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**SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT**  
**Senator Lola Smallwood-Cuevas, Chair**  
**2025 - 2026 Regular**

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**Bill No:** SB 1316 **Hearing Date:** April 15, 2026  
**Author:** Smallwood-Cuevas  
**Version:** March 25, 2026  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Alma Perez-Schwab

**SUBJECT:** Employment

**KEY ISSUES**

This bill strengthens the Labor Commissioner’s (LC) ability to enforce claims of wage theft by: 1) authorizing the renewal of a lien on real property for wage theft obligations for an additional 10 years before its expiration; 2) limiting how employers can use books, documents, or records that can delay specified investigations of the LC; and 3) applying these late-records rule provision of books, documents, or records to contractors or subcontractors in public works projects.

**ANALYSIS**

**Existing law:**

- 1) Establishes the Department of Industrial Relations (DIR) in the Labor and Workforce Development Agency (LWDA), and vests it with various powers and duties to foster, promote, and develop the welfare of the wage earners of California, to improve their working conditions, and to advance their opportunities for profitable employment. (Labor Code §50.5)
- 2) Establishes within the DIR, various entities including the Division of Labor Standards Enforcement (DLSE) under the direction of the Labor Commissioner (LC), and empowers the LC with ensuring a just day’s pay in every workplace and promotes economic justice through robust enforcement of labor laws. (Labor Code §79-107)
- 3) Authorizes the LC to investigate employee complaints and provide for a hearing in any action to recover wages, penalties, and other demands for compensation, including liquidated damages if the complaint alleges payment of a wage less than the minimum wage, as specified. (Labor Code §98)
- 4) Precludes any employer, or other person or entity, who may be liable for a violation of any provision of the labor code from introducing as evidence, in an administrative proceeding contesting a citation or writ proceeding, as specified, books, documents, or records that are not provided pursuant to a duly served written request (providing not less than 15 days to respond) by the LC requiring the provision of such records, as specified. Grants the LC discretion to admit for consideration books, documents, or records that are produced beyond the time limits specified if:
  - a) The person or entity cooperated with the underlying investigation and substantially complied with the request within the time limits prescribed; and
  - b) The person or entity made good faith efforts to comply with the request, including discovery of the late-produced books, documents, or records.

(Labor Code §1174.1)

- 5) Requires the LC, within 15 days after the hearing is concluded, to file in the office of the division a copy of the order, decision, or award (ODA). The ODA shall include a summary of the hearing and the reasons for the decision. Additionally, the ODA includes any sums found owing, damages proved, and any penalties awarded pursuant to the Labor Code, including interest on all due and unpaid wages, as specified. (Labor Code §98.1)
- 6) Upon filing of the ODA, requires the LC to:
  - a) Serve a copy of the decision personally, by first-class mail, or in the manner specified in Section 415.20 of the Code of Civil Procedure on the parties.
  - b) Advise the parties of their right to appeal the decision or award and further advise the parties that failure to do so within 10 days shall result in the decision or award becoming *final and enforceable as a judgment* by the superior court.  
(Labor Code §98.1 and §98.2)
- 7) Specifies that if no appeal of the ODA is filed within the period specified, the ODA shall, in the absence of fraud, be deemed the final order. Existing law then requires the LC to file, within 10 days of the ODA becoming final, a certified copy of the final order with the clerk of the superior court of the appropriate county unless a settlement has been reached by the parties and approved by the LC. *Judgment shall be entered immediately* by the court clerk in conformity therewith. (Labor Code §98.2)
- 8) Authorizes the LC, as an alternative to a judgment lien, upon the order becoming final pursuant, to create a lien on real property recording a certificate of lien, for amounts due under the final order and in favor of the employee or employees named in the order, with the county recorder of any county in which the employer's real property may be located, as specified. (Labor Code §98.2)
- 9) Requires the LC, upon payment of the amount due under the final order, to issue a certificate of release, releasing the lien created under provisions specified above and specifies that, unless the lien is satisfied or released, a lien under these provisions shall continue until 10 years from the date of its creation. (Labor Code §98.2)

