SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2023-2024 Regular Session

AB 1228 (Holden)
Version: February 16, 2023
Hearing Date: July 11, 2023
Fiscal: Yes
Urgency: No
ME

SUBJECT

Fast food restaurant franchisors and franchisees: joint liability

DIGEST

This bill increases fast food franchisors' legal accountability for their franchisees' compliance with labor standards through, among other things, imposition of joint and several liability on the franchisor for specified labor violations and other violations committed by the franchisee.

EXECUTIVE SUMMARY

There is evidence that workplace pay and safety violations are prevalent in the fast food industry. In an attempt to ensure specified labor laws and other laws are adhered to at fast food establishments, this bill makes fast food franchisors jointly and severally liable for specified violations committed by their franchisees and empowers fast food franchisees to sue their franchisor if the franchise terms make it impossible for the franchisee to comply with specified laws.

The bill is sponsored by the Service Employees International Union (SEIU) California and the Fight for $15 and a Union. Support comes from organized labor. Opposition comes from franchisors, fast food operators, and business associations. The bill passed out of the Senate Labor, Public Employment and Retirement Committee by a vote of 4 to 1.

PROPOSED CHANGES TO THE LAW

Existing law:

1) Establishes, within the Department of Industrial Relations (DIR), the Division of Labor Standards and Enforcement under the direction of the Labor Commissioner and authorizes them to investigate employee complaints, conduct administrative law hearings, and enforce labor laws. (Lab. Code §§ 79 *et seq.*)

2) Establishes the Division of Occupational Safety and Health of California (Cal/OSHA) within the DIR to protect and improve the health and safety of workers by setting and enforcing standards, providing outreach, education, and assistance, and issuing permits, licenses and registrations. (Lab. Code §§ 140 *et seq.*)

3) Creates the California Retail Food Code which establishes uniform health and sanitation standards for retail food facilities, as defined. Requires a local health officer or a local law enforcement agency to notify the person in charge of the food facility, investigate conditions, and take appropriate action when a health officer is notified of an illness that can be transmitted by food or an employee in a food facility. (Health & Saf. Code §§ 113949.1 and 113949.2.)

4) Provides, pursuant to the California Franchise Relations Act, for a set of rules governing the termination, nonrenewal, and transfer of franchises between a franchisor, a subfranchisor (if any), and a franchisee. (Bus. & Prof. Code §§ 20000 *et seq.*)

5) Requires, under the California Franchise Investment Law, registration with the state, the disclosure of specified information, and the provisions of specified documentation as part of the offer or sale of franchise opportunities in California. (Corps. Code §§ 31000 *et seq.*)

6) Establishes the Fast Food Accountability and Standards Recovery Act which, among other things, establishes the Fast Food Council within the Department of Industrial Relations, with a sunset date of January 1, 2029, for the purpose of establishing sectorwide minimum standards on wages, working hours, and other working conditions related to the health, safety, and welfare of, and supplying the necessary cost of proper living to, fast food restaurant workers. Implementation and enforcement of the Act is on hold until it is approved by voters in November 2024.

This bill:

1) Provides that a fast food restaurant franchisor shall share with its fast food restaurant franchisee all civil legal responsibility and civil liability for the fast food restaurant franchisee's violations of specified laws and orders or their implementing rules or regulations.

2) Provides that the laws, orders, rules, and regulations in subdivision 1) may be enforced against a fast food restaurant franchisor, including administratively or by civil action, to the same extent that they may be enforced against the fast food restaurant franchisor's franchisee.

3) Prohibits a civil action from being commenced against a fast food restaurant franchisor for the violation of the specified laws prior to 30 days after written notice of the alleged violation of any of the laws and orders set forth in 1), or their implementing rules or regulations, has been given to the fast food restaurant franchisor by a person commencing the action. That time period shall be extended to 60 days if a fast food restaurant franchisor, within 30 days of receiving a written notice, makes a written request to the noticing person for additional time to complete an investigation.

4) Provides that a fast food restaurant franchisor shall not be liable in a civil action if the fast food restaurant franchisor cures the alleged violation within the applicable time period in paragraph 3).

5) Provides that "cure" means that the fast food restaurant franchisor abates each violation alleged and ensures that its fast food restaurant franchisee is in compliance with the underlying laws, orders, rules, or regulations specified in the notice, and that any fast food restaurant workers against whom a violation was committed are made whole.

