



OFFICE OF THE GOVERNOR

OCT 13 2025

To the Members of the California State Senate:

I am returning Senate Bill 355 without my signature.

This bill would require an employer subject to a final judgment for unpaid wages to provide the Labor Commissioner's Office with documentation that the judgment was paid. If the employer fails to provide the information, the Labor Commissioner's Office would be required to transmit the judgment to the Employment Development Department (EDD) as a notice of potential tax fraud and assess a civil penalty against the employer.

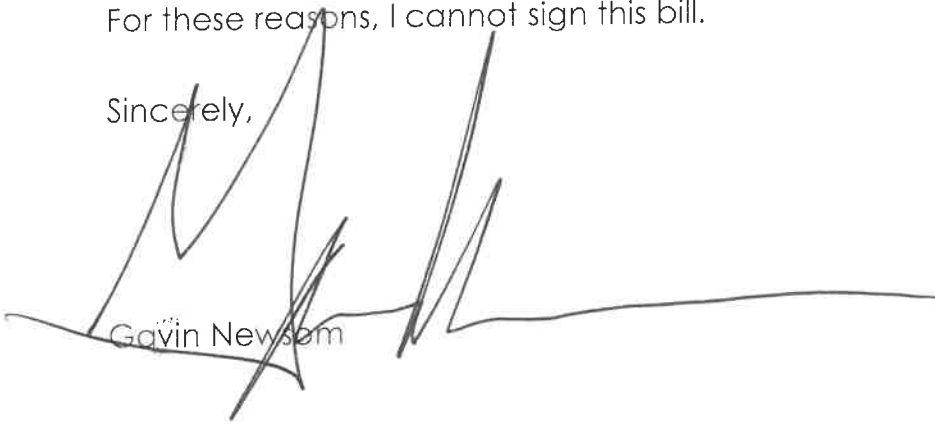
My Administration is committed to combatting wage theft and ensuring workers receive the pay they are owed. However, the proposed referral process would be costly, duplicative, and unlikely to significantly improve collections of unpaid wages. The Labor Commissioner's Office already coordinates extensively with EDD regarding potential employer tax fraud cases through existing task forces that combat the underground economy, including the Joint Enforcement Strike Force and the Labor Enforcement Task Force. Through these partnerships, the Labor Commissioner's Office shares information about cases, and EDD investigates and conducts enforcement when tax fraud is found. In 2024 alone, these coordinated efforts resulted in over 2,000 payroll tax audits and investigations and \$213.5 million in assessments. Given limited resources and



department capacity, creating an additional process that duplicates this focused work is not prudent.

For these reasons, I cannot sign this bill.

Sincerely,



Gavin Newsom