



August 30, 2021

To: All Senators

Fr: Steve McCarthy  
California Retailers Association

Re: AB 701 as amended 8/26/21 – OPPOSE

The above listed organizations remain opposed to Assembly 701 (Gonzalez) related to warehouse distribution centers, as amended on August 26<sup>th</sup>.

California is home to thousands of warehouse distribution centers, many of which are located in regions where good jobs can be difficult to come by. Distribution centers provide quality jobs to hundreds of thousands of working-class Californians. Today, this sector is booming: according to U.S. Department of Labor data, wages in the transportation and warehousing sector have risen more than 17% in the past year.

AB 701 is both burdensome and needlessly overbroad. The specific complaints made by sponsors are already enforceable under existing occupational regulatory standards. This bill instead creates substantial new Private Attorneys General Act (PAGA) liability across the industry. Each new section of the Labor Code will create a separate cause of action, giving plaintiffs' attorneys more grounds to leverage large settlements from warehouse employers. The 8/26 amendments further expand PAGA liability by establishing potentially open-ended employee access to bathroom facilities which will make employers' ability to enforce production standards even more complex.

This bill also establishes anti-retaliation provisions that will make it more costly and difficult to take job actions against underperforming employees. In addition, the bill's new regulatory enforcement section amended would allow the employer-funded Labor Commissioner's Office to charge attorneys' fees and costs – essentially requiring businesses to pay twice for Labor Commissioner enforcement.

Our supply chains are still struggling from the effects of the COVID pandemic. Manufacturers, farmers, truckers, retailers, grocers, and consumers alike continue to deal with supply-chain bottlenecks, goods shortages and price increases. AB 701 will raise costs on warehousing which will be passed down to consumers and create further challenges in putting goods on store shelves. The uncertainty and costs created by AB 701 likely will result in the loss of quality warehouse distribution center jobs that might have located here to other states and have a chilling effect on production at distribution centers that will ripple through the rest of the supply chain. Now is not the time for AB 701.

Thank you for your consideration. If you have any questions, please feel free to contact Steve McCarthy at (916) 443-1975 or [steve@calretailers.com](mailto:steve@calretailers.com).

Sincerely,



Steve McCarthy  
Vice President, Public Policy  
California Retailers Association

On behalf of:

Auto Care Association  
California Business Properties Association  
California Chamber of Commerce  
California Family Beer Distributors  
California Farm Bureau  
California Framing Contractors Association  
California Grocers Association  
California Hispanic Chambers of Commerce  
California League of Food Producers  
California Manufacturers & Technology Association

California Retailers Association  
California Trucking Association  
CAWA – Representing the Automotive Parts Industry  
Civil Justice Association of California  
Family Business Association of California  
Greater Riverside Chamber of Commerce  
Hollywood Chamber of Commerce  
International Council of Shopping Centers  
International Warehouse Logistics Association  
Lodi Chamber of Commerce  
Long Beach Area Chamber of Commerce  
Los Angeles Area Chamber of Commerce  
Moreno Valley Chamber of Commerce  
NAIOP of California  
Orange County Business Council  
Western Growers Association