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Halted: Federal Judge Stops Enforcement of California's Recently Enacted Labor Law

Labor Relations Update on **December 31, 2025**

On December 26, 2025, a federal judge in the Eastern District of California granted the National Labor Relations Board's ("NLRB" or "Board") bid for a preliminary injunction to block enforcement of recently enacted labor legislation that empowers the California Public Employment Relations Board ("PERB") to regulate certain private-sector labor relations in the state. With the injunction, however, the NLRB will retain its jurisdiction as the primary agency responsible for regulating labor relations between most private-sector California employers, unions, and employees.

Background

As we covered here, on September 30, 2025, California Governor Gavin Newsom signed into law AB 288, which authorized PERB to conduct union elections and process unfair labor practice charges involving private-sector employers who previously were only subject to the NLRB's jurisdiction. AB 288 also expanded PERB's remedial authority in private-sector labor matters by empowering it to seek injunctions, issue bargaining orders, impose civil monetary penalties, and order parties to binding arbitration if they failed to quickly agree to a collective bargaining agreement. The California legislation followed the enactment of New York's "NLRB Trigger Bill," which similarly sought to empower the state labor board to regulate certain private-sector labor relations.

Prior to passage of AB 288, PERB was charged with enforcing the state's labor law and regulating labor relations for California's public-sector employees. California previously played only a small role in private-sector labor relations when it exercised jurisdiction over employees not covered by the National Labor Relations Act ("NLRA" or "Act"), such as agricultural employees.

On October 15, 2025, the NLRB sued California to stop enforcement of AB 288, alleging the law was preempted by the NLRA based on longstanding U.S. Supreme Court precedent.

Federal Court Decision

Judge Troy L. Nunley held the NLRB was likely to succeed on the merits of its preemption claim — a key element in granting a preliminary injunction. Judge Nunley held that by impliedly ceding NLRB jurisdiction to PERB in certain circumstances, AB 288 fails to avoid a conflict between the state and federal agencies. Under AB 288, an "implied cessation of jurisdiction" would occur where the Board loses a quorum, loses its independence, is enjoined from acting, and/or experiences processing delays.

Judge Nunley reasoned that those provisions concerning a loss of quorum and processing delays presented a conflict because the NLRA anticipates that the NLRB might lose a quorum, which, along with processing delays, has happened before. Also, federal regulations still permit the NLRB to partially function without a quorum through delegation of powers to the Board's administrative and prosecutorial functions. Thus, relinquishing jurisdiction to PERB in those circumstances would be inconsistent with federal law.

Notably, with respect to a putative loss of independence, Judge Nunley reasoned that, while Congress intended the NLRB to be independent, the D.C. Circuit's recent holding that the Board's job-removal protections are unconstitutional, which we covered here, meant the court was unable to opine on whether that amounted to a loss of the NLRB's independence. Even if that is ultimately found to be a loss of independence, Judge Nunley did not agree that Congress intended such a loss of independence to wholly remove the NLRB's authority.

Pursuant to longstanding federal precedent, where federal law and state law conflict with one another, the federal law will preempt the state law. Specifically with respect to labor law preemption, Supreme Court precedent instructs states are barred from regulating any conduct that is arguably protected or prohibited by the NLRA. Judge Nunley reasoned that AB 288 conflicts with federal law because it grants PERB authority over conduct that is subject to regulation by the NLRA, and allows PERB to "stand in the way of the NLRB's administration of the NLRA." Moreover, he noted that AB 288 permits PERB to ignore NLRB precedent. Given the conflict, Judge Nunley found that the NLRB was likely to succeed on the merits of its preemption claim.

With respect to the other elements necessary for a preliminary injunction, Judge Nunley held that the NLRB would presumably suffer irreparable harm from constitutional violations if AB 288 was implemented. He also reasoned that the balance of equities and public interest favored granting the NLRB's injunction bid because of the risk of conflicting jurisdictions and resolutions that could arise from implementing AB 288.

Conclusion & Takeaways

Barring a reversal by the Ninth Circuit, Judge Nunley's order may mark the end of California's attempt to expand PERB's powers into the NLRB's traditional jurisdiction. This ruling comes about a month after a New York federal judge barred enforcement of New York's NLRB Trigger Bill on November 26.

Moreover, on December 18, 2025, the NLRB regained a quorum after the Senate confirmed President Trump's two most-recent Board nominees, as we covered here. As a result, the NLRB can again issue decisions and employers should expect them soon based on public comments by former Board members.

In the short term, the halting of the California and New York legislation coupled with the return of the NLRB quorum, likely signals the end of state attempts to regulate private-sector labor relations. Private-sector employers can expect to remain subject to the NLRB's jurisdiction for the foreseeable future but should continue to monitor state attempts to expand their regulatory authority.

We will continue monitoring this litigation for any further developments.

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