6) Provides that a waiver of the provisions of this bill, or any agreement by a fast food restaurant franchisee to indemnify its fast food restaurant franchisor for liability under this section, is contrary to public policy and is void and unenforceable.

7) Allows the fast food restaurant franchisee to file an action against its fast food restaurant franchisor for monetary or injunctive relief necessary to ensure compliance if the terms of a fast food restaurant franchise prevent or create a substantial barrier to a fast food restaurant franchisee's compliance with the laws and orders set forth in subdivision 1) and their implementing rules and regulations, or any changes to them, including, but not limited to, because the franchise does not provide for funds sufficient to allow the fast food restaurant franchisee to comply with the laws, orders, rules, and regulations, or any changes to them.

8) Provides that there is a rebuttable presumption that any changes in the terms of a franchise that increase the costs of the franchise to the fast food restaurant franchisee

create a substantial barrier to compliance with the laws and orders set forth in 1) and their implementing rules and regulations, or any changes to them.

9) Specifies that "fast food chain" means a set of restaurants consisting of 100 or more establishments nationally that share a common brand, or that are characterized by standardized options for decor, marketing, packaging, products, and services.

10) Specifies that "fast food restaurant" means any establishment in the state that is part of a fast food chain and that, in its regular business operations, primarily provides food or beverages in the following manner:
(A) for immediate consumption either on or off the premises;
(B) to customers who order or select items and pay before eating;
(C) with items prepared in advance, including items that may be prepared in bulk and kept hot, or with items prepared or heated quickly; and
(D) with limited or no table service, as specified.

11) "Fast food restaurant franchisee" means a person to whom a fast food restaurant franchise is granted.

12) "Fast food restaurant franchisor" means a person who grants or has granted a fast food restaurant franchise.

13) "Franchise," "franchisee," and "franchisor" have the definitions set forth in Article 1 (commencing with Section 20000) of Chapter 5.5 of Division 8 of the Business and Professions Code.

14) Makes findings and declarations highlighting the low wages and poor working conditions in the fast food industry and stressing the inadequacy of existing enforcement and regulatory mechanisms to address these problems.

COMMENTS

1. Evidence of low wages, poor conditions, and labor violations in the fast food sector

The author states that California's fast food industry employs over 556,000 Californians, the majority of whom are over 23 years old and nearly 70 percent are people of color.

There is evidence that wages are generally low and working conditions are often poor in the fast food industry. The COVID-19 pandemic exacerbated these problems. As explained by the Senate Labor, Public Employment and Retirement Committee in its analysis of AB 247 (Holden, 2023):

> A University of California Los Angeles Labor Center report, "The Fast-Food Industry and COVID-19 in Los Angeles," reveals

> alarming data about fast-food workers in particular. According to the report, "A growing body of research reveals workplaces, and food service in particular, to be a common vector of COVID-19 transmission. Research published early in 2021 found that cooks had the highest increase in mortality—up by 39% from 2019—of any occupation during the pandemic. Occupations with frequent interactions with the public and close proximity among workers increase the likelihood of transmission. This is the case for food preparation workers and servers, dominated by Latinx and Black workers, who are particularly vulnerable to workplace exposure. Further, an analysis of fast-food worker complaints found that those worksites had multiple elements of noncompliance such as lack of adequate PPE, physical distancing, screening, and exposure notification."
>
> Additionally, the report finds that "fast-food workers were more than twice as likely as other workers to fall below the federal poverty line, and more than one-and-one-half times more likely to be uninsured. Low wages caused two-thirds to enroll in a safety net program—at a public cost of $1.2 billion. Nearly seven in ten fast-food workers were women vulnerable to sexual harassment in the industry. Further, we reviewed studies that showed that even before COVID-19, fast-food workers in Los Angeles County faced disproportionately high rates of injury, workplace violence, harassment, retaliation, and wage theft."

There is also evidence that labor violations are rampant in the fast food industry. In a survey of over a thousand fast food employees across the nation in 2014, 90 percent of those workers reported being forced to work off the clock, denied breaks, or refused overtime pay.[1] A 2015 survey of well over a thousand fast food workers nationwide revealed that 87 percent had experienced at least one workplace injury over the course of the last year.[2] And a 2016 survey of over a thousand female fast food workers showed that 60 percent had endured sexual harassment on the job.[3]

---

[1] Tiffany Hsu, *Nearly 90% of Fast-Food Workers Allege Wage Theft, Survey Finds* (Apr. 1, 2014) Los Angeles Times https://www.latimes.com/business/la-fi-mo-wage-theft-survey-fast-food-20140331-story.html (as of July 9, 2023).

