# House of Representatives

General Assembly

**File No. 29**

***January Session, 2021***

House Bill No. 6383

*House of Representatives, March 9, 2021*

The Committee on Labor and Public Employees reported through REP. PORTER of the 94th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

***AN ACT CONCERNING CALL CENTERS AND NOTICE OF CLOSURES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective October 1, 2021*) (a) For purposes of this section:

(1) "Call center" means a facility or other operation through which employees receive telephone calls or electronic communication for the purpose of providing customer assistance or other customer service;

(2) "Employer" means a business entity that employs (A) fifty or more employees, excluding part-time employees; or (B) fifty or more employees that in the aggregate work at least fifteen hundred hours per week, excluding overtime hours, for the purpose of staffing a call center;

(3) "Part-time employee" means an employee who is employed for an average of fewer than twenty hours per week or who has been employed for fewer than six of the twelve months preceding the date on

which notice is required under this section; and

(4) "Commissioner" means the Labor Commissioner.

(b) A call center employer that intends to relocate a call center, or one or more facilities or operating units within a call center comprising not less than thirty per cent of the call center's or operating unit's total call volume, when compared to the previous twelve-month average call volume of operations or substantially similar operations, from this state to another state or a foreign country shall notify the commissioner at least one hundred days prior to such relocation.

(c) A call center employer that violates subsection (b) of this section shall be subject to a civil penalty not to exceed ten thousand dollars for each day of such violation, except that the commissioner may reduce such amount for just cause shown.

(d) The commissioner shall compile an annual list of each call center employer that relocated a call center, or one or more facilities or operating units within a call center comprising at least thirty per cent of the call center's total volume of operations, from this state to another state or a foreign country. The commissioner shall make such list available to the public and shall prominently display a link to such list on the Labor Department's Internet web site.

(e) Except as provided in subsection (g) of this section and notwithstanding any other provision of the general statutes, a call center employer on the annual list compiled under subsection (d) of this section shall be ineligible for any direct or indirect state grants, state guaranteed loans, state tax benefits or other state financial support for a period of five years from the date such list is published.

(f) Except as provided in subsection (g) of this section and notwithstanding any other provision of the general statutes, a call center employer on the annual list compiled under subsection (d) of this section shall remit the unamortized value of any state grant, guaranteed loan, state tax benefit or other state financial support such call center employer has received in the five-year period prior to the date such call center was placed on such list. Nothing in this section shall be deemed to prevent an employer from receiving any grant to provide training or other employment assistance to individuals who are selected as being in particular need of training or other employment assistance due to the transfer or relocation of the employer's call center, facility or operating units.

(g) The commissioner, in consultation with the appropriate agency providing a loan or grant, may waive the remittance requirement under subsection (f) of this section if the employer demonstrates that such requirement would: (1) Threaten state or national security, (2) result in substantial job loss in this state, or (3) harm the environment.

(h) The department head of each state agency shall ensure that for all new contracts or new agreements entered into on and after October 1, 2021, all state business-related call center and customer service work is performed by state contractors or other agents or subcontractors entirely within this state, except that, if any such contractor, other agent or subcontractor performs work outside this state and adds customer service employees who will perform work pursuant to such new contracts or agreements, such new employees shall immediately be employed within this state. Businesses subject to a contract or agreement agreed to prior to October 1, 2021, with terms extending beyond October 1, 2023, shall be subject to the provisions of this subsection if the contract or agreement is renewed.

(i) No provision of this section shall be construed to permit withholding or denial of payments, compensation or benefits under any other provision of the general statutes, including, but not limited to, state unemployment compensation, disability payments or worker retraining or readjustment funds, to workers employed by employers that relocate from this state to another state or a foreign country.

(j) Nothing in this section shall be construed as creating a private cause of action against an employer who has violated, or is alleged to have violated, any provision of this section.

| This act shall take effect as follows and shall amend the following sections: | | |
|---|---|---|
| Section 1 | *October 1, 2021* | New section |

***LAB*** *Joint Favorable*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

## OFA Fiscal Note

### State Impact:

| Agency Affected | Fund-Effect | FY 22 $ | FY 23 $ |
|---|---|---|---|
| Labor Dept. | GF - Potential Cost | 61,442 | 91,924 |
| State Comptroller - Fringe Benefits[1] | GF - Potential Cost | 25,375 | 37,965 |
| Labor Dept. | GF - Potential Revenue Gain | Minimal | Minimal |

