

**SENATE JUDICIARY COMMITTEE**  
**Senator Thomas Umberg, Chair**  
**2023-2024 Regular Session**

SB 627 (Smallwood-Cuevas)  
Version: April 17, 2023  
Hearing Date: April 25, 2023  
Fiscal: Yes  
Urgency: No  
ME

**SUBJECT**

Displaced workers: notice: retention and transfer

**DIGEST**

This bill establishes the Displaced Worker Retention and Transfer Rights Act.

**EXECUTIVE SUMMARY**

Nearly every morning staff orders a Venti Iced Brown Sugar Oat Milk Shaken Espresso drink from Starbucks. Sometimes staff orders the drink at the Starbucks on Sutterville Road, and sometimes staff orders the drink at the Starbucks on Freeport Boulevard. The workers at both locations make the same delicious shaken espresso drink. The workers are trained to make the same drinks, heat up the same breakfast sandwiches, and complete a host of other work tasks. If one of the Starbucks stores closes, is the worker at the closed store entitled to a job at the still open Starbucks store when a position becomes available? Under current law, the answer is no, unless the store has voluntarily enacted such a policy or is required to do so pursuant to a collective bargaining agreement. If the provisions of this bill take effect, and the other criteria in the bill are met, then the answer would be yes because the two locations are within 25 miles of each other and share a common brand.

This bill requires a chain employer, as defined, for a year after the closure of a covered establishment, to provide to all covered workers the opportunity to remain employed by the chain employer and to transfer to another location of the chain within 25 miles of the covered establishment, as positions become available. The bill also prohibits a chain employer from closing a covered establishment unless the chain employer gives a displacement notice to the covered workers and their exclusive representative, if any, 60 days before the closure takes effect, unless a specified exception applies.

This bill is sponsored by the California Labor Federation and is supported by numerous worker organizations. The bill is opposed by employer organizations, including the California Chamber of Commerce. The bill passed out of the Senate Labor, Public Employment and Retirement Committee with a 4 to 1 vote.

**PROPOSED CHANGES TO THE LAW**

Existing law:

- 1) Establishes the Displaced Worker Retention and Transfer Rights Act (Act).
- 2) Establishes within the Department of Industrial Relations (DIR) and under the direction of the Labor Commissioner, the Division of Labor Standards Enforcement (DLSE) tasked with administering and enforcing labor code provisions concerning wages, hours and working conditions. (Labor Code § 56.)
- 3) Under the Worker Adjustment and Retraining Notification (WARN) Act, prohibits an employer from ordering a mass layoff, relocation, or termination at a covered establishment, as defined, unless, 60 days before the order takes effect, the employer gives written notice of the order to the employees, the Employment Development Department, the local workforce investment board, and the chief elected official of each city and county government within which the termination, relocation, or mass layoff occurs. (Labor Code §§ 1400-1413.)
- 4) Requires certain hospitality and service industry employers to offer to rehire qualified former employees who were laid off due to the COVID-19 pandemic. Among other things, the “Right to Recall” provisions:
  - a. require employers to notify covered employees of specified enterprises of job openings for the same or similar positions as the ones they last held;
  - b. specify that covered workers include employees at hotel or private clubs with 50 or more guest rooms, airports, airport service providers and event centers;
  - c. provide that within five business days of establishing a position, an employer shall offer its laid-off employees in writing, either by hand or their last known physical address, and by email and text message (to the extent the employer possesses this information) all job positions that become available, with priority based on length of service, before new employees can be hired;
  - d. provide that qualified laid-off employees must respond to notices within five days;
  - e. prohibit employers from refusing to employ, terminate, reduce in compensation, or otherwise take any adverse action against any laid-off employee for seeking to enforce these rights;
  - f. direct the DLSE to enforce the provisions and authorize a laid off employee to file a complaint with DLSE for violations and entitles them to hiring and reinstatement rights, front and back pay, as specified, and the value of benefits the employee would have received under the employer’s benefit plan;
  - g. subject employers guilty of a violation to specified civil penalties and provides that employees are entitled to damages of \$500 per day of violation and that damages will be awarded for each day of the violation until it is cured; and

