

# Assembly Bill 983

## Employee obligations: exclusivity options

Assembly Member Ash Kalra and Eduardo Garcia

### SUMMARY

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AB 983 would restore recording artists' ability to freely work by removing unfair restrictions that only apply to record label contracts.

### BACKGROUND

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Established over 150 years ago, California Labor Code Section 2855, commonly referred to as the "Seven-Year Statute," has a long history of protecting Californians from being trapped in long-term employment contracts by prohibiting these contracts from lasting no more than seven years.

In 1987, the recording industry lobbied to exclude recording artists from Section 2855 protections, arguing that record companies make large investments in an artist's career based on one-sided contracts that require artists to deliver multiple albums. The terms of these recording contracts are dictated by the labels and are based on the delivery of albums, rather than in terms of years. As a result, recording artists are forced to adhere to long-term contracts beyond the seven-year term without any ongoing investment. If they want to work for themselves or with another recording label, they are liable for massive damages for undelivered albums.

This record company exemption does not take into account the extraordinary profit the label received during the seven years, the label's continued ownership of the records delivered during the seven years, or the delay in delivering albums caused by the labels. Furthermore, the music business has undergone massive changes due to digital media and online streaming resulting in major profit increases from reduced manufacturing and distribution costs.

Additionally, unlike the conditions of 1987, record labels' investment risk has been drastically reduced as labels already have an indication of an artist's popularity due to social media platforms like TikTok. Long gone are the days when a label signs an unknown artist without any fans. Furthermore, labels are no longer required to record an entire album and ship it to stores in hopes that fans will

purchase it. Now, labels can put individual songs on the streaming platforms and test the market. If these songs don't resonate with fans, the label has the sole, unilateral option to terminate the contract. Despite technological advances and the resulting gains for labels, recording contract terms remain antiquated and one-sided favoring the record labels.

Since 1987 and as recently as this past month, artists have come forward about being tied to long-term recording contracts with opaque delivery preventing them from satisfying their delivery obligations. Production deals and long-term recording contracts are a predatory and rampant business practice in underserved communities. Rap and R&B artists like Cardi B, Megan Thee Stallion, and the Migos are high-profile examples of artists who signed contracts early in their careers, often without experienced counsel. Despite having the means to fight for their rights in court, none of these artists have been freed of the restrictions of their long-term contracts while thousands of others who are less fortunate face the same fate without the resources to protest.

### SOLUTION

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AB 983 will extend existing labor protections to recording artists by allowing them to end their personal services agreements after seven years and allows a recording artist to commence a new 7-year period if they willingly renegotiate an existing recording contract with a record company

### SPONSORS

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California Labor Federation  
Screen Actors Guild – American Federation of Television and Radio Artists (SAG-AFTRA)  
Music Artists Coalition  
Songwriters of North America  
Black Music Action Coalition

### CONTACT

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