



# **The Legislative Landscape: What Bankers Need to Know Now**

2026 Risk & Compliance Conference

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2025–2026 LEGISLATIVE SESSION

# Status of the California Legislature

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COVERAGE

**16 Bills • 5 Categories**



# Legislative Categories

Five areas of California legislative activity covered in this briefing



## Labor and Employment

3 bills

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## Mortgage Lending

3 bills

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## Financial Fraud

1 bill

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## Bank Operations

7 bills

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## Privacy and AI

2 bills

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# Labor and Employment

3 bills in this section



CALIFORNIA STATE SENATE BILL

# SB 947



AUTHOR

**Jerry McNerney**

## KEY POINTS

- Limits AI-only employee termination or discipline
- Requires human review and verification
- Requires employee notice when AI is used
- Applies to workplace automated decision systems
- *Takes effect July 1, 2027 (if signed into law).*

CALIFORNIA STATE SENATE BILL

# SB 951



AUTHOR

**Eloise Gomez Reyes**

## KEY POINTS

- Expands Cal-WARN notices to certain AI-driven layoffs
- Requires advance notice of qualifying technology-related layoffs
- Applies to certain staffing reductions tied to AI adoption
- Requires EDD reporting on AI's impact on hiring and employment
- *Takes effect January 1, 2027 (if signed into law).*



CALIFORNIA STATE ASSEMBLY BILL

# AB 1331



AUTHOR

**Sade Elhawary**

## KEY POINTS

- Limits workplace surveillance tools
- Restricts monitoring in employee-only areas
- Sets rules for workplace video surveillance
- Creates enforcement and civil penalties
- *Takes effect January 1, 2027 (if signed into law).*



# Mortgage Lending

3 bills in this section

CALIFORNIA STATE ASSEMBLY BILL

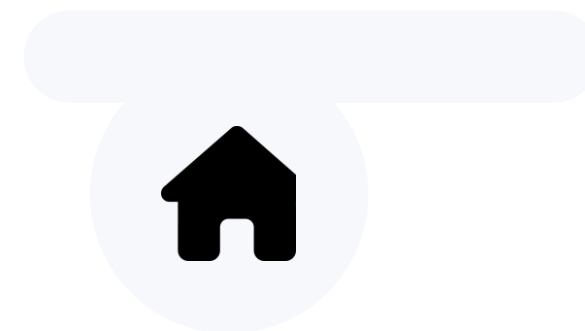
# AB 1842

AUTHOR

**John Harabedian**

## KEY POINTS

- Statewide disaster forbearance framework
- Payment relief for eligible borrowers
- New servicing requirements and protections
- Standardized response for future disasters
- *Takes effect January 1, 2027 (already signed into law).*



CALIFORNIA STATE ASSEMBLY BILL

# AB 1847

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AUTHOR

**John Harabedian**

## KEY POINTS

- Extends LA wildfire forbearance to 24 months
- Forbearance requests extended through Jan. 7, 2029
- Additional documentation may be required after 12 months
- Servicers must offer end-of-loan repayment deferral, if permitted
- *Takes effect January 1, 2027 (already signed into law).*



CALIFORNIA STATE ASSEMBLY BILL

# AB 801



AUTHOR

**Mia Bonta**

KEY POINTS

- Original 2025 bill established a California-specific CRA for state-chartered banks, CUs and non-bank mortgage lenders.
- Key 2026 amendments:
  - Fair lending exams re: mortgage only
  - Only banks/CUs above HMDA data reporting threshold
- *Takes effect January 1, 2027 (already signed into law); expect first fair lending exam modules no earlier than July 1, 2027.*



# Financial Fraud

1 bill in this section

CALIFORNIA STATE ASSEMBLY BILL

# AB 871

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AUTHOR

**Catherine Stefani**

## KEY POINTS

- Requires annual elder financial abuse reporting training
- Mandates web reporting to FBI's Internet Crime Complaint Center
- Prescriptive Customer notification within 48 hours of report filing
- *Takes effect January 1, 2028 (already signed into law).*



# Bank Operations

6 bills in this section



CALIFORNIA STATE ASSEMBLY BILL

# AB 1854

AUTHOR

**Maggy Krell**



## KEY POINTS

- Adds California financial services companies to existing law that applies to telecom and cloud computing.
- Prohibits responding to out-of-state subpoena, warrant, wiretap order, pen register trap and trace order, other legal process, or request by a law enforcement seeking records that would reveal the identity of the customer
- Unless it includes an affidavit or declaration that it does not relate to legally protected health care activity.
- Challenges: paper subpoenas, conflict of law, workload
- *Takes effect January 1, 2027 (already signed into law).*



