

# SENATE BILL REPORT

## SB 5459

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As of February 3, 2025

**Title:** An act relating to call center retention.

**Brief Description:** Concerning call center retention.

**Sponsors:** Senators Stanford, Saldaña, Conway, Hasegawa, Valdez, Nobles and Wilson, C..

**Brief History:**

**Committee Activity:** Labor & Commerce: 2/03/25.

### Brief Summary of Bill

- Requires an employer that intends to relocate a call center to a foreign country to notify the commissioner of the Employment Security Department (ESD) at least 120 days before the relocation.
- Imposes a civil penalty with a maximum of \$10,000 for each day in violation.
- Requires the ESD commissioner to compile a semiannual list of all employers that intend to relocate.
- Provides that a call center employer that appears on the list is ineligible for the high-technology business tax deferral or any grants or loans awarded by a state agency for five years after the employer appears on the list.

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### SENATE COMMITTEE ON LABOR & COMMERCE

**Staff:** Marlon Llanes (786-7423)

**Background:** Notification of Closure or Mass Layoff. The federal Worker Adjustment and Retraining Notification (WARN) Act requires certain employers to provide employees

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with a 60-day advanced notification of a plant closing or mass layoff. The WARN Act applies if an 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 fails to provide the required notice is subject to a civil penalty not to exceed \$500 for each day of violation.

Employers must also notify the Employment Security Department (ESD). ESD maintains a WARN Act notification page on its website that lists the businesses that have issued WARN Act notifications.

High-Technology Business Tax Deferral. The High-Technology Business Tax Deferral is a Sales Tax Deferral Program that applies to the construction of facilities for, among other things, high-technology research and development.

**Summary of Bill:** The Washington Call Center Jobs Act is created.

Notification of Intent to Relocate. An employer that intends to relocate a call center, a facility within a call center comprising at least 25 percent of the call center's total volume when measured against the previous 12-month average call volume of operations, or a substantially similar operation from the state to a foreign country must notify the commissioner of ESD at least 120 days before a relocation.

A violation subjects an employer to a civil penalty not to exceed \$10,000 for each day in violation. The ESD commissioner may reduce the amount if the Governor or the President has declared a state of emergency for the location of the call center.

The ESD commissioner must compile a semiannual list of all employers that have notified the ESD commissioner and post the list on ESD's website. The ESD commissioner must also distribute the list to all state agencies.

A call center employer that appears on the list is ineligible for any direct or indirect grants or loans awarded by a state agency for five years after the employer appears on the list. ESD, in consultation with the appropriate state agency, may waive the ineligibility if the employer applying for a grant or loan demonstrates that the lack of the grant or loan would result in substantial job loss in the state or would harm the environment. If a state agency

finds that a call center employer was ineligible for a grant or loan that was awarded, the employer must immediately remit the value of the grant or loan.

High-Technology Business Tax Deferral. A call center employer that appears on the list is ineligible for the High-Technology Business Tax Deferral for five years after the employer appears on the list. A call center employer must repay any deferred taxes if the employer appears on the list while receiving the tax deferral.

State Agency Contracts. State agency contracts for purchases of call center services must provide that the work performed by a contractor or subcontractor be performed entirely within the state. Contractors or subcontractors who are performing the work must comply with this act within two years of the effective date. Any call center workers hired after the effective date of this act must perform the work within the state.

Definitions. Call center means a facility or other operation in which the primary activity is workers making or receiving phone calls or other electronic communication for the purpose of providing customer assistance or other service. Employer means any individual or type of organization, including a corporation, that employs, for the purposes of a call center, 50 or more workers excluding part-time workers or 50 or more workers who work at least 1500 hours per week excluding overtime.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: Call centers are the backbone of customer operations and their presence in Washington directly supports local economies. Several large companies have recently closed call centers in Washington. Many companies are only interested in the bottom line. The Legislature should help to retain call center jobs so workers can continue providing for their families. This bill ensures that workers are not blindsided by job relocations and prevents tax dollars from being used to subsidize relocations.

OTHER: The Department of Labor and Industries and other state agencies have concerns about existing contracts the state has with out-of-state call centers. The bill, as written, may inadvertently impair the state's ability to serve citizens.

**Persons Testifying:** PRO: Senator Derek Stanford, Prime Sponsor; Christine Reid, International Brotherhood of Electrical Workers; Krystal Rivas, Communications Workers of America; Eileen Nix, Communications Workers of America.

OTHER: Tammy Fellin, Department of Labor & Industries.

**Persons Signed In To Testify But Not Testifying:** No one.