

SENATE THIRD READING

SB 642 (Limón)

As Amended September 02, 2025

Majority vote

SUMMARY

Revises state pay transparency laws and the state Equal Pay Act to provide, among other things, a narrower definition of "pay scale" for job postings, a three-year statute of limitations for pay discrimination claims, and recovery of lost wages up to six years.

Major Provisions

- 1) Revises the definition of "pay scale" for purposes of employer obligations to provide salary information to mean a good faith estimate of the salary or hourly wage range that the employer reasonably expects to pay for the position upon hire.
- 2) Updates the prohibition on an employer paying its employees at wage rates less than rates paid to "employees of the opposite sex" for substantially similar work to "employees of another sex."
- 3) Extends the statute of limitations for a violation of pay discrimination from no later than two years after the cause of action occurs for a non-willful violation to three years after the last date the cause of action occurs whether willful or not.
- 4) Adds that an employee is entitled to relief for the entire period of time in which a violation of the pay discrimination law exists, but not to exceed six years.
- 5) States that a cause of action for sex-, race- or ethnicity-based pay discrimination occurs when any of the following occur:
 - a. An alleged unlawful compensation decision or other practice is adopted.
 - b. An individual becomes subject to an alleged unlawful compensation decision or other practice.
 - c. When an individual is affected by application of an alleged unlawful compensation decision or other practice, including each time wages, benefits, or other compensation is paid, resulting in whole or in part from the decision or other practice.
- 6) States that nothing in 5) above shall prohibit the application of the doctrine of "continuing violation" or the "discovery rule" to any appropriate claim.
- 7) Defines the following terms for purposes of the prohibition on sex-, race- or ethnicity based pay discrimination:
 - a. "Sex" has the same meaning as defined in the Fair Employment and Housing Act.
 - b. "Wages" and "wage rates" include all forms of pay, including, but not limited to, salary, overtime pay, bonuses, stock, stock options, profit sharing and bonus plans,

life insurance, vacation and holiday pay, cleaning or gasoline allowances, hotel accommodations, reimbursement for travel expenses, and benefits. Nothing in this paragraph shall be construed to define "wages" or "wage rates" for purposes of any other section of this code.

COMMENTS

Despite California passing some of the strongest laws prohibiting pay discrimination, women and women of color in particular are still trailing behind their male counterparts in annual earnings. This "pay gap," defined as the difference in men's and women's median salary, widened in the U.S. in 2023 for the first time in 20 years. According to the National Partnership for Women and Families, women earned 75 cents for every dollar paid to men, while Black women made just 64 cents and Latina women 51 cents, comparatively.¹ In California, women earned 87 cents for every dollar paid to men if only full-time workers are counted.²

The gender pay gap not only affects women's pay but their retirement income and security as well. According to the U.S. Department of the Treasury, research suggests in 2024 that women have approximately 30% lower income in retirement than men.³ This gap is especially significant given that women tend to retire slightly earlier than men.

Perhaps the most startling impact of the earnings gap is its effect on the economy. From 1967 to 2021, the pay gap has cost women \$61 trillion dollars in lost wages.⁴ These lost wages could have stimulated local economies, supported families, and given many women economic self-sufficiency.

According to the Author

According to the author, "This year marks the 10th anniversary of the passage of the California Fair Pay Act - a historic, bipartisan measure to address gaps in the Equal Pay Act. While progress has been made, the promise of equal pay remains unfulfilled and the gender pay gap continues to cost women thousands of dollars a year. SB 642 offers a critical step forward by modernizing and strengthening our Equal Pay Act, ensuring workers have the right to a fair wage. Strengthening protections in California is crucial given uncertainty of pay equity and pay transparency laws at the federal level."

Arguments in Support

A coalition of women's and social justice organizations, including Legal Aid at Work, are in support and state, "the bill will extend the statute of limitations under the Equal Pay Act to align the statute with other wage claims under the Labor Code and our anti-discrimination laws. Generally, California wage laws under the Labor Code permit workers to file claims for unpaid wages for a period of *three years* after the wage violations occurred. *See* Code of Civil Procedure Section 338. Yet the Labor Code only gives women or workers of color two years after the equal

¹American Association of University Women, "The Not So Simple Truth About the Gender Pay Gap," 2025 update. See: [The_Simple_Truth_Gender_Pay_Gap_2025.pdf](#).

²National Women's Law Center, "The Wage Gap by State for Women Overall," September 2024. See: [Wage-Gap-State-by-State-Women-Overall-9.20.24v2-1.pdf](#).

³Fritzberg, Suzanna, "Spotlighting Women's Retirement Security," U.S. Department of the Treasury, September 20, 2024.

⁴American Association of University Women, "The Not So Simple Truth About the Gender Pay Gap," 2025 update. See: [The_Simple_Truth_Gender_Pay_Gap_2025.pdf](#).

pay wage violations occurred, unless they prove the violations were "willful". *See* Labor Code Section 1197.5(i). SB 642 will extend the statute of limitations under the Equal Pay Act to three years, or four years for willful violations. The bill will also allow workers to recover more of the pay that they lost in violation of the California Equal Pay Act."

Arguments in Opposition

The Valley Industry and Commerce Association is opposed and states, "The bill...modifies the definition of "pay scale" to require a good faith estimate of expected pay upon hire. While VICA supports transparency in hiring practices, this expanded definition would place further administrative burdens on employers, particularly small and mid-sized businesses that do not have the resources to precisely forecast wage ranges for every posted position. Additionally, employers are already required to maintain extensive wage and job history records under existing law, and SB 642 would create additional compliance risks with minimal evidence of improved outcomes for workers."

FISCAL COMMENTS

According to the Assembly Appropriations Committee,

- 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.

VOTES

SENATE FLOOR: 28-10-2

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares

ABS, ABST OR NV: Hurtado, Reyes

ASM LABOR AND EMPLOYMENT: 5-0-2

YES: Ortega, Elhawary, Kalra, Lee, Ward

ABS, ABST OR NV: Flora, Chen

ASM JUDICIARY: 9-3-0

YES: Kalra, Hart, Bryan, Connolly, Harabedian, Pacheco, Papan, Stefani, Zbur

NO: Dixon, Macedo, Sanchez

ASM APPROPRIATIONS: 11-4-0

YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache

NO: Sanchez, Dixon, Ta, Tangipa

UPDATED

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