**This bill:**

- 1) Authorizes the Labor Commissioner to renew a lien on real property for owed wages for additional periods of 10 years by recording a renewal certificate of lien or a copy of a renewed judgment at any time prior to the original liens' expiration.
- 2) For provisions regarding the requirement to timely provide books, documents, or records during an investigation into employee owed wages, would additionally:
  - a) preclude an employer or other person or entity from *using or relying on* such books, documents, or records as evidence, including, but not limited to, attempting to impeach any witness (challenge or discredit their credibility during an investigation).
  - b) Revise and expand the types of books, documents, or records to which the provisions are applicable including by making them applicable to specified administrative proceeding contesting citations for retaliation or discrimination complaints.

- 3) Extends these provisions to preclude a public works contractor or subcontractor from introducing as evidence, or in any other way using or relying on as evidence, at a hearing or writ of mandate proceeding, as specified, any books, documents, or records that are not provided pursuant to a duly served written request by the LC within the time that the LC requests those books, documents, or records to be produced, except as specified.
  - a) Requires the LC to take into consideration a reasonable request from the contractor or subcontractor for an extension of time for production of books, documents, or records, as specified.

## **COMMENTS**

### **1. Background:**

#### *Data on Wage Theft:*

California leads the nation with some of the strongest workplace protections for workers. Unfortunately, those laws are meaningless if they are not implemented or enforced, leaving workers struggling to recoup owed wages. Wage theft in California, which impacts low-wage workers disproportionately, is well documented. Wage theft captures many labor law violations including violations of the minimum wage, overtime, denied meal periods, or misclassification of employees as independent contractors, among others. A 2022 report to the Legislature on the state’s wage claim adjudication process reveals that there were nearly 19,000 wage claims filed in 2021 with a total of \$335 million being owed to workers.<sup>1</sup> Due to challenges in staffing, resources, and a growing case backlog (as documented in a May 2024 California State Auditor report on the DLSE) only approximately \$40 million has been paid in awards or settlements through the wage claim adjudication unit of the LC.<sup>2</sup> In 2022, the Labor Commissioner’s office recovered through the wage claim process an average of 63 percent of wages owed, totaling more than \$47 million paid to workers.

A 2024 Rutgers School of Management and Labor Relations report assessed minimum wage violations across four metropolitan statistical areas of interest – Los Angeles/Long Beach/Anaheim, San Jose/Sunnyvale/Santa Clara, San Diego/Carlsbad/San Marcos, and San Francisco/Oakland/Fremont.<sup>3</sup> Among the key findings of the report are the following:

- An average of \$2.3 to \$4.6 billion in earned wages were lost by workers each year from 2014 to 2023 due to minimum wage violations across these four metro areas.
- The majority of lost wages were in the Los Angeles area, where we estimate an average of \$1.6 to \$2.5 billion was lost a year during the study period.
- Those that were paid below the minimum wage lost roughly 20 percent of their total paycheck on average, or nearly \$4,000 in earned wages a year if working full-time.
- The most impactful violations occurred in the San Francisco area, where workers lost an average of \$4,300 to \$4,900 annually to minimum wage violations.

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<sup>1</sup> Wage Claims Adjudication Unit Annual Report Pursuant to Labor Code Section 96.1, Calendar Year 2021, California Labor Commissioner’s Office, p. 15.

<sup>2</sup> *Ibid.*

<sup>3</sup> Daniel J. Galvin, Jake Barnes, Janice Fine, and Jenn Round. *Wage Theft in California: Minimum Wage Violations, 2014-2023*. (Rutgers School of Management and Labor Relations, May 2024)

- The number of workers paid below both the state and primary metro minimum wages has more than doubled since 2014, growing particularly dramatically over the most recent year of the study (2023).