Note: GF=General Fund

### Municipal Impact: None

### Explanation

The bill, which establishes notice requirements for certain call centers that relocate out of state and enacts certain in-state requirements for state contractors who perform state-business-related call center and customer service work, results in a potential General Fund cost of $86,817 (partial year funding) in FY 22 and $129,889 in FY 23 to the Department of Labor (DOL), as well as a potential minimal revenue gain from civil penalties.[2]

The provisions of the bill apply to relocations of call center facilities or operations that comprise at least 30% of a call center's or operating unit's average total call volume over the previous 12 months. Therefore, any investigations would require the DOL to examine and affirm the call volume of affected entities over the specified 12-month period. To

[1]The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.3% of payroll in FY 22 and FY 23.

[2] The bill establishes a civil penalty of up to $10,000 per day for each violation, subject to the commissioner's discretion.

the extent there are a substantial number of investigations, there is a cost of $86,817 in FY 22 and $129,889 in FY 23 associated with the salary and fringe benefits of one Wage Enforcement Agent.

As of the third quarter of 2020, there were 158 call center locations in the state that are categorized by the Quarterly Census of Employment and Wages with North American Industry Classification System (NAICS) codes that would include call centers.

### *The Out Years*

The annualized ongoing cost impact identified above would continue into the future subject to inflation. The annualized ongoing revenue impact identified above would continue into the future subject to fluctuation in the number of potential civil penalties levied.

*Sources: Bureau of Labor Statistics Quarterly Census of Employment and Wages*

## OLR Bill Analysis
## HB 6383

### *AN ACT CONCERNING CALL CENTERS AND NOTICE OF CLOSURES.*

### SUMMARY

This bill establishes notice requirements for certain call centers that relocate out of state and makes them ineligible to receive state financial support for five years after the relocation. They must also remit the value of any state financial support they received over the previous five years. The bill applies to call centers that employ at least 50 employees to staff a call center who (1) work at least 20 hours per week or have been employed by the center for at least six months or (2) work at least 1,500 hours in the aggregate (excluding overtime) per week. "Call centers" are facilities or operations through which employees receive phone calls or electronic communications to provide customer assistance or service.

The bill also establishes certain in-state requirements for state contractors who perform state-business-related call center and customer service work.

EFFECTIVE DATE: October 1, 2021

### CALL CENTER RELOCATIONS

#### *Notice Requirement*

The bill requires call centers that intend to relocate out of state to notify the labor commissioner at least 100 days before doing so. This applies to relocations of call center facilities or operations that comprise at least 30% of a call center's or operating unit's average total call volume over the previous 12 months.

The bill subjects violators of the notice requirement to a civil penalty of up to $10,000 per day for each violation but allows the commissioner to reduce the penalty for just cause.

### *Loss of State Financial Support*

The bill requires the labor commissioner to compile an annual list of each call center whose relocation was subject to the bill's notice requirement. He must make the list publicly available and prominently display a link to it on the Department of Labor website.

Under the bill, a call center on the list:

1. is ineligible for direct or indirect state grants, state guaranteed loans, state tax benefits, or other state financial support for five years after the list is published and

2. must remit the unamortized value of any state grant, guaranteed loan, state tax benefit, or other state financial support it received in the five-year period before it was placed on the list.

The bill allows the commissioner, in consultation with the appropriate agency, to waive the remittance requirement if the call center shows that the remittance would threaten state or national security, result in substantial job loss in the state, or harm the environment.

## STATE CONTRACTOR REQUIREMENTS

The bill requires each state agency head to ensure that for all new contracts or agreements entered into on or after October 1, 2021, all state-business-related call center and customer service work is performed by state contractors, or other agents or subcontractors, entirely within the state. If any of these entities perform work outside the state and add customer service employees who will perform work under the new contracts or agreements, the bill requires the new employees to be immediately employed within the state. In addition, any businesses subject to a contract or agreement before October 1, 2021, with terms that extend beyond October 1, 2023, must meet these in-state requirements if their contract is renewed.

## OTHER PROVISIONS

The bill also specifies that it does not:

1. prevent an employer from receiving a grant to provide training or other employment assistance to people who particularly need such training or employment assistance due to the call center's relocation;

2. allow withholding or denial of payments or other compensation or benefits provided by law (e.g., unemployment benefits, disability payments, or worker retraining or readjustment funds) to workers employed by employers that relocate out of state; or

3. create a private cause of action against a call center that violates the bill's provisions.

## COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable
Yea 9 Nay 4 (02/18/2021)