

ALERT

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 **CalChamber**
CALIFORNIA CHAMBER OF COMMERCE

CalChamber-Led Coalition Presses for Tax Specifics



A coalition of more than 40 business and employer groups led by the California Chamber of Commerce is continuing to raise questions and concerns about the new “business

net receipts tax” being considered by a special state tax commission.

The CalChamber and coalition called on the commission to take time to undertake a thorough analysis of how the new tax will affect jobs and the economy, even after a tax rate is unveiled, before the commission votes on whether to adopt the proposal.

“We expect that the commission will provide an estimated business net receipts tax rate before its final hearing, but we are a short time away from what may be the decision day, and still do not have it,” said CalChamber President and CEO Allan Zaremberg.

“In order for commissioners to understand the impact of this tax on companies and industries, businesses must have the time to calculate how this tax will affect their often-complicated operations.”

The proposed business net receipts tax is designed to be a type of value-added tax in which companies are taxed on total receipts minus all purchases from other firms. The intent behind this new tax is to reduce revenue volatility by basing it on total receipts, rather than profits. The

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‘Job Killer’ Bills Still Moving in Closing Weeks of Session



As the legislative year draws to a close, a number of California Chamber of Commerce-opposed “job killer” bills still are being actively considered.

Following is a list of those bills and their location as *Alert* went to press.

Costly Workplace Mandates

● **AB 943 (Mendoza; D-Artesia) Hampers Employment Decisions.** Unduly restricts the ability of businesses to use all legally available information in employment decisions, including consumer credit reports. *Senate Floor.*

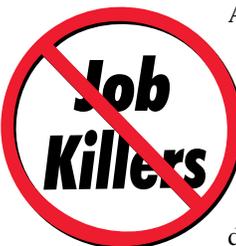
Economic Development Barriers

● **AB 1404 (De León; D-Los Angeles) Discourages Emission Reductions.** Significantly increases business costs and threatens state jobs by severely limiting the amount of offsets California industries can use to meet their greenhouse gas emission goals. *Senate Floor.*

● **AB 1405 (De León; D-Los Angeles) Climate Change Tax Increase.** Increases costs and discourages job growth by granting the Air Resources

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Governor Vetoes ‘Job Killer’ Bill



A California Chamber of Commerce-opposed “job killer” bill that would have hurt California businesses, driven up costs and made employers

less competitive in a global market was vetoed by Governor Arnold Schwarzenegger on September 2.

SB 789 (Steinberg; D-Sacramento) would have taken away agricultural employees’ right to a private ballot when deciding on union representation by replacing the private ballot with a “card

check” scheme that would have allowed a union to organize the employees if a majority of them simply sign a card.

Under this system, the union organizers themselves would have overseen the process, and the employees’ votes could be made public to the employer, the union organizers and co-workers.

The CalChamber believes employees are better protected from interference and intimidation by casting their vote privately with a secret ballot. To take away employees’ access to a private secret ballot is undemocratic.

Governor Schwarzenegger agreed, explaining in his veto message that the

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Labor Law Corner

'Involuntary Termination' Triggers COBRA Benefit Subsidy



Sunny Lee
Senior Labor Law
Consultant

The federal American Recovery and Reinvestment Act of 2009 (ARRA), passed in February, provides individuals involuntarily terminated between February 17, 2009 and December 31, 2009 with a 65 percent reduction in their Consolidated Omnibus Budget Reconciliation Act (COBRA) premium.

In order to qualify for COBRA, an individual would need to be enrolled in

a group health insurance plan the day before employment is terminated and make a COBRA election.

The ARRA allows eligible individuals to pay a reduced rate of 35 percent (rather than 100 percent) of the COBRA premium. The remaining 65 percent is reimbursed to the coverage provider (employer) through a tax credit. This premium reduction is limited to nine months.

For example, if an individual was laid off on December 31, 2009 (the last day that the COBRA reduction benefit is available) he/she would be entitled to premium reduction benefits through September 2010.

In California, this COBRA reduction applies to all group plans—large or small. The trigger for invoking this subsidized benefit is an involuntary termination of employment.

Termination Questions/Answers

Many questions have arisen as to what constitutes an involuntary termination. The following questions and answers provide some guidance:

● *If a leave of absence is not extended and the employee is unable to return to work, is he/she covered under the new COBRA subsidy provisions?*

Yes, ending an employee's employment on the basis of failure of the employee to return to work following the expiration of an approved leave of absence would constitute an involuntary termination.

