

ALERT

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CalChamber Urges Support for Flexible Work Schedules



Assemblyman
John J. Benoit

The California Chamber of Commerce is **sponsoring** legislation that allows employees and employers flexibility in work schedules to help accommodate the diverse family obligations, commuting issues and other personal

obligations that employees face. Many local chambers of commerce are co-

sponsoring the bill, **AB 2127 (Benoit; R-Riverside)**.

AB 2127 will allow a small employer (25 or fewer employees) to agree to an employee's request to work an alternative work schedule and applies specifically to small businesses that are not covered by a collective bargaining agreement.

This Small Business Family Scheduling Option would add a much-needed boost for employers that are struggling to find qualified employees in a shrinking pool of candidates.

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Bill Leading to Gas Price Increases Fails in Assembly

Legislation that would have increased prices at the gas pump for consumers and businesses failed to pass the Assembly this week.

The California Chamber of Commerce **opposed ABX3 9 (Núñez; D-Los Angeles)**, which contained a billion-plus-dollar-tax increase that ultimately would have reduced funding for education, although supporters of the legislation's two major new taxes on the oil industry said their goal was to fund education.

Earlier in the day, the bill passed the Assembly Revenue and Taxation Committee, 6-3, with committee members voting as they did in the full Assembly vote.

Harms Consumers, Economy

In opposing ABX3 9, CalChamber policy advocate Kyla Christoffersen pointed out that the bill would have hurt consumers and the economy.

Reducing the money in consumers' pocketbooks through higher gas prices will make it tougher for some consumers to make ends meet and will discourage consumer spending, which will in turn further damage California's already-suffering economy. This will ultimately result in fewer tax revenues to fund education.

Merely stating in the bill that the new taxes created by ABX3 9 cannot be passed on to consumers overlooks the economic

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CalChamber Tax Roundtable Features Discussion with State Controller, Deputy



State Controller John Chiang (right) exchanges comments with California Chamber of Commerce members on tax and budget issues of concern to the business community at a March 6 tax roundtable luncheon hosted by the CalChamber. At left is Deputy State Controller Marcy Jo Mandel.

Inside

Economic Advisory
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Labor Law Corner

Overtime Exemption for Truck Drivers Depends on Size, Use of Vehicle



Barbara Wilber
Labor Law Consultant

We have a truck driver who only drives intrastate and is not subject to U.S. Department of Transportation logbook rules. Is this driver exempt from overtime?

A truck driver may be working only within California, intrastate and still be exempt from overtime. Determining that

a driver is or is not exempt from California overtime regulations does not depend on “intrastate” v. “interstate” operation, but requires more specific inquiries regarding the size of the vehicle, and the use of the vehicle.

Most of the Industrial Welfare Commission (IWC) orders provide an overtime exemption for drivers whose hours of service are regulated by the U.S. Department of Transportation (DOT) and the California Highway Patrol (CHP).

Criteria

The DOT regulates vehicles with a gross vehicle weight of 10,000 pounds or more that are engaged in *interstate* commerce as defined. This includes most long haul trucks.

The CHP regulates the following vehicles regardless of whether the vehicle is engaged in interstate or intrastate operation:

- motor trucks with more than two axles, truck tractors and trailers;
- two-axle motor trucks when towing a trailer with combined length of 40 feet;
- buses, school buses and farm labor vehicles;
- two-axle trucks of 26,000 pounds or less transporting hazardous material; and
- two-axle trucks with a gross vehicle weight of 26,001 pounds.

Determining Overtime

First determine whether the truck is regulated by the DOT. If so, the overtime exemption applies.

- Is the gross vehicle weight of the truck between 10,000 and 26,000 pounds? This weight appears on an identification plate provided by the manufacturer and on the Department of Motor Vehicles registration. If the truck weighs more than 26,000 pounds, it also is regulated by CHP regulations.
- Is the truck engaged in interstate commerce? Does the truck cross state lines or have the transported goods crossed state lines?

If the truck is not subject to DOT regulations, determine whether the CHP regulates the hours of service pursuant to the criteria above. If so, the overtime exemption applies.

The exemption applies only to drivers

whose duty is to regularly drive the vehicle. Relief or assistant drivers would be exempt as long as they drive the vehicle during the workday.

The exemption would not apply, and overtime may be owed, if the employee does not perform driving duties during the day. If the driver performs non-driving and driving duties in the same work day, only the non-driving duties are used to calculate any possible overtime due.

The Labor Law Helpline is a service to California Chamber of Commerce preferred and executive members. For expert explanations of labor laws and Cal/OSHA regulations, not legal counsel for specific situations, call (800) 348-2262 or submit your question at www.hrcalifornia.com.

Seminars/Trade Shows

For more information on the seminars listed below, visit www.calchamber.com/events.

Business Resources

The Green California Summit. Green Technology. April 7-9, Sacramento. (323) 936-7125.

International Trade

International Benefits and Compensation Seminars. National Foreign Trade Council. April 1 - Santa Clara; April 2 - Costa Mesa.

Asia Pacific Business Outlook Conference. University of Southern California. April 7-8, Los Angeles.

Global California — Online with the World. Monterey Bay International Trade Association (MBITA). April 25, Sacramento. (831) 335-4780.

