



April 7, 2024

TO: The Honorable Ash Kalra, Chair, Assembly Judiciary Committee
The Honorable Diane Dixon, Vice Chair and all members, Assembly Judiciary Committee

FR: California Business Properties Association Building Owners & Managers Assn of California
Institute of Real Estate Management NAIOP California

RE: 2374 (Haney) - Costly Custodian Mandates – OPPOSE

Dear Assemblymember Kalra,

On behalf of the organizations listed above, we are writing to express our strong opposition to AB 2374 (Haney). While we recognize the intention behind AB 2374 is to offer greater protection to janitorial workers, we believe the proposed measure will inadvertently burden businesses and exacerbate operational challenges without a proportionate benefit to the intended beneficiaries.

Expanded Definition of "Contractor": By broadening the definition to include any person employing janitorial staff under a service contract, without the current threshold of 25 employees, AB 2374 imposes unwarranted burdens on smaller entities. This sweeping inclusion risks overwhelming smaller businesses with regulatory requirements meant for much larger organizations.

Extended Retention Period: The requirement for companies to retain employees for 90 days, up from the current 60, coupled with the obligation to offer continued employment based on satisfactory performance, restricts operational flexibility. This mandate fails to consider the dynamic needs of businesses, especially in scenarios where efficiencies and adjustments are necessary.

Preferential Hiring List: Mandating a preferential hiring list based on seniority restricts a new employer's ability to manage its workforce according to business needs and operational realities. While aiming to protect employee rights, this requirement could inadvertently stifle operational efficiency and innovation.

Increased Operating Costs: The combined effect of these provisions is a significant increase in operating costs for businesses engaged in janitorial services. These costs will inevitably be passed onto property owners and, subsequently, tenants, creating a ripple effect that could harm the broader economy. The requirement to retain extra employees, even when fewer could suffice, exemplifies how the bill may lead to inefficiencies and increased financial strain.

For these reasons, we respectfully **OPPOSE AB 2374 (Haney)**. For additional information regarding our position, please contact Skyler Wonnacott, California Business Properties Association, 916-960-3951 or swonnacott@cbpa.com

CC: Assemblymember Matt Haney
Members – Assembly Judiciary Committee

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