Colette Thiel
Southwest California Legislative Council, Erin Sasse
TechNet, Jose Torres
Torrance Area Chamber of Commerce, Donna Duperron
United Chamber Advocacy Network, Rana Ghadban
Valley Industry and Commerce Association, Stuart Waldman
Western Carwash Association, Melissa Werner
Yuba-Sutter Chamber of Commerce, Janell Willis