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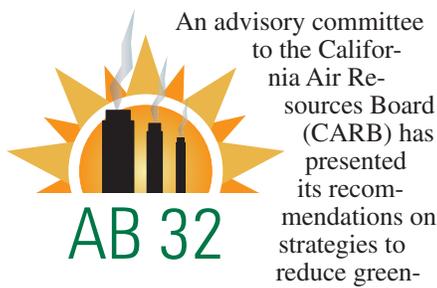
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Next Alert:
March 28, 2008

Advisory Committee Recommends Ways to Reduce Greenhouse Gas Emissions



house gases.

The Economic and Technology Advancement Advisory Committee (ETAAC) presented its final report to CARB on February 28.

The committee was formed after the passage of AB 32, the Global Warming Solutions Act of 2006, to advise the board on activities that would increase investment in clean technologies, spur research and development in the state, and develop state, national and interna-

tional partnerships to reduce greenhouse gas emissions.

The committee included members from academic and non-profit communities, government and the business community. California Chamber of Commerce policy advocate Amisha Patel was also a member of the committee.

The final report includes 55 recommendations for greenhouse gas reduction strategies in the areas of finance; transportation; industrial commercial and residential end users; electricity and natural gas; agriculture; forestry; and water policy.

First Step

The CalChamber believes this document is the first step to ensuring California's leadership in attracting green businesses to the state. The CalChamber is supportive of a number of the proposals presented in the report, but thinks it is im-

portant to also study the associated costs for implementation.

The ETAAC report will prove to be a useful tool for CARB as it develops the scoping plan for implementing AB 32. In order to achieve the ambitious greenhouse gas reduction goals, the board will need to look at ways to encourage the development of innovative solutions and technologies.

Need for Sound Solutions

Since the passage of AB 32, the CalChamber has been urging CARB to look at sound solutions in reducing the state's greenhouse gas emissions. Such solutions include market-based approaches, technology development, and providing businesses with incentives to manufacture and develop their pilot projects in California.

Staff Contact: Amisha Patel

Governor's Environmental Awards Program Seeks Applicants

Applications for the Governor's Environmental and Economic Leadership Awards (GEELA) are now available.

The awards recognize individuals, organizations and businesses that have demonstrated exceptional leadership and that have made notable, voluntary contributions in conserving California's resources, as well as efforts to help

protect and enhance the environment. Attempts to strengthen the economy and build public-private partnerships are also criteria for the recognition.

Since 1993, the Governor of California has recognized numerous individuals, organizations, businesses, trade associations and communities with the state's highest environmental honor.

This year marks the initiation of the new award category, "Enhanced Environmental and Economic Leadership."

The 2008 GEELA application is available online at the website of the California Environmental Protection Agency, www.calepa.ca.gov. The application deadline is May 20.

California Business Legislative Summit

May 20-21, 2008

Register before April 18 and save!

www.calchamber.com/legsummit08

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Stagnant Labor Force

According to the U.S. Department of Labor, the labor force is growing at a very modest rate, and the number of available workers between the ages of 25 and 44 may inevitably get smaller.

"The need for qualified employees should encourage employers to rethink recruitment and retention strategies for employees," said CalChamber Policy Advocate Marti Fisher.

The ability to provide flexible work schedules to employees may aid in attracting and retaining employees, improving productivity and reducing absenteeism because employees can take care of personal business on personal time, Fisher said.

In addition to giving employers increased recruitment tactics, a recent study conducted by Patrick R. Casey and Joseph G. Grzywacz of the Wake Forest University School of Medicine found evidence that workplace flexibility could lead to a much healthier workforce.

Results from the data obtained in the study showed that increased flexibility was associated with decreased sickness absence, work-related impairment and improved job commitment over a one-year period.

"This study strengthens the evidence base for the beneficial health effects of workplace flexibility and suggests that organizations benefit from building a culture of flexibility in the organization," the authors wrote in the abstract of the study.

Union Members Unaffected

Union employees and employers are covered by a collective bargaining agreement. Current language in California Labor Code Section 514 would allow the provisions of AB 2127 to be available only to small businesses with fewer than

25 employees that are not covered by a collective bargaining agreement.

If a small employer enters into a collective bargaining agreement subsequent to entering into an alternative workweek agreement, Section 514 mandates the collective bargaining agreement would apply instead.

Employee Protections

The bill contains important employee protections:

- The request for the small business family scheduling option must be made by the employee in writing, and it must be made voluntarily.
- The employer is required to maintain a copy of the written agreement, as it would a personnel record, for three years beyond termination of the agreement.
- The agreement must be executed in writing.
- Either the employee or the employer can revoke the agreement at any time, provided they give seven days written notice.
- Any hours worked beyond the compressed workweek hours must be paid at normal overtime rates.
- The employer is prohibited from reducing the employee's regular rate as a result of the employee adopting an alternative workweek schedule.

Other Benefits

If AB 2127 becomes law, it offers the following benefits for employees:

- provides up to 50 extra non-work days each year;
- reduces traffic and frequency of long commutes at peak hours;
- reduces carbon emissions with fewer trips to the workplace; and
- supports a flexible work life, which

studies have shown is good for individuals' health.

Current Law

Under current Labor Code Section 511, and following the Industrial Welfare Commission wage orders, employers may institute alternative work schedules only if a supermajority of affected employees agrees to the arrangement by secret ballot. Then, all employees in the work unit are subject to alternative scheduling.

Therefore, more than one schedule is prohibited without repeating the voting process, and an employee does not have the option to return to a traditional workweek schedule without the secret ballot process taking place again.

