

## ASSEMBLY THIRD READING

AB 2227 (Connolly)

As Amended May 18, 2026

Majority vote

**SUMMARY**

Raises the amount of the surety bond for a person to obtain from the Labor Commissioner (LC) a license to act as a farm labor contractor who is not also registered as a foreign labor contractor. Requires the LC to include bond information on the farm labor contractor license database. Additionally requires, in the wage claim complaint process, the LC to issue default judgment if the farm labor contractor fails to answer or appear, as specified.

**Major Provisions**

- 1) Makes the following changes to the surety bond requirement for a person to obtain from the LC a license to act as a farm labor contractor:
  - a) If the person is also registered as a foreign labor contractor, the surety bond is an amount based on the person's annual gross receipts from operations as a farm labor contractor.
  - b) If the person is not also registered as a foreign labor contractor, the surety bond is doubled and is also based on the person's annual gross receipts from operations as a farm labor contractor. The amounts are as follows:
    - i) For gross receipts up to five hundred thousand dollars (\$500,000), a fifty-thousand-dollar (\$50,000) bond.
    - ii) For gross receipts of five hundred thousand dollars (\$500,000) to two million dollars (\$2,000,000), a one-hundred-thousand-dollar (\$100,000) bond.
    - iii) For gross receipts greater than two million dollars (\$2,000,000), a one-hundred-fifty-thousand-dollar (\$150,000) bond.
- 2) Requires the LC to include bond information on the public farm labor contractor license database, as specified.
- 3) Requires the LC to disclose information about the availability of the surety bond and the process to access the surety bond to any worker that has filed a claim against a farm labor contractor during conferences and hearings.
- 4) Requires, if a grower, a farm labor contractor, or person acting in the capacity of a farm labor contractor fails to appear or answer within 10 days after a service of notice and complaint is provided under subdivision (c) of Section 98 or within the time allowed as specified in subdivision (f) of that section, the LC to issue an order, decision, or award in the amount stated in the notice, as specified.
- 5) States that the order, decision, or award described in 4), above, may be appealed, as specified.

## COMMENTS

Last year, the Legislature passed and the Governor signed AB 1362 (Kalra) to bring foreign labor contractors who solicit agricultural workers from outside the United States under the purview of the LC and subject them to a registration process. This change closed an important loophole in the oversight of foreign labor contractors and gave vulnerable foreign agricultural workers, known as H-2A workers, important workplace protections.

AB 2227 instead addresses the licensing process of farm labor contractors who recruit and supply much of the farmworker workforce used on California's farms. Farm labor contractors can also be foreign labor contractors. The measure requires, among other things, that the surety bonds be increased<sup>1</sup> and tied to annual gross receipts.

### **According to the Author**

According to the author, "Domestic farmworkers are the backbone of California's agricultural industry. Yet they often are the victims of labor violations, such as wage theft, at the hands of their employers. AB 2227 will provide comprehensive compensation protections for domestic farmworkers against wage theft. This bill will ensure that farmworkers can care for their families and get the pay they deserve."

### **Arguments in Support**

A coalition of worker advocates, including the California Farmworker Coalition, are in support, and state, "AB 2227 will take meaningful steps to reform the surety bond system for farm labor contractors to ensure stronger recovery rights for farmworkers by doing the following:

- 1) Making the bond available when an FLC defaults during the wage claim process so that workers aren't left without any recourse when their employer isn't cooperating with legal processes.
- 2) Making bond information more easily accessible to workers by requiring the Labor Commissioner to disclose information to workers who have filed wage claims FLCs and making more information available online.
- 3) Creating parity between the foreign labor recruiter and FLC bonds by raising the FLC bond amount and using gross receipts to establish a consistent method for determining bond amounts.

In the current environment—where farmworkers face targeted attacks from immigration enforcement, increasing economic precarity, and federal rollbacks of worker protections—it is more critical than ever that California's state enforcement mechanisms are robust, accessible, and meaningfully protective."

### **Arguments in Opposition**

A coalition of agricultural employer associations, including the Western Growers Association, are opposed and state, "Proponents claim that FLC bonds are regularly overprescribed, yet they offer no evidence of this. Instead, we are told by bond companies that there are few claims

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<sup>1</sup> Note: The last time the amounts of the surety bonds for farm labor contractors were increased was in the year 2000.

against FLC bonds. This is because those bonds serve as a meaningful deterrent for any FLC that would fail to comply with a wage order. So, why then are proponents pursuing an increase in the bond amounts? This makes no sense. Please ask for evidence and data.

In the absence of objective evidence that the bonds are overprescribed, we ask that the change in bond amount be stricken from the bill.

Proponents suggest that the measure for determining the appropriate bond level for FLCs should be tied to gross revenues (to align with the foreign labor contractor bond required under Business and Professions Code Section 9998.1.5(b)(3)). This ignores the fact that those bonds are for two entirely different purposes.

Case in point: The Senate Judiciary Committee analysis of AB 1362 (Kalra), 2025 addressed this issue clearly and stated:

"... a California farm labor contractor who also recruits foreign workers from abroad could, under this bill, be required to put up two separate surety bonds with the Labor Commissioner, one bond would cover against harms resulting from unlawful behavior in the recruitment process, while the other bond would cover against harms arising during the work itself."

## FISCAL COMMENTS

According to the Assembly Appropriations Committee,

Ongoing costs of an unknown amount to the LC, under the Department of Industrial Relations (DIR), to revise surety bond requirements and update the FLC license database to include surety bond information (Labor Enforcement and Compliance Fund). Additionally, the LC may incur cost savings under a more streamlined ODA process, but also incur costs to adjudicate more appeals.

## VOTES

### **ASM LABOR AND EMPLOYMENT: 5-0-2**

**YES:** Ortega, Elhawary, Kalra, Lee, Ward

**ABS, ABST OR NV:** Alanis, Chen

### **ASM APPROPRIATIONS: 11-4-0**

**YES:** Wicks, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

**NO:** Hoover, Dixon, Ta, Tangipa

## UPDATED

VERSION: May 18, 2026

CONSULTANT: Megan Lane / L. & E. / (916) 319-2091

FN: 0002852