CALIFORNIA STATE ASSEMBLY BILL

# AB 1930



AUTHOR

**Rick Chavez Zbur**

## KEY POINTS

- Similar to AB 1854, but applies to any company that conducts a single transaction in California, even where responding to a subpoena issued by a court in another state and served on an entity in another state.
- Every business must screen civil, criminal, regulatory, and legislative subpoenas or discovery requests.
- Challenges: subpoena confidentiality language, conflicts with other states, constitutional defects
- *Takes effect January 1, 2027 (already signed into law).*



CALIFORNIA STATE ASSEMBLY BILL

# AB 1604



AUTHOR

**Catherine Stefani**

## KEY POINTS

- Prohibits receipt manufacturers from selling thermal receipt paper with added bisphenol-A (effective January 2028) and all bisphenols (January 2029)
- Proposition 65 (1986) already requires businesses to provide clear and reasonable warnings before exposing Californians to chemicals on the Proposition 65 list. Major banks and retailers recently received notice of citizen enforcement lawsuits claiming that thermal receipts paper contain bisphenols.
- Banks are encouraged to examine whether receipts are bisphenol-free and/or labeled with a Proposition 65
- *Takes effect January 1, 2028 (if signed into law).*



CALIFORNIA STATE ASSEMBLY BILL

# AB 1660



AUTHOR

**Pilar Schiavo**

## KEY POINTS

- Adds new penalties to existing laws regarding how financial institutions respond to requests from Public Guardians, Public Conservators and Public Administrators to access account information and obtain control of account balances and safe deposit boxes.
- Revises and clarifies the “Certificates of Authority.”
- *Takes effect January 1, 2027 (already signed into law).*



CALIFORNIA STATE SENATE BILL

# SB 1288



AUTHOR

**John Laird**

## KEY POINTS

- Part of a nationwide effort by non-profits to require securities firms to affirmatively contact transfer on death (TOD) beneficiaries and get funds out the door to beneficiaries more quickly.
- Requires securities firm to affirmatively reach out to beneficiaries.
- Limits documentation.
- *Requires affirmative notification of non-profit beneficiaries beginning January 1, 2027 and individual beneficiaries beginning January 1, 2028 (already signed into law).*

## CALIFORNIA STATE ASSEMBLY BILL

# AB 2599



## AUTHOR

**Isaac Bryan**

## KEY POINTS

- Requires corporations >\$100M worldwide gross revenue or state vendors >\$100K to file, where the company or its predecessor was in existence before 12/31/1964, a corporate slavery disclosure.
- *If signed into law, statute provides that first reports are due January 15, 2029.*
  - May be delayed as no funding was provided for state agency implementation.
  - Remains key priority of the Legislative Black Caucus -- CBA believes the bill will be eventually implemented.



CALIFORNIA STATE ASSEMBLY BILL

# AB 2784



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AUTHOR

## Committee on Judiciary

### KEY POINTS

- B&P Section 6212 has long required quarterly reporting of IOLTA interest.
- Newer B&P Section 6091.3 requires attorneys to add State Bar numbers to client trust accounts (CTAs) and requires annual reporting by banks of all CTAs.
- Many banks under-reported IOLTAs on March 2026 annual CTA reporting. AB 2784 clarifies that all IOLTAs must also be reported annually along with non-IOLTA CTAs.
- *Takes effect January 1, 2027 (already signed into law).*



# Privacy and AI

2 bills in this section

CALIFORNIA STATE SENATE BILL

# SB 923



AUTHOR

**Josh Becker**

## KEY POINTS

- Requires deletion of information “about a consumer” in addition to information collected “from a consumer.”
  - Permitted to maintain minimum info necessary to ensure consumer info remains deleted.
- New requirement for web portal, in addition to an email address, for consumers to submit deletion requests.
- *Takes effect January 1, 2027 (already signed into law).*

CALIFORNIA STATE SENATE BILL

# SB 354

AUTHOR

**Monique Limón**



## KEY POINTS

- Updates and expands insurance privacy laws; applies to insurers, surplus lines, reinsurers and third-party service providers.
- Does not apply to GLBA depositories or affiliates UNLESS that entity has an insurance license, and in that case the SB 354 restrictions apply only to the processing or sharing of personal information “in the business of insurance.” Includes exception for insurance information collected in connection with a loan (example: gap insurance).
- GLBA Joint Marketing data elements limited to: name; address; financial institution and account type; and age.
- *Takes effect July 1, 2028 (already signed into law).*



# Questions & Discussion

15 bills across 5 categories • Risk & Compliance Legislative Briefing