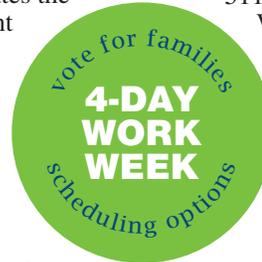
"Any deviation from the rigidly controlled process voids the election and subjects the employer to potential lawsuits that can seek up to three years of back overtime pay for affected workers," Fisher said. "This effectively eliminates most employers and employees from choosing alternative options."

Action Needed

AB 2127 awaits action in the Assembly Labor and Employment Committee. Contact your legislators and committee members to urge them to **support AB 2127** and greater flexibility for individual employee work schedules at small businesses.

Committee members are: Swanson (D-Oakland); Strickland (R-Moorpark); DeSaulnier (D-Concord); Fuentes (D-Sylmar); Gaines (R-Roseville); Laird (D-Santa Cruz); Leno (D-San Francisco); Ruskin (D-Redwood City).

For a sample letter, visit www.calchambervotes.com.
Staff Contact: Marti Fisher



They won't know unless you tell them. Write your legislator.

calchambervotes.com

Employment, Real Estate Slump Keep California Behind National Economy

U.S. Economy Slows Abruptly

The economic statistics seemed to deteriorate along with the headlines and the financial markets over the last three months. In particular, growth in U.S. gross domestic product (GDP) slowed sharply from a sparkling 4.9 percent annual rate in the third quarter to just 0.6 percent annual rate during the fourth quarter. A decline in business inventories and the continued plunge in new home construction each subtracted about 1.2 percentage points from GDP growth.

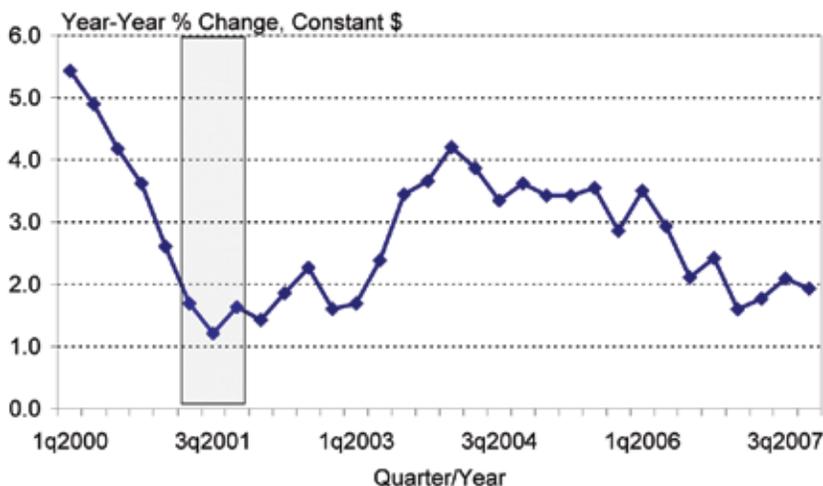
Elsewhere, consumer spending grew at a 2 percent annual rate, while purchases of equipment and software increased at a 3.8 percent annual rate. Net exports continued to improve, though the improvement came via minimal import growth, as export growth slowed to a 3.9 percent annual rate from the extraordinary 19.1 percent in the previous quarter.

As shown in the chart, the slowdown is real, but less dramatic if we take a somewhat longer view. Domestic demand, which excludes changes in inventories and net exports, grew by 1.9 percent last quarter compared with the fourth quarter of 2006, just a bit slower than the 2.1 percent increase of the previous quarter.

There has been other disappointing news. Monthly increases in non-farm payroll employment, which averaged 107,000 net new jobs during the first six months of 2007, dropped to just 82,000 net new jobs during the last six months of the year. Worse, the preliminary figure for January 2008 was negative 17,000 jobs.

Since midyear, weakness has spread from residential construction to manufac-

U.S. Domestic Demand



turers and distributors of housing-related products (doors, windows, shingles, furnaces, etc.), to the financial sector. It first hit mortgage finance and then more broadly to Wall Street and beyond.

Employment growth has slowed in other industries as well, reflecting an abundance of employer caution. The nation's unemployment rate, meanwhile, moved up from 4.6 percent in June to 5 percent in December, before edging down to 4.9 percent in January.

Consumer sentiment has dropped markedly, despite moderate growth in real disposable income — up by 2.1 percent in the 12 months to December. Consumer sentiment usually reflects labor market conditions and recent trends on the inflation front.

The latter are problematic. Energy prices are reaching for new highs, with crude oil testing at \$100 per barrel, and gasoline prices soaring. The increase in grocery prices has been just as conspicuous. Consumers have been the mainstay of the U.S. economy in recent years, but both of these prices limit consumers' discretionary spending.

Concerns about a possible recession increased as the data worsened. Virtu-

ally all economic forecasters recently reduced their economic forecasts for 2008, with some now expecting a shallow downturn (in GDP terms) early in the year.

The Economic Advisory Council shares these concerns, noting the odds of a downturn have risen to perhaps 50-50. However, the steep production and employment declines that usu-

ally accompany a recession have thus far been confined to specific industry sectors — housing, manufacturing and finance. Outside of these sectors, the economy is doing reasonably well.

