

CALIFORNIA

California Enacts AI Employment Regulations

On June 27, 2025, California enacted [regulations](#) that ban covered employers from using artificial intelligence (AI) that results in discrimination based on an employee's protected class. The regulations take effect **Oct. 1, 2025**.

Overview of the New Regulations

The regulations make it unlawful for employers that regularly employ **five or more employees** to use an automated-decision system or selection criteria (including a qualification standard, employment test or proxy) that discriminates against an applicant or employee, or class of applicants or employees, on a basis protected by the California Fair Employment and Housing Act (e.g., race, sex, national origin, religion, disability and age), subject to any available defenses.

Automated-decision systems are computational processes, including those derived from or that use AI or other data processing techniques, that make a decision or facilitate human decision-making regarding an employment benefit (e.g., hiring or promotion). Tasks performed by such systems may include:

- Computer-based assessments or tests (including those that make predictive assessments; measure skills, dexterity and other abilities; measure personality traits, aptitude, attitude or cultural fit; or screen, evaluate, categorize or recommend employees or applicants);
- Directing job advertisements or recruitment materials to targeted groups;
- Screening resumes for particular terms or patterns;
- Analyzing facial expression, word choice or voice; or
- Analyzing employee or applicant data acquired from third parties.

Recordkeeping Requirements

Employers must maintain any personnel or employment records, including automated-decision system data, for a period of **four years**.

Next Steps for Employers

To prepare for the regulations' effective date, California employers may consider assessing current automated-decision systems to ensure they are nondiscriminatory and training employees (such as HR personnel) who use AI tools on their obligations. California has proposed additional AI legislation, so California employers should monitor for updates.

Provided to you by **Employco USA, Inc.**

Highlights

June 27, 2025

California passed AI regulations, banning the use of discriminatory AI in employment decisions.

Oct. 1, 2025

California's new AI regulations take effect.

***Effective Oct. 1, 2025,
California employers
may not use
discriminatory AI in
employment
decisions.***