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## Outsourcing Law

# ALERT

MARCH 2012

### States Introduce Bills Penalizing Overseas Call Centers

In December 2011 we [reported](#) on a federal bill that would make companies that relocate call centers to locations outside of the United States ineligible for federal grant or guaranteed loan programs for five years. Under this bill (the [U.S. Call Center and Consumer Protection Act](#), HR 3596), any company that (1) employs either 50 or more full-time call center employees, or 50 or more call center employees who work at least 1,500 aggregate hours per week (excluding overtime) and (2) closes a call center or ceases the operations of at least 30 percent of a call center's call volume and relocates those operations to a location outside of the United States, must provide at least 120 days' notice to the Secretary of Labor prior to any such relocation. The Act would require the Secretary of Labor to maintain a publicly available list of these companies, and any company on this list would be ineligible for any direct or indirect federal grants or guaranteed loan programs for a period of five years from when they were added to the list.

In recent months, several states have introduced their own bills with similar provisions. [New Jersey A 2651](#) provides that an employer that relocates a call center to a foreign country must notify the state's Labor Commissioner at least 120 days before the relocation, will be ineligible to receive state government grants, loans, or tax breaks, and must remit any unamortized grant, loan or tax break back to the state. The bill provides a penalty of \$10,000 for each day that a company fails to complete the notification. This bill was approved by the New Jersey Assembly on March 15 and sent to the Senate for review.

[Arizona HB 2733](#) contains similar provisions regarding notification and ineligibility for state government grants and loans. It also would require that the director of each state agency ensures that all call centers related to state business

and all customer service work be performed by state contractors entirely within the state. This bill has not been voted on. Two similar bills in Florida ([SB 678](#) and [HB 649](#)) were introduced late last year. Senator Chris Smith, sponsor of SB 678, stated that the bill was approved unanimously by the Senate but was held up in the House. It appears unlikely to pass this term.

The federal call center bill, HR 3596, seems to be gaining support. It now has a reported 94 co-sponsors, including seven Republicans, although it has not been voted on. The bill's sponsor stated that the U.S. has lost at least 500,000 call center jobs over the last four years as those positions were moved offshore. Call centers represent about 3 percent of the U.S. workforce, according to the Communications Workers of America, the union that supports the bill.

Congress briefly considered a bill, called the Outsourcing Accountability Act of 2012 ([HR 3875](#)), that would have amended federal securities law to require public companies with revenues of more than \$1 billion to disclose, in their annual filings, employment numbers by U.S. and foreign (by country) jurisdictions. Currently, public companies are only required to disclose total employment numbers without distinguishing between the U.S. and other countries. The House of Representatives voted down this bill in early March 2012.

If you have any questions or wish to discuss the information in this alert, please contact [Steve Semerdjian](#) at [ssemerdjian@loeb.com](mailto:ssemerdjian@loeb.com) or 212.407.4218.

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