Interest Rates/ Financial Markets

The Federal Open Market Committee (FOMC) dropped its fed funds target rate in several steps from 5.25 percent in August 2007 to 3 percent at its January 2008 meeting, a swift decline not seen since the 2001 recession. The Fed was motivated by two concerns: an upsurge of extreme instability in global financial markets and fears that the volatility could spread to the real economy, bringing on a recession.

Global credit markets “seized up” in August. Market participants grew increasingly alarmed about the impact of rapidly growing mortgage defaults on the credit quality of derivative instruments containing the bad mortgages and the “credit-worthiness” of financial institutions holding those instruments. Market liquidity began to evaporate, first for various types of mortgage-related securities,

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and then for the financial institutions.

To calm things down, the Federal Reserve and other central banks flooded their respective capital markets with funds and made special lending facilities available to institutions that needed cash to build reserves.

But things haven't calmed down yet. Credit markets still get "the jitters" periodically, especially when new data are released about declining home

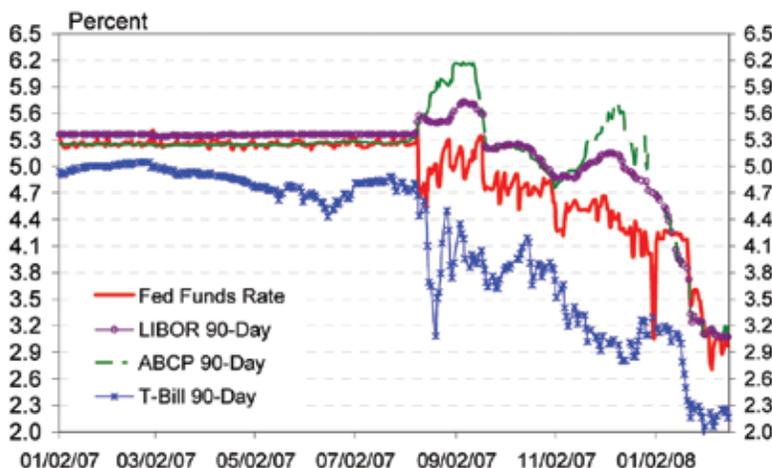
sales, rising loan delinquencies or when financial institutions announce they have to take large write-offs to reflect the lower value of their mortgage or mortgage-backed portfolios.

The latest survey of senior bank lending officers — taken in January — indicates that the nation's large lending institutions have grown much more cautious about taking on more risk. A significant fraction of banks reported tightening credit standards and boosting terms, not just for residential mortgages (as might be expected), but also for commercial real estate loans and regular consumer and business (commercial and industrial) loans. This attitude is a special concern in California, which has a large base of credit-dependent small and medium-sized businesses.

This new, stricter attitude is a matter of some concern to the Federal Reserve Board, because bank lending is one of the more important channels through which monetary policy works. U.S. policy is currently focused on preventing an economic downturn and stabilizing capital markets.

Toward these ends, the council believes the Fed's target fed funds rate may well have to be reduced further. However, the Fed's field of action will be constrained if inflation does not moderate as anticipated. Once some degree of normality returns to credit markets and to the real economy, the

Short-Term Interest Rates



Fed is likely to raise the target fed funds rate back toward neutrality to avert an upsurge of inflation.

State Economy Underperforms

California has been underperforming the rest of the United States by most economic indicators, largely due to fallout from housing-mortgage problems. Non-farm employment, for example, increased by just 0.4 percent over the year to December 2007 (using the "Interim Series," which hints at the upcoming revisions to the official data released for 2006 and 2007), while employment in the nation grew by 0.8 percent over the same period.

The pattern was similar between December 2005 and December 2006, though growth was higher in both cases, with the United States recording a 1.6 percent increase in payroll employment while California registered 1.1 percent.

Much of the California slowdown in employment growth during 2007 came in the construction, real estate, mortgage-related financial and manufacturing sectors, all of which reduced head counts during 2007. On the plus side, job growth leaders included education and health, with payrolls up by 4 percent (again using the Interim Series), leisure and hospitality (+2.3 percent), and professional, scientific and technical services (+2.1 percent).

However, layoffs in construction, manufacturing and finance helped boost the state's unemployment rate from 5.2 percent in June to 6.1 percent in December. This was a bigger increase than experienced by the U.S. jobless rate, so the margin between the state and the nation widened from 0.6 percent to 1.1 percent.

Exports of goods made in California are providing much-needed strength to the state's economy. Total

state exports grew by 5 percent during 2007 — a solid performance, though not as strong as in 2006.

The largest category of exports is high tech manufactures (computers and electronic products), which declined slightly — by -1.9 percent — in dollar terms last year after growing by 6.7 percent the previous year. Similarly, exports of non-electrical machinery fell by -2.8 percent after surging by 13.2 percent in 2006. Exports of transportation equipment grew by a modest 1.9 percent.

However, exports of other important California-made products were strong, with chemicals up by 20 percent, miscellaneous manufactures up by 15.1 percent, and agribusiness products (farm produce, livestock, fish and processed food products) rising by 9.4 percent.

Only three-quarters of personal income data have been released as of this writing. Personal income earned in California increased by 6 percent during the first three quarters of 2007 compared to the same period in 2006. U.S. personal income grew by 6.3 percent over the same period.

More recent California information can be inferred from state personal income tax payments. The State Controller reports that personal income tax receipts increased by 4.3 percent during the first seven months of the 2007-08 fiscal year (July 2007 through January 2008),

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From Previous Page compared with the same period the previous year, suggesting that income growth has slowed. Further, Department of Finance reports show that income and sales tax receipts have been running below expectations.