[2] *Memorandum Regarding Key Findings from a Survey on Fast Food Worker Safety* (Mar. 16, 2015) Hart Research Associates https://www.coshnetwork.org/sites/default/files/FastFood_Workplace_Safety_Poll_Memo.pdf (as of July 9, 2023).

[3] *Memorandum Regarding Key Findings from a Survey of Women Fast Food Workers* (Oct. 5, 2016) Hart Research Associates https://hartresearch.com/wp-content/uploads/2016/10/Fast-Food-Worker-Survey-Memo-10-5-16.pdf (as of July 9, 2023).

2. The components of this bill

a. Joint and several liability between franchisor and franchisee for labor and other specified violations of the law

This bill makes franchisors jointly and severally liable for specified labor violations committed by their franchisees and for their franchisees' violation of unfair competition law, discrimination law, and pay data reporting law. In other words, if a franchisee engages in wage theft of their employee then the franchisor is also on the hook for the wage theft. The idea is that the franchisor bears the burden of the wage theft instead of the worker and their family.

Liability refers to the legal responsibility to compensate someone for harm that happens to them, to pay a penalty for breaking the law, or both. In most scenarios, the law assigns liability to the person or entity who caused the harm or who violated the law. Joint and several liability refers to scenarios in which the law assigns full responsibility to compensate someone or to pay for a violation to more than one person or entity.

In the context of businesses operating under the franchise model, the current default rule in California is that only the franchisee is responsible for any labor violations that take place at franchise locations. However, where the franchisor exerts sufficient control over the working conditions at a franchise, the California courts have held that the franchisor can be held joint and severally liable for labor violations that occur at that franchise. (*Patterson v. Domino's Pizza* (2014) 60 Cal. 4th 474.)

Opponents argue that this dynamic encourages franchisors to stay out of the franchisee's way, at least with respect to labor practices. They contend that this space provides franchisees with a feeling of entrepreneurial freedom. In this sense, opponents note that franchisees are not merely managers carrying out orders from the franchisor, but independent proprietors.

By contrast, the proponents emphasize that the current rule about joint and several liability for labor violations creates a financial incentive for franchisors to avoid exercising control over the labor practices taking place at their franchises. Proponents note that the less the franchisor can claim to know or do anything about working conditions at their franchises, the safer the franchisor is from sharing liability. Indeed, when it comes to the possibility that there are labor violations taking place among their franchisees, the current legal dynamic rewards franchisors for burying their head in the sand.

This bill proposes, instead, that franchisors would always be jointly and severally liable for their franchisees' labor law violations, regardless of the degree of control that the franchisor exercises over day-to-day working conditions at their franchise locations. Almost certainly, this move would increase compliance with labor laws in the fast food

sector. The imposition of joint and several liability would strongly incentivize franchisors to monitor their franchisees closely for labor violations because the franchisors would now have skin in that game. Proponents note that monitoring pay and working conditions at the franchises should not be especially difficult for franchisors to manage; after all, in many cases they already monitor and audit an extraordinary number of details about how their franchises operate, from menu options down to the type of lightbulbs used.[4] And, if that increased vigilance fails to prevent the labor violations from occurring in the first place, making the franchisor jointly and severally liable for these violations makes it more likely that the workers actually receive their unpaid wages or penalties, since collection would no longer depend on the financial responsibility and solvency of the franchisee alone.

To the opponents of this bill, however, imposition of joint and several liability for labor law violations strikes at a core aspect of the franchise business model. It would, the opponents assert, completely undermine the entrepreneurial independence that characterizes the franchise business model for both franchisees and franchisors. If this component of the bill is enacted, the opponents say, one of two things would happen: either franchisors would swoop in and begin to micromanage their franchisees' labor practices or the franchisors would abandon the franchise model altogether and simply own and manage each of their outlets themselves.

Whether these things would indeed come to pass is hard to say. Staff notes that the bill does not require or even incentivize franchisors to take responsibility for *every* aspect of their franchisees' business operations. The bill only makes franchisors legally responsible for ensuring that the franchisees are obeying labor laws – something franchisees are *already* obligated to do.

