

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1697 (Kalra) – As Amended April 13, 2026

Policy Committee: Labor and Employment

Vote: 6 - 1

Urgency: Yes

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill provides that recently enacted law prohibiting stay-or-pay provisions in an employment contract apply to a contract entered into on or after January 1, 2027, instead of January 1, 2026.

FISCAL EFFECT:

Potential minor cost savings to the courts to the extent civil actions have already been brought on behalf of a worker for a violation of AB 692 (Kalra), Chapter 703, Statutes of 2025, and such actions would no longer be in order upon the immediate enactment of this bill.

COMMENTS:

- 1) **Purpose.** The author notes that last year’s passage of AB 692 “prohibits employment contracts that require workers to pay their employers a debt if they leave their job, regardless of whether that worker was fired, laid off, or quit.” The author adds:

However, as stated in the Governor’s signing letter, more time is needed to resolve concerns around ongoing collective bargaining to ensure the agreements are carefully crafted to meet the needs of the workers and employers. AB 1697 would delay the implementation of AB 692 by one year, which will allow the appropriate amount of time to accommodate for the collective bargaining process.

This bill is supported by the National Football League.

- 2) **Training Repayment Agreement Provisions (TRAPs).** A TRAP is a contract between an employer and employee requiring the employee to pay for various training programs if the employee elects to leave their job before a set date. While these programs are often well-intentioned opportunities for professional growth, TRAPs can also lead to poor working conditions. For example, an employment contract may provide the employee job-related training, but require the employee to work a minimum specified term or else shoulder the financial burden of the training. In the event the employee begins to experience workplace harassment or abuse, the employee would be faced with the decision to stay, despite the negative conditions, or leave, but assume potentially significant debt. Proponents of such programs argue the requirement for an employee to stay a certain period of time is necessary to stave off economic loss and lessen the burden of costly turnover.

AB 692 prohibits an employment contract entered into on or after January 1, 2026, from requiring a worker to pay certain penalties, fees, costs, or debts related to employment or education if the worker's employment or relationship with the employer terminates, and allows a worker subjected to such prohibited conduct to bring a civil action against the employer. This bill modifies AB 692 to instead apply to contracts entered into on or after January 1, 2027, and includes an urgency clause to take effect immediately. Thus, a currently prohibited contract would be allowable upon enactment of this bill.

Analysis Prepared by: Irene Ho / APPR. / (916) 319-2081