Regional economic performance is mixed, depending in part on the importance of the residential- and mortgage-related industries to the local economy, and in part on how the rest of the economy is doing. Using preliminary (not yet revised) estimates, non-farm employment growth between December 2006 and December 2007 was most rapid in the Riverside-San Bernardino areas, Bakersfield and Fresno, followed by San Francisco/San Jose.

At the other end of the scale, employment declined in the Stockton area and in Orange County over the course of 2007.

(Note: It would not be a surprise if employment in many metro areas is revised downwards. However, the rank order shown in the chart should still be appropriate.)

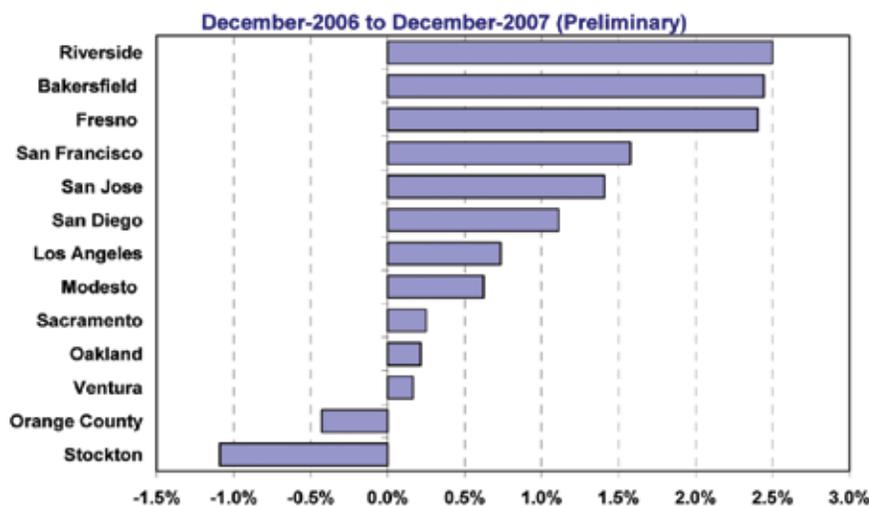
The San Francisco Bay area continues to outperform other regions of the state. In large part this reflects the renewed strength of the high tech sector, where employment is rising nicely.

In addition, the biotech sector continues to develop, and tourism-related activities are doing well. However, construction is shrinking in the Oakland/Contra Costa areas, and finance industry jobs have disappeared, especially in Oakland and San Francisco.

In Southern California, the motion picture industry might return to normal now that the writers' strike has ended. However, negotiations with the Screen Actors Guild have not yet started, so the path to a full recovery is not clear.

Residential construction is very soft throughout the region, with a marked

Non-Farm Payroll Employment Growth



slowdown in new homebuilding in the Inland Empire. Also, Orange County has taken substantial hits in its mortgage banking industry. San Diego's economy is being led by growth in tourism, education, health care, biotech and aerospace. In Los Angeles, the strongest industries are tourism, technology and professional business services.

Agriculture and Resources

California's agriculture sector is holding up well. Prices are high for most products and exports are growing nicely. Costs also are rising, however, especially feed grains for livestock and energy of all types.

Profitability varies widely by product. As examples, dairy and nut producers are doing well, but cattle and poultry margins have been squeezed. In January, the minimum wage was raised, and as a result, farms will experience higher labor costs as well in 2008.

A number of farms in California will have to make hard decisions in 2008 about which products to produce, and which to reduce, or eliminate, if severe water restrictions are implemented.

Water supply will be an important concern in 2008. The weather has been cooperative early in the year, with precipitation at or above normal across most of the state and the areas that feed the Colorado River.

Because recent years were relatively

dry, however, the water actually in storage is well below average. Furthermore, water allocations to parts of the Bay Area, Southern California and the San Joaquin Valley will be reduced this year, following a federal court decision to curtail Delta pumping by the state and federal water projects in order to protect the endangered Delta smelt.

Real Estate: The Housing Crash

The downturn in housing has worsened over the last three months

along with conditions in the primary and secondary mortgage credit markets. Here are some of the grim statistics for the resale home market.

- Existing single-family home sales in California plunged -33.4 percent over the year to December 2007, while condos sales were down -35.6 percent.

- Prices also have fallen, with the median price of single-family homes sold in December 2007 down by -16.5 percent compared to December by 2006.

- The number of homes available represented 14.5 months supply — at December's sales rate — compared to a more normal 5.9 months a year earlier.

The declines in home sales and prices are exacerbated by the scarcity of jumbo mortgages. Because they can be sold readily in the secondary market, most primary mortgage lenders are dealing only in so-called conforming mortgages, which top out at \$417,000. This is not sufficient to purchase a typical home in many California communities.

The new Economic Stimulus Act contains a provision that will boost this limit in many parts of California through December 31, 2008 by varying amounts depending on median home prices. However, the details have not been worked out, and it is unclear how many buyers in practice will be able to take advantage of

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the higher limit.

Residential construction also has plunged. A total of 112,300 new home construction permits were pulled during 2007, down -32 percent from 2006 (and by -47 percent from the 2004-05 peak). Single-family homes have been most affected, with only 68,000 permits in 2007, down -37 percent from 2006.

