SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2646 (Krell) - Employment: minimum wages: agricultural workers

Version: May 18, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: L., P.E. & R. 4 - 1
Mandate: Yes
Consultant: Robert Ingenito

Bill Summary: AB 2646 would (1) establish the minimum hourly wage for an approved agricultural employee and corresponding employee, as defined, to be $19.75 per hour, and (2) provide for annual cost-of-living increases, as specified.

Fiscal Impact: The Labor Commissioner's Office (LCO), within the Department of Industrial Relations (DIR), indicates that it would incur first-year costs of $1.6 million $2.8 million, and $1.5 million to $2.6 million annually thereafter, to issue new minimum wage orders to impacted employers and enforce the farmworker minimum wage (Labor Enforcement and Compliance Fund). DIR previously noted a 50 percent increase in reports of labor law violations in the agricultural industry as a result of this bill, approximately 15 percent of which would trigger new investigations and wage claim cases, entailing an intake process, conference, and hearing.

Background: California is the nation's leading agricultural state, producing more than 400 commodities, including nearly half of the nation's vegetables and more than three-quarters of its fruits and nuts. The state's agricultural industry depends on an estimated 400,000 farm workers who perform essential work throughout the food production system.

Despite their critical role, farm workers have historically earned among the lowest wages in California. According to the author, agricultural employment is often seasonal, resulting in lower annual earnings and greater economic insecurity. Data from the U.S. Department of Labor's National Agricultural Workers Survey (NAWS), which examined California farm workers between 2015 and 2019, found that the mean and median annual personal income of California farm workers was between $20,000 and $24,999. Nine percent of workers reported earning less than $10,000 annually, 24 percent earned between $10,000 and $19,999, 37 percent earned between $20,000 and $29,999, and 21 percent earned $30,000 or more. An additional five percent reported that they did not work at all during the previous calendar year.

The federal Fair Labor Standards Act (FLSA), enacted in 1938, established many of the nation's foundational workplace protections, including a federal minimum wage, overtime requirements, and restrictions on child labor. While the FLSA establishes a national wage floor, states and local governments may adopt higher minimum wage standards. The federal minimum wage is currently $7.25 per hour. According to the National Conference of State Legislatures, as of January 2026, 34 states and the District of Columbia have minimum wages above the federal level.

California established its first statewide minimum wage in 1916 and has increased it numerous times since then. Most recently, SB 3 (Leno), Chapter 4, Statutes of 2016, increased the minimum wage from $10 per hour through a phased-in schedule that ultimately reached $15 per hour, with a slower implementation schedule for employers with 25 or fewer employees. Beginning January 1, 2023, the statewide minimum wage became subject to an annual inflation adjustment based on changes in the U.S. Consumer Price Index (CPI), capped at 3.5 percent and rounded to the nearest $0.10. As of January 1, 2026, the statewide minimum wage is $16.90 per hour. The Department of Finance calculates the annual adjustment each year by August 1, with any increase taking effect the following January 1.

Several California cities have adopted local minimum wages that exceed the statewide rate. For example, San Francisco, Los Angeles, and Emeryville all require higher minimum wages, with Emeryville currently having the highest local minimum wage in the state at $20.34 per hour.

In addition to statewide and local minimum wages, California has recently established industry-specific minimum wage standards for certain sectors. AB 1228 (Holden), Chapter 262, Statutes of 2023, established a $20 per hour minimum wage for approximately 500,000 fast food restaurant employees, effective April 1, 2024. Similarly, SB 525 (Durazo), Chapter 890, Statutes of 2023, established a phased-in minimum wage for approximately 400,000 health care workers that will increase to $25 per hour by 2026 or 2028, depending on the type of health care facility.

Separately, Social Security benefits are adjusted annually through cost-of-living adjustments (COLAs) to help preserve beneficiaries' purchasing power during inflation. Since 1975, federal law has required automatic annual COLAs based on changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), as calculated by the U.S. Bureau of Labor Statistics. The Social Security Administration announced a 2.8 percent COLA for Social Security and Supplemental Security Income benefits in 2026. Recent annual COLAs have ranged from 0.3 percent in 2016 to 8.7 percent in 2023, reflecting changes in inflation over time.

Proposed Law: This bill, among other things, would do the following:

- Establish the minimum hourly wage for an approved agricultural employee (as defined) and corresponding employee (as defined) to be $19.75 per hour.

- Require, beginning on January 1, 2027, and each January 1 thereafter, the minimum wage to be adjusted by an amount equal to the cost-of-living adjustment for social security benefits for that year as published by the Social Security Administration based on changes in the United States Consumer Price Index, and be applied to the previous year’s amount in the same manner as social security adjustments are applied.

Related Legislation:

- SB 525 (Durazo, Chapter 890, Statutes of 2023) enacted a phased in multi-tiered statewide minimum wage schedule for health care workers employed by covered healthcare facilities, as defined; required, following the phased-in wage increases, the minimum wage for health care workers employed by covered healthcare facilities to be adjusted, as specified; provided a temporary waiver of wage increases under specified circumstances; and established a 10-year moratorium on wage ordinances, regulations, or administrative actions for covered health care facility employees, as specified.

- AB 1228 (Holden, Chapter 262, Statutes of 2023) among other things, required the hourly minimum wage for fast food restaurant employees to be $20 per hour, effective April 1, 2024.

- SB 639 (Durazo, Chapter 339, Statutes of 2021) required the development of a plan to phase out the use of the subminimum wage certificate program, which authorizes employers to pay less than minimum wage for employees with physical or mental disabilities, as defined, by January 1, 2025.

- SB 3 (Leno, Chapter 4, Statutes of 2016), among other things, increased the state minimum wage to $15 per hour, in an incremental timeline from $10 to $15, and indexed the minimum wage to inflation thereafter, as specified.

- AB 1066 (Gonzalez, Chapter 313, Statutes of 2016), enacted the Phase-In Overtime for Agricultural Workers Act of 2016, which removed the exemption for agricultural employees regarding hours, meal breaks, and other working conditions, including specified wage requirements, and created a schedule that would phase in overtime requirements for agricultural workers, as defined, over the course of 4 years, from 2019 to 2022, inclusive. Beginning January 1, 2022, the bill required any work performed by a person employed in an agricultural occupation in excess of 12 hours in one day to be compensated at the rate of no less than twice the employee’s regular rate of pay. The bill provided employers who employ 25 or fewer employees an additional 3 years to comply with the phasing in of these overtime requirements. The bill required DIR to update a specified wage order for consistency with these provisions, as specified.

Staff Comments: This bill would establish a separate minimum wage for specified agricultural employees of $19.75 per hour beginning January 1, 2027. Beginning January 1, 2028, the minimum wage would be adjusted annually by the same percentage as the Social Security COLA published by the SSA, based on changes in the CPI-W. The adjustment would be applied to the prior year’s wage rate in the same manner as Social Security benefit adjustments.

Any local government costs resulting from the mandate in this measure are not state-reimbursable because the mandate only involves the definition of a crime or the penalty for conviction of a crime.

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