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Temporary Restraining Order Against the FAST Recovery Act

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While the Secretary of State continued to count signatures to determine if a <u>potential referendum on the FAST Recovery Act (the Act)</u> will make it on the ballot, a lawsuit was filed by a coalition of California small business owners, restaurateurs, franchisees, and related entities seeking to enjoin the enforcement of the Act.

In September 2022, Governor Newsom signed <u>Assembly Bill (AB) 257</u>, which created the Fast Food Accountability and Standards Recovery Act, or the "FAST Recovery Act." This Act establishes a Fast Food Council comprising fast food employees, worker advocates, franchisors, franchisees, and government officials within the Department of Industrial Relations that will set industry-wide standards for wages, working hours, and other working conditions related to the health, and safety of fast food workers. Almost immediately, a referendum campaign was launched by the restaurant industry to require the statute to be considered by the voters in the 2024 election.

The lawsuit filed was in response to statements from the state that despite the pending review of signatures to approve the referendum, it intended to enforce the law starting on January 1, 2023. In the Complaint, the coalition calling itself "Save Local Restaurants" stated that the temporary implementation of the Act would not only be unconstitutional based on the state referendum process "but also would create confusion and set a dangerous and absurd precedent."

On the last court day of the year in 2022, the request for a writ of mandate was heard in Sacramento Superior Court and a temporary order was granted restraining the State from implementing, enforcing, or taking any other action to effectuate the Act. The Court set a further hearing for January 13, 2023, for a hearing on a preliminary injunction of the Act.

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