The 44,300 new multi-family permits issued in 2007 were down by “only” -21 percent. As in the resale market, many new home builders have standing inventories of “largely completed but not yet sold homes.”

Construction of new homes is dropping and effective prices are falling, as they must before the unsold inventories can be cleared and the bottom of the cycle reached.

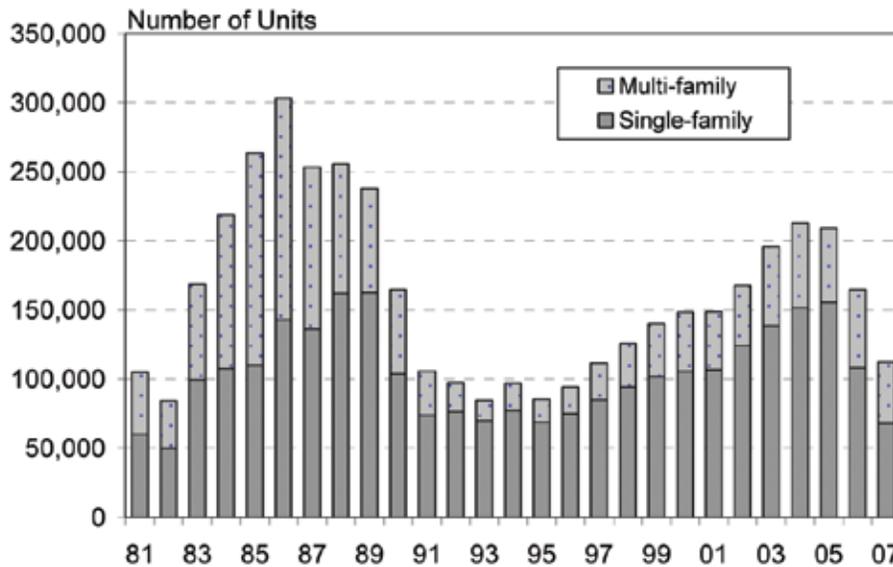
This process will take a while. Industry observers do not expect any significant improvement before the end of 2008, with some areas not reaching bottom until a year or more later.

In contrast to the residential situation, most of California’s commercial real estate markets held up fairly well in 2007. Office markets are mixed, reflecting the mixed trends expected for employment growth in office-based industries.

Vacancies are high, and rising in Orange County and San Diego, and rents look weaker there than in the rest of Southern California. The Bay Area appears to have the best employment prospects, although even here cautious hiring may cause vacancy rates to rise.

Industrial markets look solid almost everywhere, with extremely low vacancy rates in Los Angeles County. Again, vacancies may tick up if activity slows substantially.

California Housing Permits



Source: Construction Industry Research Board

There’s been a minor boom in new hotel projects in several areas, and more are under consideration. Most apartment markets look reasonably good, though demand is lagging in the Inland Empire where renting foreclosed homes provides an alternative.

However, financing for most types of new commercial real estate projects has become harder to come by. As loan commitments decline, the construction pipeline will empty out.

Risks

Risks are mostly to the downside in this environment. Troubles in the state’s housing markets could worsen further, especially if prices continue to decline. Markets won’t adjust until enough sales take place and inventories are reduced. Falling prices give buyers an incentive to wait (to see if they fall any further), and sellers an incentive to turn in the keys and simply walk away from their homes (if the mortgage is under water).

If/as defaults and foreclosures rise, the spreads of mortgage rates over U.S. Treasury bonds could widen further. Finally, the more home prices fall, the

more likely the “wealth effect” will kick in, causing households to restrict spending and save more to rebuild their nest eggs.

More volatility in global capital markets might reduce the willingness of financial institutions to take on mortgage-related debt and also engage in ordinary business and consumer lending, worsening the current credit crunch and slowing business

and household spending.

Rising energy prices continue to be an important risk factor. Higher prices of gasoline and other energy-intensive products actually shrink the amount of consumers’ income available for other types of purchases.

Staff Contact: Dave Kilby



The California Chamber of Commerce Economic Advisory Council, made up of leading economists from the private and public sectors, presents a report each quarter to the CalChamber

Board of Directors. The council is chaired by Nancy D. Sidhu, vice president and senior economist for the Los Angeles Economic Development Corporation.

Publication of this report is a project of the California Foundation for Commerce and Education.

Small Business Advocate of the Year Award

Lockeford Arbitrator Saves Local Chamber from Shutting Doors

As 2007 Small Business Advocate of the Year Award winner Timothy Fowler sat reading the local newspaper in 2006, he came across an article that reported the Clements Lockeford Chamber was having an upcoming meeting to discuss the possibility of closing for good.

That is when the business arbitrator and debt negotiator knew he had to do something to help salvage the voice of the business community for the unincorporated rural areas of Lockeford and Clements.

At the time, the chamber was an all-volunteer organization that would hold occasional ribbon-cutting events and mixers. The money that was generated went to the chamber to function, Fowler said. Because of these factors, the chamber was on the brink of collapse.

"I felt very strongly that the community needed the chamber desperately," Fowler said.

So he took it over as the president, and it now has 100 members — double from what it was a year-and-a-half ago.

Nomination

Fowler was nominated for the 2007 Small Business Advocate of the Year Award by Clements Lockeford Chamber President Cynthia Haynes. Fowler is the past president and currently the chairman of the chamber's Governmental Relations Economic Development Committee.