There is a mechanism whereby the franchisor can avoid liability pursuant to the bill. The bill provides that a franchisor shall not be liable in a civil action under the bill if the franchisor cures the alleged violation within a specified period of time. In order to cure, the franchisor must abate each violation alleged and ensure that the franchisee is in compliance with the underlying laws, orders, rules, or regulations that were alleged to be violated and the franchisor must make whole any fast food restaurant workers against whom a violation was committed.

b. Cause of action by franchisee against franchisor for franchise terms that render compliance with labor laws impossible

The bill creates a new civil cause of action that a franchisee could bring against a franchisor for imposition of franchise terms that either create a substantial barrier for the franchisee to comply with the specified laws. Prevailing franchisees could get

[4] Hsu and Abrams. *Subway Got Too Big. Franchisees Paid a Price.* (Jun. 28, 2019) New York Times https://www.nytimes.com/2019/06/28/business/subway-franchisees.html (as of July 9, 2023).

monetary or injunctive relief sufficient to enable the franchisees to return to compliance with the law.

According to the proponents of the bill, this component of the bill is intended to get at franchisor practices that effectively push franchisees to ignore the law. For example, the proponents report that at least one fast food franchisor requires its franchisees to use employee monitoring software that will not track meal and rest breaks, thus complicating the franchisees' ability to comply with state law that mandates such breaks.

Up to this point, this aspect of the bill might be seen as essentially reiterating, in the fast food franchise context, the general contract law principle that contractual terms which violate public policy are void and unenforceable. (Civ. Code § 1667.) Thus, a term within a franchise agreement that genuinely forced a franchisee to disobey the laws presumably could not be enforced, since it would violate the public policy expressed through the law. The challenge in such cases is not the legal standard, but convincing a court that the franchise terms truly left the franchisee with no reasonable alternative other than to break labor laws.

Perhaps because of that challenge, the bill pairs this new cause of action with a related rebuttable presumption: any change in the terms of the franchise agreement that increases the costs of the franchise to the franchisee is *presumed* to force the franchisee out of compliance with labor laws. Now, rather than the franchisee having to convince the court that it had no reasonable alternative for complying with the franchise agreement other than to violate the law, the onus would be on the franchisor to convince the court that the franchisee did have other options. This switch would likely cause franchisors to be far more careful when altering the terms of their franchise agreements.

In reaction to this component of this bill, the opponents raise concerns that franchisees could easily allege that franchise fees or other franchise agreement terms caused workplace violations, when in fact the franchisee's own performance shortcomings or financial management are to blame. While such a scenario seems plausible, it also seems to be addressed within the statutory framework: the franchisor could rebut the presumption by showing that the real source of the problem is the franchisee, not the terms of the franchisee agreement. Still, the opponents argue that the existence of the rebuttable presumption and cause of action would "chill" the franchisor from ever making adjustments to the franchise agreement terms, even when those changes might be to the franchisee's benefit.

3. Proponents arguments in support of the bill

According to the author:

> AB 1228 is a bill aimed at protecting workers and supporting local businesses by ending corporations' ability to exploit the franchise system. As a former fast-food franchisee, I know how much pressure maintaining a safe and healthy working environment puts on local owner-operators, especially when global corporations refuse to contribute their share.
>
> The fast food restaurant industry has long been rampant with employment law violations, including wage theft that includes violations such as minimum wage, overtime, off-the-clock, and meal break violations, sexual harassment and discrimination, and workplace injuries and violence.
>
> Franchisee-owned fast food restaurants experience systematically higher levels of noncompliance with minimum wage and overtime than do comparable establishments owned and managed by the franchisor.
>
> The franchise model under which those fast food restaurants are operated contributes to the high rate of employment violations. Fast food franchisors wield substantial financial, informational, and legal power relative to their franchisees. Fast food restaurant franchisors control, or exercise substantial control and oversight over, many aspects of their franchisees' operations, including as documented in the terms of their franchise agreements.
>
> Fast food restaurant franchisors' ability to impose strict franchise terms and conditions on franchisees that siphon profits to the franchisors and restrict franchisees' business operations directly impacts those franchisees' ability to pay, support, and protect their workers.
>
> The pressure these conditions place on franchisees' profit margins increases the likelihood that franchisees will have difficulty complying with regulatory protections.
>
> Despite their contributions to the problem, fast food restaurant franchisors often avoid liability, and disavow any responsibility, for the employment violations affecting the fast food restaurant workers in their franchised stores.

