



C H A M B E R  
*of*  
C O M M E R C E

**Via Email Only**

May 30, 2018

The Honorable Richard Bloom  
State Capitol  
P. O. Box 942849  
Sacramento, CA 94249-0050

VIA EMAIL: [guy.strahl@asm.ca.gov](mailto:guy.strahl@asm.ca.gov)

Re: Opposition to AB 2613 (Reyes) – Failure to pay wages: penalties.

Dear Assemblymember Bloom:

The Beverly Hills Chamber of Commerce opposes AB 2613 – Failure to pay wages: penalties and requests that you do the same.

California businesses are already dealing with an unnecessarily complex and punitive Labor Code. AB 2613 would impose another layer of Labor Code penalties, in addition to the multiple penalties already recoverable, for the same, unintentional Labor Code violations and impose personal liability on employees who have no authority over payment of wages. These provisions will significantly increase litigation against California employers and limit their ability to invest in their workforce.

**AB 2613 Imposes Personal Liability on Employees for Unintentional Wage and Hour Violations.**

AB 2613 makes significant changes to Labor Code Section 210 by imposing personal liability for individuals. AB 2613 expressly states, “An employer or other person acting on behalf of an employer...shall be subject to a statutory penalty” if the individual fails to pay wages due. The liability attaches when the company fails to pay wages in accordance with multiple Labor Code provisions including the Fair Pay Act (Labor Code § 1197.5).

This means that an officer employee working in the payroll department that issues the company pay checks could be held personally liable for penalties under AB 2613, even though that employee

had absolutely no control over the amount of the check, the timing of the check, or how the wages were calculated.

The Provisions of AB 2613 Are Harsh and Unnecessary

California already has some of the most onerous and complex labor laws in the country. This complexity is exemplified by the duplicative penalty provisions of the Labor Code. With this statutory scheme, one unintentional and minor violation of the Labor Code can result in the threat of financially devastating civil litigation against an employer. AB 2613 amends Section 210 of the Labor Code and allows for a penalty of \$200, payable to each affected employee, per pay period where the wages due are not paid on time. The penalties will continue to accumulate for years, even for the most minute and unintentional violation. This penalty is unnecessarily harsh given that it applies to any discrepancy in payment, even one penny.

We simply cannot understand why AB 2613 is necessary given all the other penalty provisions in the Labor Code that an employee can recover for the same wage error. For example, as you know, employees can also recover penalties for such violations under the Private Attorneys General Act (PAGA).

The business community is growing tired of the continuing proliferation of employment bills which make it harder to do business here. For these reasons, we respectfully OPPOSE AB 2613.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Johnson", with a long horizontal flourish extending to the right.

Todd Johnson  
President and CEO  
Beverly Hills Chamber of Commerce

CC: The Honorable Ben Allen, California State Senate