



SB 1157 (HURTADO) - HUMAN TRAFFICKING PREVENTION & ANTI-MONEY LAUNDERING ACT

GOALS

In 2007 the state of California adopted a strong framework to prevent human trafficking in its state procurement policies. Since that time, a lot of learning has taken place in the United States around preventing trafficking in supply chains. In 2016, the federal government adopted more detailed measures to prevent human trafficking, force labor and commercial sex in its own procurement policies. It is time for California to adopt similar measures. The goal of this legislation will be to update existing statutory authority in California consistent with measures already required federally. As the 5th largest economy in the world, California can impact trafficking globally as well as in our own backyard by adopting these more detailed prevention measures in California's procurement.

HOW CAN PROCUREMENT REGULATIONS PREVENT HUMAN TRAFFICKING

- Creates clear definitions of what constitutes human trafficking and/or forced labor, recruitment fees (often used to entrap workers in forced labor), and who qualifies as a subcontractor.
- Provides further guidance on prohibited actions that involve fraud and misrepresentation for government solicitations and contracts including failing to provide key terms of employment in a worker's native language, charging recruitment fees, and failing to provide return transportation for workers.
- Requires a California government contractor to certify a compliance plan for itself and all its subcontractors.
- Details actions companies must take if they identify potential human trafficking, forced labor or child labor issues in their supply chains.

NEED FOR ACTION

Forced labor is found in virtually all industries and for many decades has plagued supply chains and tainted the products they help create. According to the Bureau of International Labor Affairs (ILAB) and the U.S. Department of Labor, at least 155 categories of goods from 78 countries sold in the United States are produced with forced labor in violation of international standards.

The California government with its almost 300 billion budget is one of the only economies situated to affect the working conditions of those globally and across the United States by updating its current government procurement policies to ensure goods purchased by our state are not made through forced labor, human trafficking or child labor.

Public procurement represents an average of 13 to 20 percent of global GDP.¹ Workers in the U.S. and globally should not have to compete with unscrupulous and fraudulent supply chain producers who in utilizing exploited labor undercut the well-being of working families. California has the possibility of catalyzing the action of companies around the globe to better monitor their own supply chains and the subcontractors within them. Enacting a more robust California government procurement policy would not only have a substantial impact in terms of specific purchases, but would also assist efforts to convince companies seeking to contract with the state to change their practices.

Based on over 10 years of learning on how to better prevent trafficking before it starts in supply chain, this proposal provides specific and detailed guidance to California contractors on concrete actions they must take to ensure goods made for California are produced ethically. This proposed legislation will help businesses as it takes advantage of existing federal standards created almost 10 years ago. This proposal is therefore beneficial for the business community as it creates a similar regulatory scheme. Companies who already receive federal and California contracts will have to do little to comply with California's new procurement measures. Conversely, compliance with California's law for companies who do not currently have federal contracts would increase their access to, and eligibility for, federal contracts, that in turn would create positive incentives for business compliance.

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¹ World Bank. Global Public Procurement Database: Share, Compare, Improve! (March 23, 2020)