- h. provide that these recall rights are effective April 16, 2021 through December 31, 2024. (Labor Code § 2810.8.)
- 5) Under the Displaced Janitor Opportunity Act, regarding contracts to provide janitorial or building maintenance services, requires:
  - a. a terminated contractor to provide to the successor contractor, the name, date of hire, and job classification of each employee employed at the terminated site(s) covered;
  - b. a successor contractor or subcontractor to retain, for a 60-day transition employment period, employees of the terminated contractor and subcontractor, as specified;
  - c. the successor to make a written offer of employment to each employee, as specified; and
  - d. if at any time the successor determines that fewer employees are needed, the successor contractor or subcontractor shall retain employees by seniority. (Labor Code §§ 1060-1065.)
- 6) For grocery establishments, when a change in control (such as a sale or transfer) occurs, requires:
  - a. an incumbent grocery employer to provide the successor grocery employer the name, address, date of hire, and occupation classification of each eligible grocery worker;
  - b. the successor grocery employer to maintain a preferential hiring list of eligible workers and hire from that list for a period of 90 days, as specified;
  - c. during this 90-day transition period, eligible workers to be employed under the terms and conditions established by the successor and pursuant to any relevant CBA, if any;
  - d. if the successor employer determines that it requires fewer workers, the successor grocery employer shall retain eligible grocery workers by seniority, as specified; and
  - e. if the eligible worker's performance during the 90-day transition employment period is satisfactory, the successor employer to consider offering continued employment. (Labor Code §§ 2500-2522.)
- 7) Regarding public transit service contracts and contracts for the collection and transportation of solid waste, requires:
  - a. a bidder to declare as part of the bid whether or not they will retain employees of the prior contractor/subcontractor for a 90-day transition period if awarded the contract;
  - b. an awarding authority to give a 10-percent bid preference to any bidder who agrees to retain the employees of the prior contractor, per (a) above; and
  - c. if, at any time, the successor contractor/subcontractor determines that fewer employees are required, the successor contractor/subcontractor

must retain employees by seniority within the job classification, as specified. (Labor Code §§ 1070-1076.)

This bill:

- 1) Defines “Chain” as a business in this state that consists of 100 or more establishments nationally that share a common brand and are owned and operated by the same parent company.
- 2) Defines “Chain employer” as any person, including a corporate officer or executive, who directly or indirectly or through an agent or any other person, owns or operates a chain and employs or exercises control over the wages, hours, or working conditions of workers.
- 3) Defines “Covered establishment” as a chain establishment that is subject to closure resulting in layoffs of workers.
- 4) Defines “Covered worker” as any individual that meets all of the following: their primary place of employment is at a covered establishment subject to closure; they are employed directly by the employer; and they have worked for the employer for at least six months before the date of the closure.
- 5) Defines “Displacement notice” as the written notice a chain employer gives to workers in advance of the closing of a covered establishment.
- 6) Specifies that “Covered worker” does not include a managerial, supervisory, or confidential worker or a worker hired explicitly as a temporary or seasonal worker.
- 7) Provides that a chain employer shall not close a covered establishment unless the chain employer gives a displacement notice to the covered workers and their exclusive representative, if any, 60 days before the closure takes effect.
- 8) Requires the displacement notice to be given in one of the following forms to all covered workers in both English and the language understood by the majority of the workers: by first class mail; personal delivery with optional signed receipt; notice in workers’ pay envelopes; or by e-mail and text message.
- 9) Requires the notice to contain the following information: the name and address of the covered establishment that is subject to closure; the name, email, and telephone number of a company official to contact for more information; the expected date of closure of the covered establishment; the reason or justification for the closure of the covered establishment; other locations of the chain within 25 miles of the covered establishment; and notice of the requirements and their rights of transfer under this Act.