As sponsors of the bill, Service Employees International Union – California and Fight for $15 jointly write:

> [. . .]

A study examining how the franchise model affects compliance with basic labor standards found that franchisee-owned fast-food restaurants experience systematically higher levels of noncompliance with minimum wage and overtime laws than comparable, corporate-owned establishments. This research posits that pressure from corporations to cut costs and keep profits high creates environments ripe for exploitation, abuse and rampant violations of employment laws.

Rather than take responsibility for the conditions they have created, corporate franchisors have designed the franchise system to shield themselves from liability for labor violations. These billion-dollar corporations have written the rules so that they can enjoy maximum control and maximum profits while leaving small businesses owners and workers to fend for themselves. This power imbalance hurts local economies as well as California taxpayers, who foot a bill of $4 billion annually for the portion of social safety net programs that subsidize the fast-food industry's workers. Robert Zarco, an attorney for a trade group representing McDonald's franchisees, told the Wall Street Journal, "legislation can address the 'unequal bargaining power' that franchisers have over franchisees."

Across the state, it's communities of color that bear the largest impact of the industry's low wages, dangerous working conditions and rampant labor violations. With more than 557,000 workers across more than 30,000 locations, California's fast food industry stands out as one of the largest, fastest growing low-wage workforces in the state. In our state, fast food workers are nearly 80 percent people of color and more than 60 percent Latino/Latina; 25 percent of them are the main income earner in their family.

A recent report from Economic Roundtable, a leading nonprofit urban research organization, finds the fast-food industry has a larger share of workers in poverty than any other industry, with 1 in 9 unhoused California workers employed in fast-food. A report from the Fight for $15 and a Union suggests that roughly 85% of California's fast food workers have been victims of wage theft, which has been deemed the nation's costliest crime. These workers also struggle with the lowest wages and least predictable schedules in the state, leaving more than half of the workers living in poverty. In addition, violence, harassment and retaliation for speaking out about these issues have become unnecessary hazards of this job.

AB 1228 marks a pivotal next step in California fast-food workers' fight for respect and a stronger voice on the job. Last year, Gov. Gavin Newsom signed AB 257, the FAST Recovery Act, creating a statewide Fast Food Council that brings together fast-food employers, workers and state regulators to work together to improve conditions in the industry. To skirt accountability and

> delay implementation of AB 257, fast-food corporations have funneled millions of dollars into a deceptive and misguided campaign to overturn the landmark labor law.
>
> California has led the nation in recovering from the economic crises of the past few years. In order to continue building a more equitable California, we must look to creative ways to support our small businesses and frontline workers. Currently, California fast-food workers and franchisees lack adequate power and protections necessary to hold global fast-food companies accountable. The Fast Food Corporate Franchisor Responsibility Act aims to protect workers and support local business by ending corporations' ability to exploit the franchise system that has created so many jobs in our communities. For this reason, we ask that you support this bill when it is heard in front of your committee.
>
> **[. . .]**

4. Opponents arguments against the bill

In opposition to the bill, the International Franchise Association, California Chamber of Commerce, California Restaurant Association, their members, and coalition partners write:

> [. . .]
>
> In reality, franchise establishments across the state are locally owned small businesses operating under a national brand or identity. The local business owners are in charge of all employment decisions, including hiring, firing, wages and benefits. It is the local franchisee who owns and operates the establishment, not the franchisor. In fact, the national brands have no role whatsoever in determining wages or any other day-to-day operations of a franchisees' employees and/or employment practices of a franchisee.
>
> With establishment of joint liability of franchisors by AB 1228, California is making a *per se* determination that franchisors are the joint employers of franchisees. In doing so, California is also making a *per se* determination that these owners and entrepreneurs are not small business owners, but middle managers of large corporations. These small business owners made the decision to get into business for themselves. If AB 1228 is signed into law, California would be removing the equity and livelihood of business owners that make the franchise model a melting pot of entrepreneurship.
>
> Making labor decisions for franchisees is not a brand standard franchisors can establish or enforce under any law. AB 1228 makes the improper assumption,

and reaches the improper conclusion, that franchisors and franchisees have some collective control over each other's day-to-day business affairs.