● *If an employee has not reported to work or called in for a week and we terminate his/her employment, would the*

COBRA subsidy apply?

Yes, regardless of the reason for termination, the ending of employment is not per the employee's choice and the COBRA subsidy would apply.

● *We have given a group of employees the option of taking a voluntary leave or furlough in lieu of being laid off. Will they be eligible for the COBRA subsidy?*

Yes, regardless of the terminology used in regard to a layoff, employees are eligible for the COBRA subsidy.

● *What if an employee has changed his/her mind after giving a resignation notice and now does not want to quit? We have already replaced him/her. Which COBRA notices do we provide to the employee?*

If the employee has not yet left work and now is indicating that he/she does not want to quit, there is no voluntary resignation and the employee should get the COBRA Notice and COBRA Subsidy Addendum.

More Information

COBRA forms and the new COBRA subsidy Addendum - Model General Notice Abbreviated Form are available on HRCalifornia. For further information pertaining to your plan, notices and COBRA elections, contact your insurance provider.

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.

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More at www.calchamber.com/events.

Business Resources

California Sustainable Tourism Summit.
California Travel and Tourism Commission. October 1, Pacific Grove. (916) 319-5426.

Northern California Water Tour. Water Education Foundation. October 7-9, Sacramento. (916) 444-6240.

Government Relations

Western Conservative Political Action Conference. Western Conservative

Political Action Conference (CPAC), Inc. October 16-17, Newport Beach. (916) 448-4234.

GovLink Conference 2009. The Federal Technology Center. October 20-21,

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**Next Alert:
September 18**



CalChamber, Coalition Urge Legislature to Halt Costly Environmental Bills



OPPOSE

A number of California Chamber of Commerce-opposed bills that impose significant additional costs on California businesses while providing limited environmental

benefits are moving in the Senate and Assembly as the end of the legislative year approaches.

The CalChamber, as part of a coalition of California's leading business organizations dedicated to restoring balance to environmental policymaking, recently wrote members of both the Assembly and Senate to call attention to the bills.

The letter from The Thursday Group coalition identifies seven bills, including a couple of CalChamber "job killers," as having a negative impact on the state's economy and encourages legislators to consider the potential cumulative impact of the bills in the context of California's economic recovery.

Costly Legislation

The Thursday Group asked legislators to consider its opposition to the following bills:

- **AB 226 (Ruskin; D-Redwood City) – Coastal Commission Enforcement.** Creates a new bounty hunter provision in the law and creates a conflict of interest by allowing the Coastal Commission to impose civil penalties and retain the

money to augment its budget. *Senate Floor.*

- **AB 291 (Saldaña; D-San Diego) – Coastal Development Permits.**

Halts development in the coastal zone by refusing to grant permits to anyone who has any outstanding unresolved violations on the property before the Coastal Commission. Guilty until proven innocent presumption. *Senate Floor.*

- **AB 925 (Saldaña; D-San Diego) – Recycling: Single-Use Plastic Beverage Container Caps.**

Imposes unrealistic and unwarranted restrictions on beverage container packaging sold in California. Forces yet-to-be developed technology on the beverage industry and could increase packaging and beverage costs to consumers. *Senate Floor.*

- **AB 1404 (De León; D-Los Angeles) – Discourages Emission Reductions.** Significantly increases business costs and threatens state jobs by severely limiting the amount of offsets California industries can use to meet their greenhouse gas emission goals. *Senate Floor.*

- **AB 1405 (De León; D-Los Angeles) – Climate Change Tax Increase.** Increases costs and discourages job growth by granting the Air Resources Board broad authority to implement unlimited fees and taxes with little or no oversight. *Senate Floor.*

- **SB 104 (Oropeza; D-Long Beach) – Expands Agency Authority to Regulate.** Gives the Air Resources Board broad new and open-ended authority by

requiring the board to add any other gas designated by an outside entity to its list of greenhouse gas emissions to be regulated under AB 32. *Assembly Floor.*

- **SB 797 (Pavley; D-Agoura Hills) – Product Safety: Bisphenol A.** Defeats the purpose of California's Green Chemistry Initiative (GCI) by prohibiting the manufacture, sale or distribution of certain children's products if they contain Bisphenol A in concentrations over 0.1 parts per billion, rather than allowing such a decision to be informed by the scientists at the Department of Toxic Substances Control through the GCI.