- 10) Provides that a chain employer, for one year after the closure of a covered establishment, shall provide to all covered workers the opportunity to remain employed by the chain employer and to transfer to a location of the chain within 25 miles of the covered establishment subject to closure as positions become available.
- 11) Requires the chain employer to maintain a preferential transfer list of covered workers, date of hire, and their position at the time of the closure and requires the chain employer to make offers of transfer to covered workers in order of greatest length of service based on the worker's date of hire at the chain.
- 12) Requires, within five business days of a position becoming available at an establishment of the chain that is within 25 miles of the covered establishment, a chain employer to offer covered workers all available positions for which the covered workers are qualified.
- 13) Provides that a covered worker is qualified for a position if the worker held the same or similar position at the covered establishment at the time of the closure.
- 14) Requires the chain employer to make the offer to covered workers in writing, either by hand or to their last known physical address, and by email and text message to the extent the chain employer possesses such information.
- 15) Provides that a covered worker who is offered a position pursuant to this Act shall be given at least five business days, from the date of receipt, in which to accept or decline the offer.
- 16) Defines "business day" as any day except Saturday, Sunday, or any official state holiday.
- 17) Allows a chain employer to make simultaneous, conditional offers of employment to covered workers with a final offer of employment conditioned on application of the preferential transfer list.
- 18) Requires a chain employer to retain the following records for at least three years, commencing on the date of the written notice regarding the closure, for each covered worker: the worker's full legal name; the worker's job classification at the time of separation from employment; the worker's date of hire; the worker's last known address of residence; the worker's last known e-mail address; the worker's last known telephone number; and a copy of the written notices regarding the layoff provided to the worker and all records of communications between the chain employer and the worker concerning offers of employment made to the worker pursuant to this Act.
- 19) Provides that a transfer is considered complete when the covered worker accepts the offer of employment.

- 20) Prohibits a chain employer from: refusing to employ; terminating; reducing in compensation; or otherwise taking any adverse action against any covered worker for seeking to enforce their rights to transfer.
- 21) Prohibits a chain employer from: refusing to employ; terminating; reducing in compensation; or otherwise taking any adverse action against any covered worker for participating in proceedings related to their rights under the Act.
- 22) Prohibits a chain employer from: refusing to employ; terminating; reducing in compensation; or otherwise taking any adverse action against any covered worker for opposing any practice proscribed by the Act.
- 23) Prohibits a chain employer from: refusing to employ; terminating; reducing in compensation; or otherwise taking any adverse action against any covered worker for otherwise asserting rights under the Act.
- 24) Provides that the DLSE has exclusive jurisdiction to enforce the Act, which may be enforced only as follows: (1) A covered worker may file a complaint with the DLSE for violations of this Act and may be awarded any or all of the following, as appropriate:
  - (a) Transfer and reinstatement rights pursuant to this Act.
  - (b) Front pay or back pay for each day during which the violation continues, which shall be calculated at a rate of compensation not less than the highest of any of the following rates:
    - (i) The average regular rate of pay received by the covered worker during the last three years of that worker's employment in the same occupation classification;
    - (ii) The most recent regular rate received by the covered worker while employed by the chain employer;
    - (iii) The regular rate received by a worker occupying the position in place of the covered worker that should have been employed.
  - (c) Value of the benefits the covered worker would have received under the chain employer's benefit plan.
- 25) Prohibits criminal penalties from being imposed for violation of this Act.
- 26) Provides that any chain employer, agent of the employer, or other person who violates or causes to be violated this Act shall be subject to a civil penalty of one hundred dollars (\$100) for each worker whose rights under these provisions are violated and an additional sum payable as liquidated damages in the amount of five hundred dollars (\$500), per worker, for each day the rights of a worker under this Act are violated and continuing until such time as the violation is cured, which shall be recovered by the Labor Commissioner, deposited into the Labor and Workforce Development Fund, and paid, upon appropriation by the Legislature, to the worker as compensatory damages.

- 27) Provides that the Labor Commissioner shall enforce this Act, including investigating an alleged violation and ordering appropriate temporary relief to mitigate the violation pending the completion of a full investigation or hearing, through the procedures set forth in Section 98.3, 98.7, 98.74, or 1197.1, including by issuance of a citation against an employer who violates this Act and by filing a civil action. If a citation is issued, the procedures for issuing, contesting, and enforcing judgments for citations and civil penalties issued by the Labor Commissioner shall be the same as those set out in Section 98.74 or 1197.1, as appropriate.
- 28) Provides that in an action brought by the Labor Commissioner for enforcement of this Act, the court may issue preliminary and permanent injunctive relief to vindicate the rights of workers.
- 29) Provides that in an administrative or civil action brought under this Act, the Labor Commissioner or court, as the case may be, shall award interest on all amounts due and unpaid at the rate of interest specified in subdivision (b) of Section 3289 of the Civil Code.
- 30) Provides that the remedies, penalties, and procedures provided under this Act are cumulative.
- 31) Provides that the Division of Labor Standards Enforcement may promulgate and enforce rules and regulations, and issue determinations and interpretations, consistent with and necessary for the implementation of the transfer rights portion of this Act.
- 32) Provides that the DLSE rules and regulations, determinations, and interpretations shall have the force of law and may be relied upon by employers, workers, and other persons to determine their rights and responsibilities under the transfer rights portion of the Act.
- 33) Provides that the transfer rights and notice rights above do not apply to an employee covered by a collective bargaining agreement, as specified.
- 34) Provides that this Act does not limit a worker's right to bring legal action for wrongful termination.
- 35) Provides that this Act does not preempt any city, county, or city and county ordinances that provide equal or greater protection to workers.
- 36) Contains a severability clause.

