

HOUSE BILL REPORT

ESSB 5459

As Reported by House Committee On:
Labor & Workplace Standards

Title: An act relating to call center retention.

Brief Description: Concerning call center retention.

Sponsors: Senate Committee on Labor & Commerce (originally sponsored by Senators Stanford, Saldaña, Conway, Hasegawa, Valdez, Nobles and Wilson, C.).

Brief History:

Committee Activity:

Labor & Workplace Standards: 3/19/25, 3/26/25 [DP].

Brief Summary of Engrossed Substitute Bill

- Requires certain call center employers to notify the Employment Security Department before moving operations to a foreign country.
- Establishes a penalty for employers who fail to give 120 days' notice of a maximum of \$10,000 per day of violation.
- Makes a call center employer that moves operations to a foreign country ineligible for any grant or loan awarded by a state agency for five years.
- Requires state agencies that contract for call center services to include a provision in the contract requiring that the work be performed entirely in the United States, unless the contract is for interpreter services.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: Do pass. Signed by 6 members: Representatives Berry, Chair; Fosse, Vice Chair; Scott, Vice Chair; Bronoske, Obras and Ortiz-Self.

Minority Report: Do not pass. Signed by 3 members: Representatives Schmidt, Ranking

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

Minority Member; Ybarra, Assistant Ranking Minority Member; McEntire.

Staff: Benjamin McCarthy (786-7116).

Background:

Federal Worker Adjustment and Retraining Notification Act.

The federal Worker Adjustment and Retraining Notification (WARN) Act requires covered employers to provide at least 60 days' notice before plant closings and mass layoffs. Covered employers are businesses with 100 or more full-time workers, or 100 or more full- or part-time workers who work at least a combined 4,000 hours per week.

A covered employer must provide notice if the covered employer:

- permanently or temporarily closes a facility or operating unit affecting 50 or more full-time employees at a single site of employment;
- lays off 500 or more full-time employees during a 30-day period or lays off 50 to 499 full-time workers and the layoffs constitute 33 percent of the employer's total active workforce at a single employment site;
- extends a temporary layoff that meets either of the above criteria for longer than six months; or
- reduces the hours of 50 or more workers by 50 percent or more for each month in a six-month period.

An employer who violates the federal WARN Act is liable to each affected employee for an amount equal to back pay and benefits for the period of violation, up to 60 days. An employer who fails to provide the required notice is also subject to a civil penalty not to exceed \$500 for each day of violation. The penalty may be avoided if the employer satisfies its liability to each affected employee within three weeks after the closing or mass layoff.

Summary of Bill:

Washington Call Center Jobs Act.

Notice Requirement. Call center employers who operate a call center with 50 or more workers, excluding part-time workers, or 50 or more workers who work an aggregate of 1,500 hours a week, excluding overtime, who relocate a call center from Washington to a foreign country must notify the Employment Security Department (ESD) at least 120 days before the relocation. However, this requirement does not apply to state agency facilities or operations that primarily provide language interpretation services.

An employer who does not provide 120 days' notice is subject to a civil penalty with a

maximum of \$10,000 per day of violation. The Commissioner of the ESD (Commissioner) may reduce the penalty amount if the Governor or President has declared a state of emergency for the location of the call center.

Ineligibility for State Agency Grant or Loans for Relocated Call Centers. The Commissioner must compile a list of call center employers who move operations to a foreign country, post the list on its website, and distribute the list to all state agencies.

An employer who is on the ESD's list is ineligible for grants or loans awarded by a state agency for five years after the employer appears on the list. However, the ESD and a 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.

If an ineligible employer is awarded a grant or loan after the effective date of the act, the ineligible employer must remit the amount.

Restrictions on State Agency Contracts for Call Center Services. State agency contracts for call center services made after the effective date of the act must provide that the work performed by the contractor, its agents, or subcontractors be performed entirely within the United States. This requirement does not apply to contracts for interpreter services.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This penalizes employers that move operations out of state without notice. This ensures that hardworking community members are given notice before a business relocates. Call centers provide good family wage jobs, but employers are tempted to move call centers out of the country where the employer can pay employees less and take advantage of weak labor protections. While having a call center job move out of state would be difficult and devastating, following a job out of the country would likely be impossible. Having local customer service representatives is important, because they will have a better understanding of local issues and regulations. Call center workers take pride in providing high levels of service and efficiency; to provide this level of service the jobs must be kept in the community. This is about not rewarding companies that move good jobs out of the country with state funds.

(Opposed) None.

Persons Testifying: Christine Reid, IBEW; and Eileen Nix and Krystal Rivas, Communications Workers of America.

Persons Signed In To Testify But Not Testifying: None.