Flexibility Needed

California environmental laws are among the most stringent in the nation, and in most instances go well beyond federal laws. The continued prosperity of the state's economy depends on leadership that uses these laws to protect the environment while leaving California's businesses the flexibility to implement innovative, cost-effective solutions that help ensure a healthy business climate.

The CalChamber and other members of The Thursday Group are committed to working with the authors of these bills and their staff to the extent possible to achieve the objectives of these bills without imposing new costs and administrative burdens on California businesses.

Staff Contact: Robert Callahan



REFORMING CALIFORNIA

October 28–30, 2009 | The Westin Verasa | Napa, California

CalChamber-Led Coalition Presses for Tax Specifics

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tax also would bring a large category of services businesses into the tax base.

More Specifics Needed

The CalChamber-led coalition presented its latest comments in a letter responding to Gerald Parsky, chairman of the Commission on the 21st Century Economy. At a commission workshop last week, Parsky invited the CalChamber and coalition to follow up testimony with their remaining ongoing issues with the business net receipts tax proposal.

The commission has scheduled a meeting on September 10 in Los Angeles to discuss its tax recommendations.

When creating the commission last fall, Governor Arnold Schwarzenegger asked the group to examine the state's tax structure with a goal of stabilizing state revenues and reducing volatility, as well as promoting California's economic prosperity and competitiveness.

In July, the Governor extended to September 20 the deadline for the commission to present its findings and said he will call a special session of the Legislature afterwards to consider the commission's recommendations.

The coalition said it is requesting a detailed written proposal—including the tax rate and a full analysis of the policy, operational and transitional implications—so that California businesses and economic experts have the opportunity to respond to the commission regarding the proposal and analysis.

"As we emphasized during our workshop testimony, we believe it is crucial for the commission to take sufficient time to analyze" the proposed business net receipts tax, "rather than be driven by any arbitrary deadline, so that any vote of the commission . . . is an informed vote," the coalition stated in its letter.

A thorough analysis and response by sectors affected also must be available for legislative review because the commission intends for its recommendation ultimately to be presented to the Legislature for consideration, the coalition said.

Key Issues

The coalition letter outlines transitional and operational questions that were not addressed in a "Preliminary

Overview" released by the commission on August 21 or the commission's August 26 and August 28 workshops on the proposed business net receipts tax:

● **How did the commission arrive at the proposed tax rate?** Will the commission model the rate over the past several economic cycles (about 10 years) to determine the ability of the business net receipts tax to generate revenue and stem volatility? What is the risk that revenues will substantially deviate from the commission's projected estimates?

● **Which came first, the rate or the base?** In other words, was the rate developed as a result of the commission's judgment as to what best comprises the base of a business net receipts tax as a matter of tax policy, or did the commission determine the most appropriate rate for the economy, and engineer the base to accomplish that rate?

The coalition expressed appreciation for the commission's strong statements clarifying that only the Legislature, and not an administrative body, would have the authority to set and change the business net receipts tax rate, but noted that the coalition cannot provide a complete analysis of this proposal, nor can an individual company understand it, without knowing the rate and the base to which it applies.

● **What are the proposed deductions that will be available under the business net receipts tax?** More details are needed, the coalition said.

For example, according to the "Preliminary Overview," employers would not be able to deduct from revenues the cost of employees, an expense that is allowed under the current corporate income tax system. At the workshop, however, the commission indicated there was a possibility of a partial deduction for employee costs.

● **What about tax fairness?** Although the commission's intent is to develop a less volatile tax system, it should also give due consideration to tax fairness. California's current tax system is based either on profits, such as the personal and corporate income taxes, or is passed through as a tax on consumption, like the sales tax. The business net receipts tax is imposed upon companies even when they are in a loss position, and it cannot be passed on as a transactions tax.

The coalition noted that it is not aware

of any substantial discussion of why the business net receipts tax is a preferable tax policy to the current taxes that are based on profits or consumption. It pointed out that the only other major tax similar to this proposal is the property tax, the subject of the Proposition 13 tax revolt 30 years ago when it became unaffordable for major parts of California society.

Taxpayers and policymakers deserve more discussion and analysis on this issue, the coalition said.

● **Which economic sectors will be winners and which losers under a business net receipts tax?** Adoption of this recommendation must await analysis of its impact on specific economic sectors, the coalition said.

For example, businesses with low profit margins and high employee expenses presumably would be especially hard-hit, as would companies in a loss position.

In addition, based on the limited information so far available, it appears the business net receipts tax may shift more of the tax burden onto small businesses, since many pay under the personal income tax system, and would not benefit from elimination of the corporate income tax.