## COMMENTS

### 1. Impetus for the bill

The Senate Labor, Public Employment and Retirement Committee analysis lays out the impetus for the bill<sup>1</sup>:

What some news outlets are calling a “retail apocalypse” appears to be hitting California and the nation as businesses close establishments for a variety of reasons. An unofficial tally using announcements by major retailers in 2023 finds that at least 1,412 stores are set to close across the United States this year.<sup>2</sup> Reasons for the closures vary, from companies navigating bankruptcy proceedings to others adjusting to change due to consumers moving to more online shopping options. The list of retail closures includes several prominent companies like Walmart, Amazon, CVS, Bed Bath and Beyond and Macy’s. California appears to be one of the hardest states hit by closures.

In the restaurant industry, recent closures have sparked questions regarding the timing coinciding with worker organizing attempts. In Buffalo New York, for example, workers began to plan a union organizing drive in 2021 at several area Starbucks locations. Then the company fired workers and closed some locations prompting workers to file complaints with the National Labor Relations Board (NLRB, the federal body charged with safeguarding employees’ rights to organize) citing unfair labor practices. A recent NLRB decision on the case requires, among other remedies, that Starbucks “reinstate unlawfully fired workers and, if they are unable to return, instate qualified applicants of the union’s choice; reimburse workers for consequential harm they suffered as a result of Starbucks’s unlawful conduct; union access and equal time to respond; post a notice electronically, including on all forms of social media, and at all U.S. stores and with an explanation of workers’ rights; bargain with the union; *reopen an unlawfully closed facility*; conduct ongoing training.<sup>3</sup> Chipotle and other companies appear to be facing similar stories of unfair labor practices coinciding with store closures throughout the country.

According to an April 7, 2023 news release by the National Labor Relations Board, during the first six months of Fiscal Year 2023 (October 1–March 31), unfair labor practice (ULP) charges filed across the NLRB’s 48 field offices have increased 16% – from 8,275 to 9,592.<sup>4</sup>

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<sup>1</sup> California State Senate Labor, Public Employment and Retirement Committee Analysis of SB 627 (Smallwood-Cuevas, 2023) prepared for the April 12, 2023 hearing.

<sup>2</sup> Reuter, Dominick. “More than 1,400 stores are closing across the US in 2023.” *Business Insider*. March 24, 2023.

<sup>3</sup> National Labor Relations Board. (March 2, 2023) *NLRB Region-3 Buffalo Wins Administrative Law Judge Decision*. News & Publications.

<sup>4</sup> National Labor Relations Board. (April 7, 2023) *Unfair Labor Practices Charge Filings Up 16%, Union Petitions Remain Up in Fiscal Year 2023*. News & Publications.



An NBC News analysis found that, as of November 2022, “workers have filed 34 unfair labor charges under the legal category for complaints about retaliatory shutdowns, relocations and work subcontracting, according to an NBC News analysis of NLRB data. (The NLRB doesn’t isolate shutdown data specifically.) That number more than doubled from 2021, NBC found, and jumped about 80 percent from 2017-2019, the three years before the pandemic, when complaints ranged from 16 to 23 annually.”<sup>5</sup>

From the employer perspective, businesses argue that the closings are not directly related to union organizing efforts but reflect new financial constraints affecting the economy. As noted by NBC News, “Like many other aspects of labor law, closure violations can be hard to prove and enforce. Employers are forbidden from explicit retaliation for unionizing but are allowed to close stores if the legitimate economic consequences of unionization force it. And there aren’t significant financial penalties for companies even when they are found to have committed wrongdoing: Companies have to pay back wages for dismissed employees, minus any income those workers earned in the meantime. In rare cases, companies can be required to reopen a closed location.”<sup>6</sup>