Haynes points to Fowler's work with local, county and state agencies to provide infrastructure needs such as signal lights on highways for Lockeford, along with his rejuvenation of the chamber, as reasoning for his selection for the award.

"He should be selected for his outstanding advocacy for small business," she said.

Turning Things Around

Since that day in 2006 when Fowler decided to take over responsibility for the chamber, he has done everything in his power to promote the tourism side of Lockeford, which has two major state highways (Highways 12 and 88)

running through it. Together, the highways pull 25,000 to 30,000 cars per day.

"For a rural community, that's quite a bit of traffic," he said.

He has helped establish a biannual magazine touting the region's historical areas, the wine industry, bed and breakfasts, recreational lakes and fishing spots. Five counties receive the magazine now, and 40,000 copies are printed of each edition.

"My goal was to build excitement and get people involved about local business," he said.

Fowler, with the help of the magazine, has done just that.

Civic Duty

Fowler has lived in Lockeford (a San Joaquin County rural area with a population around 3,000) for nine years, and was born and raised in nearby Lodi. With his roots laid in the area, his community activity extends beyond the chamber.

He also currently serves as vice president of the Lockeford Historical Society, is a member of the Lockeford Community Council of United Way and recently participated in an ad hoc committee to conduct a feasibility study on the possibility of the area of Lockeford becoming incorporated.

"I get no monetary gain out of it. I don't seek recognition. I guess I get the satisfaction to know that I've done something to better the community and for the people," he said.

When he was president of the chamber, he formed an agribusiness committee for promoting and advocating a sustainable, green local agribusiness as well.

Looking Forward

While maintaining his day job at Betterton, Mason and Wyatt Arbitration, Fowler is hoping to further the activity of the Clements Lockeford Chamber through the Governmental Relations and Economic Development Committee. One of his first plans is to work with county supervisors and other local officials to stop graffiti.

"It has been something I feel really deters and detracts from our community," he said.



Timothy Fowler, recipient of a 2007 Small Business Advocate of the Year Award.

2008 Advocate Award Applications Available

The California Chamber of Commerce has opened nominations for its Small Business Advocate of the Year award.

Nominees should have contributed significantly as an advocate for small business by being involved in such activities as taking leadership roles in or working on state or local ballot measures, testifying before the state Legislature, representing a local chamber of commerce before state government, and being actively involved on federal legislation.

Award nominations are due to the CalChamber Local Chamber Department by April 4. The CalChamber will recognize award winners at the California Business Legislative Summit in Sacramento on May 20.

The nomination form is available at www.calchambervotes.com or may be requested from the Local Chamber Department at (916) 444-6670.

Legislative Outlook

An update on the status of key legislation affecting businesses. Visit www.calchambervotes.com for more information, easy-to-edit sample letters on hot topics and updates on other legislation. Staff contacts listed below can be reached at (916) 444-6670. Address correspondence to legislators at the State Capitol, Sacramento, CA 95814. Be sure to include your company name and location on all correspondence.

Workers' Comp Bills Weaken Cost-Saving Reforms



OPPOSE

The California Chamber of Commerce is **opposing** legislation that weakens the cost-saving workers' compensation reforms enacted in 2004.

Both **SB 1338 (Migden; D-San Francisco)** and **SB 1189 (Cedillo; D-Los Angeles)** are scheduled to be considered on March 26 in the Senate Labor and Industrial Relations Committee.

SB 1338

SB 1338 deletes the sunset date for provisions in current law that allows injured workers to predesignate their primary treating physician for workers' compensation purposes.

Current law says that an injured worker who predesignates a primary treating physician is not required to receive any treatment inside a Medical Provider Network (MPN) that has been set up by the worker's employer.

The CalChamber believes any treatment outside of that provided by the primary treating physician should be received inside of the MPN that would otherwise be applicable.

Predesignation has been presented as an issue of the comfort of injured workers and the knowledge of the physicians who treat them. The argument has been that an injured worker may be more comfortable using his/her family doctor and might receive better treatment from a doctor who has a history of treating the worker over time.

Although the CalChamber agrees this may be a benefit, it does not believe this benefit transfers to other physicians who may treat the injured worker for an industrial injury or illness.

SB 1189

SB 1189 increases workers' compensation costs by requiring employers to provide injured workers with supplemental job displacement vouchers before having all the information required to accurately calculate the benefit.

The vouchers are awarded to workers who are permanently disabled and

can't return to employment with their at-injury employer.

SB 1189 requires employers to provide benefits to an injured worker before the employers can know if that worker is actually eligible for those benefits. The result could be an employer supplying a supplemental job displacement voucher when there was no eligibility to begin with.

SB 1189 creates a situation where an employer would be forced to provide a supplemental job displacement voucher to an injured worker no later than 74 days after the termination of temporary disability if the employee has not returned to work within 60 days of becoming "permanent and stationary."

The timeframe is administratively problematic and will surely cause confusion in providing benefits to employees.

The bill requires an employer to provide an increased benefit to an injured worker if the employer's "reasonable estimate" of the extent of injury is low. SB 1189 does not, however, provide any remedy to an employer that provides a benefit to which the injured worker is not ultimately eligible. This means that an employer would be financially penalized for good faith compliance with the law.

Action Needed

Contact your senator and members of Senate Labor and Industrial Relations and urge them to **oppose SB 1338 and SB 1189**.

Staff Contact: Jason Schmelzer

Bill Leading to Gas Price Increases Fails to Pass Assembly

From Page 1

reality that such tax increases do not occur in a vacuum and will harm the state's economy, the CalChamber noted.