This is absolutely untrue. Additionally, passage of AB 1228 would make California an outlier: no other city, state or federal government has passed or even contemplated a similar law, primarily due to the realization that franchisors do not in fact employ those who work in a franchisee's establishment. The *per se* liability imposed by AB 1228 is unprecedented at any level of government and completely ignores the case-by-case factual analysis that is required, and which has been used in this context in the past.

Franchisees and franchisors are in no way employment partners with each other. No franchisor has any authority over how their franchisees choose to manage their employees on a day-to-day basis.

Independent franchisees are no different than any other independent business owner, and despite what AB 1228 is attempting to do, the legal, contractual, operational, and economic realities of the relationship will not change. AB 1228 will impose a *per se* liability rule on entities and principals that have no role whatsoever in the issues addressed in the legislation.

We agree with your efforts to protect workers in the state, but we urge you to adopt policies that ensure the viability of the vibrant and diverse franchise community. Ensuring a level playing field for all California businesses is paramount and assigning liability only to the responsible party is in the interest of all involved. Dismantling a business model that provides upward mobility and entrepreneurial opportunities to thousands of Californians is misguided public policy and will only serve to hamper job growth and opportunities across the state.

SUPPORT

SEIU California (sponsor)
The Fight for $15 and a Union (sponsor)
California Labor Federation, AFL-CIO
California School Employees Association

OPPOSITION

Alhambra Chamber of Commerce
Amador County Chamber of Commerce
Anaheim Chamber of Commerce
Arby's
Asian McDonald's Operator Association

Asian/pacific Islander American Chamber of Commerce and Entrepreneurship
Bad-Ass Breakfast Burritos
Baskin-Robbins
Bay Area Salvadoran American Chamber of Commerce
Brea Chamber of Commerce
Buffalo Wild Wings
California African American Chamber of Commerce
California Asian Pacific Chamber of Commerce
California Business Properties Association
California Business Roundtable
California Fuels and Convenience Alliance
California Hispanic Chambers of Commerce
California Lawyers Association, Business Law Section
California NAACP
California Retailers Association
California Small Business Association
California-Hawaii State Conference of The National Association for The Advancement of Colored People (NAACP)
Campbell Chamber of Commerce
Carlsbad Chamber of Commerce
Chick-fil-a
Chino Valley Chamber of Commerce
Civil Justice Association of California
Coalition of California Chambers – Orange County
Compton Latino Chamber of Commerce
Corona Chamber of Commerce
Dave's Hot Chicken
Del Taco
Deli Delicious
Diversified Restaurant Group
Dog Hause
Dunkin'
Egg Bred
El Dorado County Chamber of Commerce
El Dorado Hills Chamber of Commerce
El Pollo Loco
El Pollo Loco Franchisee Association
Elk Grove Chamber of Commerce
Elmer's Breakfast·Lunch·Dinner
Family Business Association of California
Folsom Chamber of Commerce
Fountain Valley Chamber of Commerce
Fresno Chamber of Commerce
Gateway Chambers Alliance

Gilroy Chamber of Commerce
Glendora Chamber of Commerce
Greater Conejo Valley Chamber of Commerce
Greater High Desert Chamber of Commerce
Greater Los Angeles African American Chamber of Commerce
Greater Riverside Chamber of Commerce
Greater San Fernando Valley Chamber of Commerce
Guatemalan American Chamber of Commerce
Hispanic Chambers of Commerce of San Francisco
Hollywood Chamber of Commerce
Imperial Valley Regional Chamber of Commerce
International Franchise Association
Jack in The Box INC.
Jimmy John's
LA Canada Flintridge Chamber of Commerce
Lake Elsinore Valley Chamber of Commerce
Latin American & Caribbean Business Chamber
Latino Food Industry Association
Latino Restaurant Association
League of United Latin American Citizens (LULAC)
Lincoln Chamber of Commerce
Livermore Chamber of Commerce
Long Beach Chamber of Commerce
Los Angeles Area Chamber of Commerce
Los Angeles County Business Federation (BIZFED)
Los Angeles Latino Chamber of Commerce
Manteca Chamber of Commerce
McDonald's
McDonald's Hispanic Owner-operators Association
McDonald's Owner-operators of California
Mission Viejo Chamber of Commerce
Modesto Chamber of Commerce
Mountain View Chamber of Commerce
Murrieta Wildomar Chamber of Commerce
National Action Network
National Action Network - Sacramento Chapter
National Action Network Los Angeles
National Action Network Orange County
National Action Network – Oakland
National Action Network – San Bernardino County
National Action Network – Solano County
National Black McDonald's Operators Association
National Council of Chain Restaurants
National Federation of Independent Business (NFIB)