● **What impact will the proposal have on California jobs and the economy?** Adoption of the recommendation must also await analysis of this impact, the coalition stated. If the business net receipts tax amounts to a tax on employees (because it appears employers will not be able to deduct the cost of employees as they do now), will it motivate companies to outsource jobs to other states and nations? Will it further constrain California's ability to compete for future investments if business loses important incentives such as the research and development or enterprise zone credits? What will become of California's ability to compete with other states and countries if the cost of exported California goods becomes substantially higher than goods offered by other states and countries? Additionally, will the cost of doing business increase for Californians, due to higher prices for advertising and other business purchases?

Staff Contact: Kyla Christoffersen

Opposition Stops New Waste Diversion Rules



A California Chamber of Commerce-**opposed** bill that would have given the California Integrated Waste Management Board (CIWMB) new and potentially broad authority to impose

programs to achieve a statewide solid waste diversion rate of 75 percent by 2020, failed to pass off the Senate Appropriations Committee suspense file.

Broad Authority Implied

AB 479 (Chesbro; D-Arcata) required the CIWMB to “ensure” that 75 percent of solid waste produced in the state is source reduced, recycled and composted. Also, July 23 amendments added language stating that in achieving the new 75 percent diversion rate, the CIWMB “shall not include any requirements that are enforceable against a local agency or solid waste enterprise.”

CalChamber believed the language in the bill, taken in its totality, could have been interpreted by the courts to provide the CIWMB broad authority to ensure that the 75 percent diversion target is achieved.

Current law already expressly

authorizes the CIWMB to impose obligations on local agencies to achieve the 50 percent waste reduction.

Simply increasing the level to 75 percent would have left unchanged that express authority. However, when the Legislature explicitly excludes enforcing the increased level against local agencies, the CIWMB is left with implied authority. A court would construe the law as giving the CIWMB authority to impose those regulatory burdens on entities except local agencies. These entities would certainly include the business community and individuals.

With this new authority, the CIWMB could have imposed virtually any policy or program to achieve the 75 percent diversion rate. For example, the CIWMB could have implemented an extended producer responsibility program such as the one envisioned in the stalled CalChamber-opposed “job killer” bill, AB 283 (Chesbro), without specific legislative authority for such a program.

An extended producer responsibility program would have led to increased costs for consumers and businesses by requiring producers of select products sold in California to collect their products after use by the consumer and manage the recycling and/or disposal of those products.

In effect, AB 479 would have handed the CIWMB a blank check.

Commercial Recycling Mandate

In addition, AB 479 prejudged the work product of an existing regulatory process by imposing its own commercial recycling mandate on California businesses.

The AB 32 (Global Warming Solutions Act of 2006) Scoping Plan adopted by the California Air Resources Board in 2008 already assigns CIWMB the responsibility to develop regulations implementing a mandatory commercial recycling program in California that would reduce emissions the equivalent of 5 million metric tons of carbon dioxide.

These regulations must be adopted by January 2011 and are being developed through workshops and hearings that rely upon stakeholder input and participation so that CIWMB can make informed decisions along the way. Accordingly, the commercial recycling mandate in AB 479 is premature and unnecessary.

The business community is well aware that mandatory commercial recycling will soon be a statewide reality. Business prefers that such a mandate be developed through a more deliberative regulatory process rather than at the Legislature.

Staff Contact: Robert Callahan

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Board broad authority to implement unlimited fees and taxes with little or no oversight. *Senate Floor.*

● **ACA 6 (C. Calderon; D-Montebello)**
Discourages Investments. Discourages investments in jobs and operations by imposing an automatic sunset of seven years on any new or extended tax credit, exemption or deduction. *Assembly Floor.*

● **SB 600 (Padilla; D-Pacoima)**
Targeted Tax Increase/Flawed Budget Philosophy. Exacerbates state budget problems and harms tobacco industry by unfairly targeting it for a new cigarette tax, a declining revenue source, to fund new government spending programs. *Assembly Floor.*

Inflated Liability Costs

● **AB 2 (De La Torre; D-South Gate)**
Health Insurance Litigation. Drives up the cost of health care premiums and increases the number of uninsured by establishing litigation as the only meaningful approach to resolving disputes over rescinding coverage. *Senate Floor.*

● **AB 793 (Jones; D-Sacramento)**
Unreasonable New Liability for Employers. Imposes unfair and costly litigation burden on California employers by unreasonably expanding employer liability in workplace lawsuits far beyond the federal Lilly Ledbetter Fair Pay Act of 2009. *Senate Floor.*

● **SB 242 (Yee; D-San Francisco/San Mateo)**
New Lawsuits Against Small Business. Could result in new shakedown lawsuits against business establishments by making it a strict liability violation of the Unruh Civil Rights Act, subject to minimum damages of \$4,000, if a business limits the use of a customer’s language, even if unintentionally. *Senate Floor.*

Action Needed

Contact your legislators and urge them to **oppose** the “job killer” bills.

