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SB-648 Employment: gratuities: enforcement. (2025-2026)

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Senate Bill No. 648

CHAPTER 93

An act to amend Section 351 of the Labor Code, relating to employment.

[Approved by Governor July 30, 2025. Filed with Secretary of State July 30, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

SB 648, Smallwood-Cuevas. Employment: gratuities: enforcement.

Existing law creates the Department of Industrial Relations, and establishes within the department the Division of Labor Standards Enforcement (DLSE), which is headed by the Labor Commissioner. The DLSE is generally charged with enforcing employment statutes and regulations, either in administrative actions or through litigation. Existing law imposes various administrative sanctions, civil fines and penalties, and criminal penalties for violations of employment statutes or regulations.

Existing law prohibits an employer or agent from collecting, taking, or receiving any gratuity or a part thereof that is paid, given to, or left for an employee by a patron, or deducting any amount from wages due an employee on account of a gratuity, or requiring an employee to credit the amount, or any part thereof, of a gratuity against and as a part of the wages due the employee from the employer, and requires the Department of Industrial Relations to enforce these provisions.

This bill would authorize the Labor Commissioner to investigate and issue a citation or file a civil action for gratuities taken or withheld in violation of the above-described provisions, as prescribed.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 351 of the Labor Code is amended to read:

351. (a) No employer or agent shall collect, take, or receive any gratuity or a part thereof that is paid, given to, or left for an employee by a patron, or deduct any amount from wages due an employee on account of a gratuity, or require an employee to credit the amount, or any part thereof, of a gratuity against and as a part of the wages due the employee from the employer. Every gratuity is hereby declared to be the sole property of the employee or employees to whom it was paid, given, or left for. An employer that permits patrons to pay gratuities by credit card shall pay the employees the full amount of the gratuity that the patron indicated on the credit card slip, without any deductions for any credit card payment processing fees or costs that may be charged to the employer by the credit card company. Payment of gratuities made by patrons using credit cards

shall be made to the employees not later than the next regular payday following the date the patron authorized the credit card payment.

(b) The Labor Commissioner may investigate and issue a citation or file a civil action for gratuities taken or withheld in violation of this section. If a citation is issued, the procedures for issuing, contesting, and enforcing judgments for citations and civil penalties issued by the Labor Commissioner shall be the same as those set out in Section 1197.1, as appropriate.