National Latina Business Women Association of Los Angeles
National Owners Association (NOA)
National Restaurant Association
Newport Beach Chamber of Commerce
Nicaraguan American Chamber of Commerce, Northern California
Oceanside Chamber of Commerce
Orange County Business Council
Orange County Hispanic Chamber of Commerce
Palos Verdes Peninsula Chamber of Commerce
Pasadena Chamber of Commerce and Civic Association
Paso Robles Chamber of Commerce
Patterson- Westley Chamber of Commerce
Pizza Factory
Porterville Chamber of Commerce
Rancho Cordova Area Chamber of Commerce
Regional Chamber of Commerce San Gabriel Valley (RCCSGV)
Restaurant Brands International
Ridgecrest Chamber of Commerce
Riverside County Black Chamber of Commerce
Rocklin Area Chamber of Commerce
Roseville Area Chamber of Commerce
Sacramento Asian Pacific Chamber of Commerce
San Diego Regional Chamber of Commerce
San Francisco Filipino American Chamber of Commerce
San Joaquin County Hispanic Chamber of Commerce
San Jose Chamber of Commerce
San Juan Capistrano Chamber of Commerce
San Marcos Chamber of Commerce
Santa Ana Chamber of Commerce
Santa Barbara South Coast Chamber of Commerce
Santa Clarita Valley Chamber of Commerce
Santa Cruz County Chamber of Commerce
Santa Maria Valley Chamber of Commerce
Santee Chamber of Commerce
Shingle Springs/Cameron Park Chamber of Commerce
Solano County Black Chamber of Commerce
Sonic Drive-in
South Bay Association of Chambers of Commerce
Southern California KFC Franchisee Association
Southwest California Legislative Council
Subway
Tastee Freez
Templeton Chamber of Commerce
Teriyaki Madness

The Greater Coachella Valley Chamber of Commerce
Torrance Area Chamber of Commerce
Tri County Chamber Alliance
Tulare Chamber of Commerce
United Chamber Advocacy Network
United States Black Chamber of Commerce
United States Hispanic Chamber of Commerce
Valley Industry & Commerce Association
Vitality Bowls
Walnut Creek Chamber of Commerce
Wendy's
Wienerschnitzel
Wingstop
Women Operators Network
Yorba Linda Chamber of Commerce
Yuba Sutter Chamber of Commerce
Yum! Brands

RELATED LEGISLATION

Pending Legislation: None known.

Prior Legislation:

AB 257 (Holden, Ch. 246, Stats. 2022) enacted the Fast Food Accountability and Standards Recovery Act to, among other things, establish the Fast Food Council within the Department of Industrial Relations, with a sunset date of January 1, 2029, for the purpose of establishing sectorwide minimum standards on wages, working hours, and other working conditions related to the health, safety, and welfare of, and supplying the necessary cost of proper living to, fast food restaurant workers. Implementation and enforcement of the Act is on hold until November 2024 when an election will take place and a referendum on the matter will be on the statewide ballot.

SB 62 (Durazo, Ch. 329, Stats. 2021) required a garment manufacturer who contracts with another person for the performance of garment manufacturing to jointly and individually share all civil legal responsibility and civil liability for all workers in that other person's employ. Also prohibited the practice of piece-rate compensation for garment manufacturing, except in the case of worksites covered by a valid collective bargaining agreement.

AB 1701 (Thurmond, Ch. 804, Stats. 2017) held general contractors and subcontractors in the construction industry jointly liable for unpaid wages, including fringe benefits, and authorized civil actions to enforce the joint liability.

AB 1897 (R. Hernández, Ch. 728, Stats. 2014) established joint liability between employers and labor contractors for unpaid wages and failure to secure worker's compensation insurance.

PRIOR VOTES:

Senate Labor, Public Employment and Retirement Committee (Ayes 4, Noes 1)
Assembly Floor (Ayes 42, Noes 22)
Assembly Appropriations Committee (Ayes 11, Noes 4)
Assembly Judiciary Committee (Ayes 6, Noes 3)
Assembly Labor and Employment Committee (Ayes 5, Noes 2)
****