

CALIFORNIA FAST RECOVERY ACT

The FAST Recovery Act establishes an unelected and unaccountable board consisting of 10 political appointees and labor union representatives called the "Fast Food Council" that has regulatory authority over California locations of national counter service restaurants.

Quick service restaurants employ 3.2% of California's workforce and accounted for only 1.6% annually of total average wage claims filed with the state Division of Labor Standards Enforcement from 2017-2022.

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WHAT WOULD THE FAST FOOD COUNCIL DO?

The FAST Recovery Act creates a Fast Food Council that includes two representatives of quick service restaurant franchisors, two representatives of quick service franchisees, two representatives of QSR employees, one representative of the governor's Office of Business and Economic Development, and one representative of the California Department of Industrial Relations. The governor has authority to appoint all members of the Council, except for the employee advocates, who would be appointed by the speaker of the California State Assembly and the Senate Rules Committee.

The Council has complete authority over counter service restaurants, with the ability to set regulations, without consulting the California Legislature, including rules concerning:

- ✓ Wages
- ✓ Training Requirements
- ✓ Health and Safety Standards
- ✓ And more

Since it was signed into law by Gov. Gavin Newsom in September 2022, the law has major impacts on both franchisees and franchisors by giving an unelected body the ability to create regulations that are harmful to quick service operators around the state. California currently has some of the most stringent laws in the country. Instead of attempting to enforce those existing laws, this law creates a new layer of bureaucracy, uncertainty, and potential costs to the industry.

WHY IT MATTERS

The FAST Recovery Act hands power over the quick service industry to unelected political appointees without any accountability, which is unprecedented and will create ramifications for the entire industry across the country.

In his remarks after signing the bill into law, Newsom showcased it as an example for other states to follow. The restaurant industry can expect efforts to expand the legislation to include full-service chain restaurants and potentially independent restaurants under a similar sector council. Additionally, we anticipate similar legislation in states like New York, Oregon, Washington, Illinois, and more. The Association will review every remedy available in the state on behalf of the 100,000 restaurants that are proud to welcome Californians to their tables.