The author writes:

Stable jobs are essential to working families and our communities. Unfortunately, these jobs can be taken away with little or no notice because a store chain is suddenly shut down without any apparent reason. For many large chains, it is easier to close their doors and displace their workers than address concerns such as creating a safer workplace or raising wages for their workers. Store closures have a devastating effect on workers, leaving them without a means to earn a living, and our communities pay the heaviest price, as these stores disproportionately close in low-income, communities of color. SB 627, The Displaced Worker Transfer Rights Act would require employers [with 100 stores or more] to give 60-days advance notice to workers of the store that is closing, and giving these workers transfer rights to any job that becomes available at a chain store within 25 miles of the closed location. SB 627 will help ensure workers’ lives aren’t completely upended when they lose their job due to store closures.

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<sup>5</sup> Rosenberg, Eli M. “As major companies shut down stores with active union drives, workers file more complaints of retaliation.” *NBC News*. November 4, 2022.

<sup>6</sup> Rosenberg, Eli M. “As major companies shut down stores with active union drives, workers file more complaints of retaliation.” *NBC News*. November 4, 2022.

2. Obligation to give workers 60 day notice of the closure of a covered establishment is similar to obligations already in statute

The California Worker Adjustment and Retraining Notification (“CalWARN”) Act<sup>7</sup>, prohibits specified employers from ordering a mass layoff, relocation, or termination at a covered establishment<sup>8</sup> unless, 60 days before the order takes effect, the employer gives written notice of the order to the employees of the covered establishment affected by the order and to others. An employer is not required to provide notice if a mass layoff, relocation, or termination is necessitated by a physical calamity or act of war. Additionally an employer is not required to comply with the notice requirement if the employer was actively seeking capital or business, at the time the notice would have been required.

The Cal-WARN Act protects and supports workers during company closures and layoffs. Advance notice provides workers time to prepare for unemployment, look for a job, seek training, and prepare financially. The notice also prepares communities and local and state government for the loss of jobs and economic activity in the area. This bill would prohibit chain employers from closing covered establishments unless the chain employer gives a displacement notice, as specified, to the covered workers and their exclusive representative, if any, 60 days before the closure takes effect.

The author has agreed to amend the bill to ensure that the notice provisions in the bill contain exceptions that exist under the California WARN Act.

Amendment 1<sup>9</sup>

Add the following to section 2551:

(c) A chain employer is not required to comply with the displacement notice requirement in Section 2551 (a) if the closure is necessitated by a physical calamity or act of war or the chain employer was actively seeking capital or business to avert the closure if the following conditions apply:

- (1) The capital or business sought, if obtained, would have enabled the chain employer to avoid or postpone the closure.
- (2) The chain employer reasonably and in good faith believed that giving the notice required by Section 2551(a) would have precluded the chain employer from obtaining the needed capital or business.

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<sup>7</sup> Labor Code §§ 1400-1408

<sup>8</sup> Under CalWARN, a “covered establishment” is defined as any industrial or commercial facility or part thereof that employs, or has employed within the preceding 12 months, 75 or more persons.

<sup>9</sup> The amendments in this analysis are subject to any nonsubstantive changes the Office of Legislative Counsel may make.

3. Gives covered workers the right to transfer to other locations of the chain within 25 miles when positions become available; offers are made using a seniority system

Grocery, hospitality, janitorial, public transit, and sanitation workers are covered by a patchwork of state and local laws and local ordinances that require employers to retain workers during a change of ownership or merger or to recall workers pursuant to their length of service after temporary layoffs. (See Existing Law, (4) through (7), above.) Additionally there are local governments in California that have enacted worker recall and rehire ordinances. These include the cities of Los Angeles, Long Beach, Oakland, Pasadena, Santa Clara, Santa Monica, and others. The counties of Los Angeles, Monterey, and the City and County of San Francisco have also enacted worker recall and rehire ordinances.

