

Date of Hearing: July 9, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 648 (Smallwood-Cuevas) – As Introduced February 20, 2025

Policy Committee:	Labor and Employment	Vote:	7 - 0
	Judiciary		12 - 0

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

SUMMARY:

This bill authorizes the Labor Commissioner (LC) to investigate and issue a citation or file a civil action for gratuities taken or withheld from an employee by an employer

FISCAL EFFECT:

- 1) Minor and absorbable costs to the LC to implement this additional administrative enforcement mechanism.
- 2) Cost pressures of an unknown amount, but likely less than \$150,000 annually, to the courts in additional workload by explicitly authorizing the LC to pursue recovery of stolen tips through a civil action.

COMMENTS:

- 1) **Purpose.** According to the author:

Under current law, tip theft is not explicitly subject to citation, meaning workers must rely solely on lengthy civil court actions to recover stolen gratuities. SB 648 corrects this gap by explicitly granting the [LC] the ability to issue citations against employers who unlawfully take or withhold tips, alongside the existing option of pursuing a civil cause of action.

This bill is supported by various labor organizations and workers' rights groups.

- 2) **Wage Theft and Withheld Tips.** Unlike at the federal level and in other states with a subminimum wage for tipped employees, California employers must pay tipped workers the state minimum wage. Existing law prohibits an employer from collecting or taking a gratuity paid to an employee by a patron, or deducting an employee's wages due to a gratuity. An employee who experiences wage theft, including withheld tips, has two options for recovery: filing a civil claim in court to directly recover wages or filing a wage claim with the LC through the state's administrative hearing process. Existing law neither explicitly authorizes the LC to issue and recover a citation against an employer that withholds a worker's tips, nor explicitly authorizes the LC to file such a civil claim in court for recovery. This bill provides such authorization to the LC, creating another administrative and judicial process through which tipped workers may recover stolen wages.

- 3) **Prior Legislation.** AB 3143 (Lowenthal), of the 2023-24 Legislative Session, would have prohibited an employer from prohibiting, or implementing a policy to prohibit, an employee of a restaurant from receiving a gratuity left for an employee by a patron. AB 3143 was held on the Senate Appropriations Committee's suspense file.

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