

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 642 (Limón) – As Amended May 23, 2025

Policy Committee:	Labor and Employment	Vote:	5 - 0
	Judiciary		9 - 3

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill expands the state Equal Pay Act to extend the statute of limitations for pay discrimination claims and allow for up to 10 years of lost wage recovery.

Specifically, this bill:

- 1) Revises the definition of “pay scale” under the Pay Transparency Act to include a good faith estimate of the expected wage range for the position upon hire.
- 2) Defines “wages” under the Equal Pay Act to include all forms of pay, not limited to salary, overtime pay, bonuses, stock, benefits, and other items.
- 3) Extends the statute of limitations for a civil action to recover wages from an equal pay violation from generally two years after the cause of action occurs to three years after the last date the cause of action occurs.
- 4) Provides the conditions under which a cause of action occurs and entitles an employee to obtain relief for the entire time period, up to 10 years, of the equal pay violation.

FISCAL EFFECT:

- 1) Costs of approximately \$213,000 in the first year and \$201,000 annually thereafter to the Labor Commissioner (LC) to investigate additional or expanded equal pay complaints and initiate related civil actions on behalf of affected employees to recover unpaid wages and liquidated damages (Labor Enforcement and Compliance Fund).
- 2) Minor and absorbable costs to the Civil Rights Department, which has similar authority to investigate complaints and initiate civil actions.
- 3) Costs of an unknown, but potentially significant amount, to the state as an employer, to the extent this bill allows additional or expanded civil actions against the state to proceed or results in additional relief owed to an employee (General Fund (GF) or special fund).
- 4) Cost pressures (GF or Trial Court Trust Fund (TCTF)) of an unknown, but potentially significant amount, to the courts in additional workload by broadening allowable civil actions to enforce an equal pay violation. It is unclear how many actions may be filed statewide, but the estimated workload cost of one hour of court time is \$1,000. Although courts are not funded on the basis of workload, increased pressure on staff and the TCTF may create a

demand for increased court funding from the GF to perform existing duties. The Budget Act of 2025 provides \$82 million ongoing GF to the TCTF for court operations.

COMMENTS:

- 1) **Purpose.** The author notes that this year marks the 10th anniversary of the state Equal Pay Act, but “the promise of equal pay remains unfulfilled and the gender pay gap continues to cost women thousands of dollars a year.” According to the author, this bill “offers a critical step forward by modernizing and strengthening our Equal Pay Act,” which is “crucial given uncertainty of pay equity and pay transparency laws at the federal level.”
- 2) **Background. *Pay Transparency Act.*** SB 1162 (Limon), Chapter 559, Statutes of 2022, established various pay-related disclosure requirements on certain private employers, including publicizing pay scales during the hiring process and course of employment. However, as noted in the Assembly Judiciary Committee’s analysis of this bill, “some employers are instead providing the range of pay for every employee in a given position” instead of “providing insight into what a new hire, or someone similarly situated, may hope to be paid.” This bill clarifies the requirements for pay scale postings to mean a good faith estimate of the salary the employer reasonably expects to pay upon hire.

California Equal Pay Act. The state Equal Pay Act prohibits a public or private employer from paying an employee a lower wage than another employee of the opposite sex or a different race or ethnicity for substantially similar work. Currently, a plaintiff has two years to bring an action to recover wages owed under the act, or three years for a claim arising out of a willful violation. This bill eliminates the distinction between willful violations and other violations to establish a three-year statute of limitations from the last date of any violation. This bill also allows a worker to recover wages for the entire period of time, up to 10 years, during which the employer violated the act. Lastly, this bill provides a definition of “wages” to prevent an employer from circumventing the intent of the act by providing certain employees compensation in different forms.

- 3) **Support and Opposition.** This bill is co-sponsored by the California Employment Lawyers Association, Equal Rights Advocates, and California Commission on the Status of Women and Girls, which argue this bill “makes common-sense reforms to ensure workers can effectively enforce their rights under the California Equal Pay Act.” This bill is also supported by a large coalition of social justice groups and labor organizations.

This bill is opposed by a coalition of employer organizations, led by the California Chamber of Commerce, unless amended to address the ten-year look back period, arguing the “risk for the fading of memories or lack of evidence here is very high” which “sets a troubling precedent for purposes of statutes of limitations and remedies issues.”

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