

BILL ANALYSIS

C.S.H.B. 701
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Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Concerns have been raised with regard to the business practices of call centers in Texas and the impact inadequately staffed centers may have on Texas consumers. To better provide for the highest standards of customer service, C.S.H.B. 701 seeks to require a call center or a business that operates a call center to notify the Texas Department of Insurance if the call center or business plans to terminate customer service positions in Texas that handle a certain volume of calls and relocate those positions to call centers outside the United States.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 701 amends the Business & Commerce Code to require an applicable business that is a call center or that operates a call center to notify the Texas Department of Insurance (TDI) if the business plans to terminate customer service employee positions in Texas that handle at least 50 percent of total customer service call volume for the business, as measured against the previous 12 months' average customer service call volume of the business, and relocate the duties of those positions to persons in one or more call centers located outside of the United States. The bill requires the business to notify TDI of its intent to terminate and relocate the positions at least 60 days before the termination or relocation of the positions and requires a business receiving a public subsidy at the time of notification to additionally notify TDI that the business is receiving a public subsidy when providing the notification. The bill makes a business that violates these requirements liable to the state for a maximum \$10,000 civil penalty for each day that the business is in violation and authorizes the attorney general to bring suit to recover the civil penalty. The bill's provisions apply to such a business only if the business has at least 50 customer service employees located in Texas, excluding customer service employees who work less than 20 hours per week, or has at least 50 customer service employees located in Texas who, in the aggregate, work a total of at least 1,500 hours per week.

C.S.H.B. 701 requires TDI to maintain a list of businesses that, while receiving a public subsidy, have terminated and relocated customer service employee positions in such a manner and prohibits a business that is added to that list from being removed from the list before the fifth anniversary of the date the business was added to the list. The bill requires TDI to make the list available to the public and to semiannually distribute the list to all state agencies and the Better Business Bureau. The bill requires TDI to remove a business from the list if the business

relocates in Texas as many customer service employee positions as the business terminated and relocated causing the business to be added to the list.

C.S.H.B. 701 requires TDI to:

- maintain another list of businesses that, while receiving a public subsidy, have not terminated or relocated customer service employee positions in such a manner;
- make that list available to the public and to semiannually distribute the list to all state agencies and the Better Business Bureau; and
- remove a business from that list if the business, while receiving a public subsidy, terminates or relocates customer service employee positions in such a manner.

The bill authorizes a business to request to be added to that list and requires TDI to do so if, while receiving a public subsidy, the business has not terminated or relocated customer service employee positions.

C.S.H.B. 701 requires a public agency, in awarding a contract for services, to give preference to a vendor, bidder, contractor, or subcontractor that does not appear on the list of businesses that relocate customer service employee positions. The bill prohibits a public agency from awarding or providing a public subsidy to a business that appears on that list but authorizes a public agency, after consulting with TDI, to award a public subsidy if the business applying for the subsidy shows that the refusal to grant the subsidy would result in substantial job loss in Texas or harm the environment. The bill requires a business that has received a public subsidy and is placed on the list after the business was awarded the subsidy to repay the full amount of the subsidy.

C.S.H.B. 701 requires all call center services performed on behalf of a state agency to be performed in Texas. This requirement does not apply to parent locator services performed on behalf of the attorney general's office.

EFFECTIVE DATE

January 1, 2020.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 701 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes provisions relating to:

- an additional notification requirement for businesses that intend to terminate and relocate customer service positions while receiving a public subsidy;
- the creation and maintenance of a list of businesses that maintain customer service employee positions; and
- an exemption for parent locator services performed on behalf of the attorney general's office from a requirement that all call center services performed on behalf of a state agency be performed in Texas.

The substitute does not include provisions relating to duties of customer service employees.

The substitute changes provisions relating to:

- the deadline by which the business is required to notify TDI of its intent to terminate and relocate customer service employee positions;

- the businesses that relocate customer service employee positions for which TDI is required to maintain a list; and
- the bill's effective date.