This bill requires a chain employer, as defined, for a year after the closure of a covered establishment, to provide to all covered workers the opportunity to remain employed by the chain employer and to transfer to another location of the chain within 25 miles of the covered establishment, as positions become available. The opposition coalition, comprised of the California Chamber of Commerce and numerous business and employer organizations, expressed concerns regarding franchisees being required to comply with the bill. Their concerns focus on independent franchisees who “would have no way of knowing if another independent franchisee under the same brand is planning to close their store.” Opposition notes that it “would not make sense that they were then required to hire the former employees of a wholly separate business.” They further point out that “because they are separate businesses, it would be difficult to determine whether someone is ‘qualified’ for a position.” The author has agreed to amend the bill to clarify that franchisees are not included in the definition of chain employer unless the franchisee owns and operates 100 or more establishments nationally under an agreement with one franchisor. The author has also agreed to amend the bill to clarify that nothing in the bill requires a chain employer to alter or terminate the employment of any worker or displace any worker at a location of the chain within 25 miles of the covered establishment.

Amendment 2

Revise section 2550 (b) as follows:

(b) “Chain employer” means any person, including a corporate officer or executive, who directly or indirectly or through an agent or any other person, owns or operates a chain and employs or exercises control over the wages, hours, or working conditions of workers. A chain employer does not include a franchisee that owns and operates fewer than 100 establishments but does include a franchisee that owns and operates 100 or more establishments nationally under an agreement with one franchisor.

Amendment 3:

Amend section 2552 as follows:

(a)(1) A chain employer, for one year after the closure of a covered establishment, shall provide to all covered workers the opportunity ~~to remain employed by the employer and~~ to transfer to a location of the chain within 25 miles of the covered establishment subject to closure as positions become available. Nothing in this section requires chain employer to alter or terminate the employment of any worker or displace any worker at a location of the chain within 25 miles of the covered establishment to comply.

(2) [ . . . ]

(7) A transfer shall be considered complete when the covered worker accepts the offer of employment.

(8) A chain employer that is a franchisee that owns or operates 100 or more establishments nationally shall only be required to make an offer of transfer to a covered worker to a location within 25 miles of the covered location that the franchisee owns and operates under an agreement with one franchisor.

The opposition coalition highlights several other reasons for their opposition, including: the bill removes business's flexibility and autonomy over hiring without justification and is impossible for franchisees to comply with; the bill forces employers to hire based on seniority, not skill; the 25 mile radius is arbitrary; the bill violates the contracts clause; the definition of "chain" includes a multitude of business and industries and creates a permanent statutory scheme that eliminates at-will employment; and the bill would essentially eliminate the use of severance agreements as no employer subject to retention rights would have a reason to offer a severance agreement.

**SUPPORT**

California Labor Federation (sponsor)

Teamsters

Alameda Labor Council

American Federation of State, County and Municipal Employees, AFL-CIO

California Conference Board of The Amalgamated Transit Union

California Conference of Machinists

California Federation of Teachers, AFL-CIO

California IATSE Council

California Nurses Association

California Rural Legal Assistance Foundation, INC.

California State Council of Service Employees International Union (SEIU California)

California State Legislative Board, Sheet Metal, Air, Rail and Transportation Workers -

Transportation Division (SMART-TD)

California Teamsters Public Affairs Council

Center on Policy Initiatives  
Central Coast Labor Council  
Contra Costa Central Labor Council  
Engineers and Scientists of California, IFPTE Local 20, AFL-CIO  
International Union of Elevator Constructors, Local 8  
Los Angeles Alliance for A New Economy (LAANE)  
Los Angeles County Federation of Labor  
North Bay Labor Council  
Pillars of The Community  
Sacramento Central Labor Council, AFL-CIO  
Sheet Metal, Air, Rail and Transportation Workers – Transportation Division  
San Diego Black Workers Center  
Techequity Collaborative  
Unemployed Workers United  
UNITE HERE, AFL-CIO  
United Food and Commercial Workers, Western States Council  
Utility Workers Union of America  
Warehouse Worker Resource Center  
Workers United. Western States Regional Joint Board  
Individual Support Letters: 1