Wage theft does not only affect workers, but it also creates unfair competition for responsible employers who follow the law. The State of California is also harmed when labor laws are not enforced because more workers fall into poverty, the safety net is eroded, and payroll taxes are not paid.

*Existing Wage Theft Adjudication Process:*

As noted under existing law, a worker may file a wage theft claim with the DLSE. The DLSE, also known as the LC's office, is then tasked with resolving wage theft claims by investigating, facilitating a resolution with the worker and employer, and holding a hearing when necessary. In some cases, claims may go directly to civil litigation, skipping the settlement conference and hearing steps.

Once the LC issues an order, decision, or award (ODA), the employer has a limited time after service of the LC decision to file an appeal. If no appeal is filed within the specified period, the LC must file a certified copy of the decision with the appropriate Superior Court and obtain a judgment against the employer for the amount owed. When the LC does request that the court enter the judgment against the employer, the worker can choose the option of referring the judgment to the LC's Enforcement Unit for collection or pursue collection on their own or through the use of an external partner, such as a private attorney or advocacy groups.

The DLSE Enforcement Unit can use a variety of means to collect judgment amounts, including levies against employers' bank accounts and liens on properties.

*This bill:* 1) authorizes the renewal of a lien on real property for another 10 years before it expires; 2) limits how employers can use books, documents, or records in an attempt to delay specified investigations of the Labor Commissioner; and 3) apply these late-records rule provision of books, documents, or records to contractors or subcontractors in public works projects.

Regarding the provisions authorizing the renewal of a property lien for an additional 10 years, existing law already authorizes such renewals for specified standard judgment liens (under Code of Civil Procedure Sections 683.12(b), 683.180, 683.190) and recently enacted Labor Code Section 90.8, all of which can be renewed for additional periods of 10 years. Because these wage claims liens cannot be renewed, workers with such certificates of lien risk losing their place in the line of creditors at the 10-year mark. This bill would align with existing law lien renewal provisions to allow the LC's enforcement unit to more efficiently collect on wage judgments.

Regarding the other provisions of the bill, currently, when the LC investigates claims of specified violations, they ask employers to provide information that would rebut the allegations as part of the investigation. Some employers may simply not respond to the LC requests for documents, oftentimes, to delay the proceedings. Current processes allow the dismissal of cases where complainants do not provide timely information or are uncooperative in an investigation; however, no such provision exists for respondents.

Existing Labor Code Section 1174.1 already allows LC’s Bureau of Field Enforcement (BOFE) hearing officers to exclude time and payroll records from a hearing if a BOFE deputy requests it and the employer does not provide it. This evidentiary preclusion applies to a narrow set of documents that the Labor Code requires employers to keep, generally payroll and time records. The proposed language would extend these same evidentiary preclusions in wage theft claims as well as public works claims.

**2. Need for this bill?**

According to the author:

“Current labor enforcement statutes contain outdated timelines, inconsistent document production requirements, and technical gaps that can delay investigations and complicate wage recovery. These inconsistencies are often exploited by noncompliant employers to delay proceedings or avoid accountability on procedural grounds rather than compliance with labor laws. As a result, workers, particularly low-wage workers, immigrant workers, and workers in industries with high rates of wage theft, experience prolonged delays in recovering wages already determined to be owed.

SB 1316 makes targeted technical and clarifying amendments to labor enforcement statutes to ensure consistent document production timelines, clarify evidentiary rules, and align lien duration and renewal authority with existing judgment lien law. These changes strengthen the Labor Commissioner’s ability to enforce existing worker protections, reduce unnecessary litigation over procedural issues, and improve the timely recovery of unpaid wages without creating new penalties or expanding enforcement authority beyond current law.”

**3. Proponent Arguments:**

None received.

**4. Opponent Arguments:**

None received.

**5. Double Referral:**

This bill has been double referred and if approved by this Committee today, will be sent to Senate Judiciary Committee for a hearing.

**SUPPORT**

None received

**OPPOSITION**

None received