Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Labor & Workplace Standards Committee

HB 1960

Brief Description: Penalizing employers who relocate call centers to another country.

Sponsors: Representatives Stanford, Hudgins and Appleton.

Brief Summary of Bill

- Requires certain call center employers that intend to relocate to a foreign county to notify the Employment Security Department at least 120 days before the relocation.
- Makes call center employers that relocate ineligible for tax preferences, grants, and loans for five years.
- Requires state agency contracts for call center services to provide that the work be performed entirely within the state.

Hearing Date: 2/14/19

Staff: Joan Elgee (786-7106).

Background:

Under the federal Worker Adjustment and Retraining Notification Act (the WARN Act), companies planning a plant closure or mass layoff must notify workers 60 days before the closure. Companies must also provide written notice to the Employment Security Department (ESD) and to the chief elected official of the community where the layoff or closure will occur. A plant closing is a shutdown that results in an employment loss during any 30-day period of 50 or more employees. A mass layoff is a reduction in force that results in an employment loss during any 30-day period of either: 33 percent of the employees, and at least 50 or more employees; or at least 500 employees. The notice requirement applies to employers that employ 100 or more employees.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A tax preference confers reduced tax liability upon a designated class of taxpayer. Tax preferences include: tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. Washington has over 650 tax preferences.

Summary of Bill:

The Washington Call Center Jobs Act is created. A "call center" is a facility or other operation where employees receive phone calls or other electronic communication for the purpose of providing customer assistance or other service.

<u>Relocations</u>.
Certain requirements apply to employers who employ, for purposes of a call center, 50 or more employees excluding part-time employees, or 50 or more employees who in the aggregate work at least 1,500 hours per week, excluding overtime.

An employer that intends to relocate a call center, or one or more facilities or operating units within a call center comprising at least 30 percent of the call center's or operating unit's total volume, to a foreign country must notify the Commissioner of the ESD (Commissioner) at least 120 days before the relocation. The Commissioner must compile a semiannual list of the employers who submitted notification and post the list on the agency's website as well as distribute the list to other state agencies. An employer who fails to notify the Commissioner is subject to a civil penalty not to exceed $10,000 for each day of violation, and the Commissioner may reduce the penalty if the Governor or the President has declared a "state of emergency" for the location of the call center.

A call center employer that appears on the list is ineligible for any tax preference for five years after the employer appears on the list. If the Department of Revenue (DOR) determines that a call center employer claimed a tax preference for which it was ineligible, the amount of the taxes is immediately due and the DOR must assess interest on the taxes.

A call center employer that appears on the list is also ineligible for grants or loans awarded by a state agency for five years after the employer appears on the list. The ESD, in consultation with the appropriate state agency, may waive the ineligibility if the employer demonstrates that the lack of the grant or loan would result in substantial job loss in the state or would harm the environment. A call center employer must remit the value of the grant or loan awarded if a state agency determines the employer was ineligible.

<u>State Agency Contracts</u>.
State agency contracts for purposes of call center services must provide that the work performed by the contractor or subcontractors be performed entirely within the state. If contractors or subcontractors are performing such work on the effective date of the act, they must comply within two years. However, any employees hired after the effective date of the act must perform the work within the state.

Appropriation: None.

Fiscal Note: Requested on February 8, 2019.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.