



March 29, 2022

TO: Members, Assembly Committee on Appropriations

**SUBJECT: AB 1601 (WEBER) CALL CENTERS: PENALTIES
OPPOSE**

The California Chamber of Commerce and the organizations listed respectfully **OPPOSE AB 1601 (Weber)**. **AB 1601** will deter companies from creating jobs in California because it improperly penalizes any companies who move California call center operations to a different country. Governor Newsom vetoed this same bill in 2019 for this exact reason. **AB 1601** also appears to exceed the boundaries of California's jurisdiction by regulating activities in other countries and, therefore, is likely unlawful.

California's costly laws and regulations make it difficult for companies to do business in this state. Instead of alleviating some of those burdensome regulations, **AB 1601** adds to the problem by disincentivizing businesses from creating call center jobs in California.

AB 1601 would require companies to give 120 days' notice to the Division of Industrial Relations (DIR) if they plan to move any call center operations to a different country, which is double the amount of time presently required under the California WARN Act. Even a good faith delay in providing notice would mean the company faces staggering penalties of \$10,000 per day plus PAGA penalties. Further, those companies would be barred for all state benefits and tax credits for five years and would be identified on a public list.

Governor Newsom vetoed AB 1677 in 2019 explicitly because it would deter investments in California:

I am returning Assembly Bill 1677 without my signature. This bill would require call center employers that intend to relocate from California to a foreign country to notify the Labor Commissioner at least 120 days before the relocation. It would also impose penalties on companies that fail to provide the required notice and requires these specified call-center employers to forgo various state grants and tax credits for a period of five years. The bill would also significantly restrict the state's ability to contract with employers that conduct some of its call center operations outside of California. **While I am supportive of efforts to protect jobs in our state, I cannot support this bill. The significant penalties and restrictions proposed by this bill might dissuade businesses that have no intention of moving their operations from making any further investments in California - which could hurt, not help, California workers.** For these reasons, I am returning this bill without my signature. Sincerely, Gavin Newsom (emphasis added).

Assuming the intent of **AB 1601** is to discourage call centers from relocating outside of the state, we do not believe that such punitive measures is the proper method. Rather, legislation should be directed at encouraging businesses to stay in this state by alleviating some of the burdens that are forcing them to leave California.

AB 1601 also likely violates international trade agreements. Both multilateral trade policies established by the World Trade Organization and bilateral, regional trade agreements such as the North American Free Trade Agreement assure international obligations to prevent impediments to global trade. We believe that **AB 1601** represents a return to protectionism that will surely be seen as an affront to our trading partners. Therefore, this matter should be more appropriately addressed by the federal government.

For these reasons, we respectfully **OPPOSE AB 1601 (Weber)**.

Sincerely,



Ashley Hoffman
Policy Advocate
California Chamber of Commerce

American Property Casualty Insurance Association
California Bankers Association
California Chamber of Commerce
California Mortgage Bankers Association
California Retailers Association
Civil Justice Association of California
CTIA – The Wireless Association
Danville Area Chamber of Commerce
Elk Grove Chamber of Commerce
Fresno Chamber of Commerce
Greater High Desert Chamber
Greater Riverside Chambers of Commerce
Hollywood Chamber of Commerce
Lodi Chamber of Commerce
National Federation of Independent Business
Norwalk Chamber of Commerce
Oceanside Chamber of Commerce
Pleasanton Chamber of Commerce
Rancho Cordova Area Chamber of Commerce
San Mateo Area Chamber of Commerce

Simi Valley Chamber of Commerce
West Ventura County Business Alliance
Yorba Linda Chamber of Commerce

cc: Legislative Affairs, Office of the Governor
Tiffany Boyd, Office of Assembly Member Weber
Joe Shinstock, Assembly Republican Caucus
Irene Ho, Assembly Committee on Appropriations

AH:am