

September 20, 2021

The Honorable Gavin Newsom  
Governor, State of California  
State Capitol  
Sacramento, CA 95814

**RE: AB 701 (Gonzalez) Warehouse distribution centers – REQUEST FOR VETO**

Dear Governor Newsom,

Orange County Business Council (OCBC), the leading voice of business in Orange County, **respectfully opposes AB 701 (Gonzalez), a bill that incentivizes frivolous litigation against warehouse operators by creating a new private right of action.**

Worker safety is of utmost priority for the many different warehouse operators in Orange County, and existing California law is equipped to address any warehouse operators implementing quotas in violation of California health and safety laws. The bill attempts to give Cal/OSHA authority to define production quotas for warehouse employers and other parts of the logistics industry.

AB 701 is also automatically covered by PAGA, allowing an employee to file a representative action for any alleged violation. PAGA is [rife with abuse](#)—there was a sixfold increase in yearly PAGA Fund revenue from Fiscal Year (FY) 2013-14 through FY 2017-18. PAGA recoveries largely consist of plaintiffs' attorney's fees, under-rewarding plaintiffs as a result.

The bill would also inhibit warehouse employers' abilities to utilize performance metrics. The warehouse industry is not unique in requiring employees to meet performance standards, but would be uniquely discouraged from using metrics through vague Labor Code standards. Dropping production metrics altogether would cause significant consequences across California's supply chain, increasing the cost of goods in an already expensive state.

This bill would negatively impact the multiple companies operating warehouses in Orange County that are key contributors to the supply chain and would detract from the region's global economic competitiveness. State law already requires employers to provide a safe workplace and enables employees to report violations while receiving protections from retaliation; therefore, AB 701 is wholly unnecessary.

**For these reasons, OCBC urges you to VETO AB 701.**

Sincerely,



Jennifer Ward  
Senior Vice President of Advocacy and Government Affairs