

**FLOOR ALERT**  
**OPPOSE – AB 1601**



August 17, 2022

TO: Members, California State Senate

**SUBJECT: AB 1601 (WEBER) CALL CENTERS: PENALTIES  
OPPOSE – AS AMENDED AUGUST 11, 2022**

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 60 days' notice to the Division of Industrial Relations (DIR) if they plan to move any call center operations to a different country, which is already a requirement 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  
Gateway Chamber Alliance  
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  
Simeon Gant, Office of Assembly Member Weber  
Jake Ferrera, Senate Labor, Public Employment and Retirement Committee  
Cory Botts, Senate Republican Caucus  
Scott Seekatz, Senate Republican Caucus

AH:am