Voters Opposed

The CalChamber noted that the bill contravenes the will of Californians, who previously rejected severance taxes on the oil industry. CalChamber-opposed Proposition 87 on the November 2006 ballot contained a severance tax increase proposal similar to ABX3 9 and was defeated by voters.

More Dependence on Foreign Oil

Another reason to oppose ABX3 9 was that it would have increased California's dependence on foreign oil.

By making oil production more expensive, ABX3 9 would have impeded critical investments in research and development of domestic oil supply, including new technology, production and infrastructure.

According to the Federal Trade Commission, the major causes of the increase and instability of fuel prices are rising crude oil prices, which are set internationally, and the growing imbalance between worldwide demand and U.S. production capacity.

Increasing dependence on foreign oil supply will result in even higher gas prices for consumers. Moreover, foreign oil must be brought into California through the ports, which means that ABX3 9 would have resulted in greater port congestion, pollution and greenhouse gas emissions.

Competitive Disadvantage

The argument that California should impose an oil severance tax because other states have one erroneously disregards stark differences in overall tax burden and structure among the states, the CalChamber commented.

Other states that rely heavily on severance tax have much lower or no income or sales taxes. For example, Texas has a severance tax but no income taxes. Similarly, thinly populated Alaska obtains 50 percent of state revenues from its oil severance tax but has no sales or income tax.

Thus, the tax increases in ABX3 9 would have placed already heavily taxed California oil companies at an even greater competitive disadvantage by imposing the heaviest combined tax burden on oil production by far nationwide.

Assembly Vote on ABX3 9

Ayes (45)

Arambula (D-Fresno)
Bass (D-Los Angeles)
Beall (D-San Jose)
Berg (D-Eureka)
Brownley (D-Santa Monica)
Caballero (D-Salinas)
Calderon (D-Montebello)
Carter (D-Rialto)
Coto (D-San Jose)
Davis (D-Los Angeles)
De la Torre (D-South Gate)
De León (D-Los Angeles)
DeSaulnier (D-Concord)
Dymally (D-Compton)
Eng (D-Monterey Park)
Evans (D-Santa Rosa)
Feuer (D-Los Angeles)
Fuentes (D-Sylmar)
Furutani (D-Long Beach)
Hancock (D-Berkeley)
Hayashi (D-Castro Valley)
Hernandez (D-La Puente)
Huffman (D-San Rafael)
Jones (D-Sacramento)
Karnette (D-Long Beach)
Krekorian (D-Burbank)
Laird (D-Santa Cruz)
Leno (D-San Francisco)
Levine (D-Van Nuys)
Lieber (D-Mountain View)
Lieu (D-Torrance)
Ma (D-San Francisco)
Mendoza (D-Artesia)
Mullin (D-South San Francisco)
Nava (D-Santa Barbara)
Núñez (D-Los Angeles)
Portantino (D-La Cañada Flintridge)
Price (D-Inglewood)
Ruskin (D-Redwood City)
Salas (D-Chula Vista)
Saldaña (D-San Diego)
Solorio (D-Santa Ana)
Swanson (D-Oakland)
Torrico (D-Newark)
Wolk (D-Davis)

Noes (30)

Adams (R-Hesperia)
Aghazarian (R-Stockton)
Anderson (R-La Mesa)
Benoit (R-Bermuda Dunes)
Berryhill (R-Modesto)
Blakeslee (R-San Luis Obispo)
DeVore (R-Irvine)
Duvall (R-Yorba Linda)
Emmerson (R-Redlands)
Fuller (R-Bakersfield)
Gaines (R-Roseville)
Garrick (R-Solana Beach)
Houston (R-San Ramon)
Huff (R-Diamond Bar)
Jeffries (R-Lake Elsinore)
Keene (R-Chico)
La Malfa (R-Richvale)
Maze (R-Visalia)
Nakanishi (R-Lodi)
Niello (R-Fair Oaks)
Parra (D-Hanford)
Plescia (R-La Jolla)
Runner (R-Lancaster)
Silva (R-Huntington Beach)
Smyth (R-Santa Clarita)
Spitzer (R-Orange)
Strickland (R-Moorpark)
Tran (R-Costa Mesa)
Villines (R-Clovis)
Walters (R-Laguna Niguel)

Absent/abstaining/not voting:

Cook (R-Yucca Valley)
Galgiani (D-Stockton)
Garcia (R-Cathedral City)
Horton (R-Chula Vista)
Soto (D-Pomona)

Poor Policy, Process

ABX3 9 would have inappropriately singled out a single industry for taxation. The CalChamber believes it is bad tax policy to single out industries for taxation to fund specific, unrelated programs. Such a practice sends the message to other industries that if they locate or do business in this state, they may be targeted for a new tax-and-spend scheme.

In addition, the consideration of ABX3 9 was rushed through the Assembly, skipping the regular legislative notice

process. The CalChamber noted that it is inappropriate to schedule a hearing and floor vote on an issue with significant impact on business, consumers and the economy in such a short timeframe.

Key Vote

As a tax increase, ABX3 9 required approval by two-thirds of Assembly members. It failed to pass the Assembly on a largely party-line vote of 45-30.

Staff Contact: Kyla Christoffersen

There's still time to prepare for 2008! View **HR 201: Labor Law Update On-Demand Web Seminar!**

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