### OPPOSITION

California Chamber of Commerce  
Acclamation Insurance Management Services  
Alhambra Chamber of Commerce  
Allied Managed Care  
Association of California Healthcare Districts (ACHD)  
Brea Chamber of Commerce  
California Association of Sheet Metal & Air Conditioning Contractors National Association  
California Association of Winegrape Growers  
California Attractions and Parks Association  
California Business Properties Association  
California Business Roundtable  
California Chamber of Commerce  
California Employment Law Council  
California Grocers Association  
California Hotel & Lodging Association  
California Lodging Industry Association  
California Manufactures & Technology Association  
California Restaurant Association  
California Retailers Association  
California State Council of The Society for Human Resource Management (CALSHRM)  
Carlsbad Chamber of Commerce

Coalition for Small and Disabled Veteran Businesses  
Coalition of California Chambers - Orange County  
Construction Employers' Association  
Corona Chamber of Commerce  
Family Business Association of California  
Flasher Barricade Association  
Fontana Chamber of Commerce  
Fresno Chamber of Commerce  
Gilroy Chamber of Commerce  
Glendora Chamber of Commerce  
Greater High Desert Chamber of Commerce  
Greater San Fernando Valley Chamber of Commerce  
Hollywood Chamber of Commerce  
Independent Lodging Industry Association.  
LA Cañada Flintridge Chamber of Commerce  
National Federation of Independent Business  
Oceanside Chamber of Commerce  
Official Police Garage Association of Los Angeles  
Orange County Business Council  
Palos Verdes Peninsula Chamber of Commerce  
Paso Robles Chamber of Commerce  
Roseville Area Chamber of Commerce  
San Juan Capistrano Chamber of Commerce  
Santa Clarita Valley Chamber of Commerce  
Santee Chamber of Commerce  
Simi Valley Chamber of Commerce  
South County Chambers of Commerce  
Templeton Chamber of Commerce  
Torrance Area Chamber of Commerce  
Tulare Chamber of Commerce  
Vacaville Chamber of Commerce  
Vista Chamber of Commerce  
Yorba Linda Chamber of Commerce

### **RELATED LEGISLATION**

#### **Pending Legislation:**

SB 723 (Durazo, 2023) removes the sunset date, thereby making them permanent, and reference to COVID-related reasons for layoffs from the existing hospitality, airports, airport service providers and event center rehiring rights adopted per SB 93 in 2021. SB 723 is pending in the Senate Labor, Employment, and Public Retirement Committee.

SB 725 (Smallwood-Cuevas, 2023) requires, among other things, a successor grocery employer to provide an eligible grocery employee severance pay equal to one week of

pay for each full year of employment with the incumbent employer if the successor grocery employer does not hire an eligible grocery worker following a change in control or does not retain an eligible grocery worker for at least 90 days, as specified. SB 725 is pending on the Senate Floor.

AB 1356 (Haney, 2023) makes changes to the California WARN Act provisions to increase the notice requirement from 60 to 90 days prior to a mass layoff and would revise the definition of “covered establishment.” AB 1356 is scheduled to be heard in the Assembly Judiciary Committee on the same day as SB 627.

Prior Legislation:

SB 93 (Committee on Budget and Fiscal Review, Ch. 16, Stats. 2021) made various statutory changes to implement rehiring rights for hospitality, airports, airport service providers and event center rehiring rights for workers who were laid off for reasons related to the COVID-19 pandemic with a December 31, 2024 sunset date.

SB 3216 (Kalra, 2020) would have required employers that operate a hotel, private club, event center, airport hospitality operation, airport service provider, janitorial service, building maintenance or security service to recall employees previously laid-off, as specified. The bill also would have required these successor employers to maintain a preferential hiring list of eligible employees identified by the incumbent employer and hire from that list for a period of six months after the change of control and to retain those employees for a 90-day transition employment period, and offer continued employment, as specified.

AB 1669 (Hernández, Ch. 874, Stats. 2016), extended an existing bid preference for public transit contractors who agree to retain employees to also include contracts for the collection and transportation of solid waste, as specified.

AB 359 (Gonzalez, Ch. 212, Stats. 2015) established the 90-day worker retention requirements upon a change in control of a grocery establishment.

AB 2957 (Koretz, Ch. 780, Stats. 2002) created the WARN Act which requires specified employers to give workers 60 day notice of a mass layoff, relocation, or termination to employees, the Employment Development Department, the local workforce investment board, and the chief elected official of each affected local government.

**PRIOR VOTES:**

Senate Labor, Public Employment and Retirement Committee (Ayes 4, Noes 1)

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