Sample letters are available at www.calchambervotes.com.

CalChamber Urges Support of Funding to Enforce Federal Anti-Counterfeiting Act



The California Chamber of Commerce is **supporting** robust federal funding for enforcing intellectual property law.

The U.S. House of Representatives recently passed legislation that

makes it a priority to fund intellectual property enforcement provisions in legislation enacted last year. A similar proposal is moving in the U.S. Senate.

Governor Arnold Schwarzenegger has indicated that intellectual property piracy is a leading issue “critical to the future growth of California’s global economy.” The California economy

loses an estimated \$34 billion per year to counterfeiting and piracy.

On a national level, recent estimates are that intellectual property theft has cost the U.S. economy hundreds of thousands of jobs and causes businesses to lose more than \$200 billion in annual revenue.

Federal Efforts

Californians rely heavily on strong federal intellectual property standards and enforcement efforts. Federal legislation approved by Congress last year authorized funding for FBI agents and federal prosecutors dedicated to fighting counterfeiting and piracy, and established a grant program to help state and local law enforcement authorities combat these crimes.

For the provisions to be meaningful

and effective, however, they must be adequately funded through the appropriations process. Studies indicate that even modest increases in government resources to investigate and prosecute these crimes can make a significant difference in stemming losses.

Action Needed

The CalChamber is urging members of the business community to contact U.S. Senator Dianne Feinstein (D-San Francisco) and urge her to **support** this critical funding for intellectual property enforcement.

Effective enforcement will enable intellectual property-based industries to continue driving U.S. economic growth and provide quality jobs to 18 million American workers.

Staff Contact: Kyla Christoffersen

Governor Vetoes ‘Job Killer’ Bill

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current union election system better protects employees. In contrast, the process in SB 789 “fundamentally alters an employee’s right to a secret ballot election that allows the employee to choose, in the privacy of the voting booth without coercion or manipulation, whether or not to be represented,” the Governor wrote.

“While I support the right of agricultural employees to voluntarily seek and choose representation if they wish, and ensuring that existing labor laws are enforced is a top priority for my administration, I cannot support this alteration of the secret ballot process.”

The CalChamber supports the Agricultural Labor Relations Act and its provisions for agricultural labor

protections, and rejects attempts to undermine the secret-ballot process in California in any way. Undermining the secret-ballot process sends the wrong message to new or growing businesses that could create jobs for Californians.

The Governor vetoed CalChamber-opposed bills like SB 789 in 2008 and 2007.

Staff Contact: Marti Fisher

CalChamber-Sponsored Seminars/Trade Shows

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Sacramento. (916) 334-9388.

International Trade

2009 L.A. Export Series. Center for International Trade Development. September 8, September 22, October 6, October 20, November 3, November 17, December 1, Los Angeles. (213) 580-7569.

Sustainable Cities of the 21st Century. Monterey Bay International Trade Association. September 25, Santa Cruz. (831) 335-4780.

California Trade Mission to Chile. California Business, Transportation and

Housing Agency. September 26–30, Santiago, Chile. (916) 323-5408.

China Import/Export Fair. China Foreign Trade Centre. Phase 1: October 15–19. Phase 2: October 23–27. Phase 3: October 31–November 4. Guangzhou, China.

Localization World Conference Silicon Valley. Localization World Ltd. October 20–22, Santa Clara. (208) 263-8178.

The 24th Trade Expo Indonesia. Indonesian Trade Promotion Center. October 28–November 1, Jakarta, Indonesia. (213) 387-7041.

Labor Law

Social Media and Your Workplace Free Webinar. CalBizCentral. September 23. (800) 331-8877.

CalChamber Calendar

Board of Directors:

September 10–11, Santa Monica

Council for International Trade:

September 11, Santa Monica

Public Affairs Council Retreat:

October 28–30, Napa

CalChamber Seeks Changes to Bill Imposing New Penalty on Taxpayers



OPPOSE

The California Chamber of Commerce and other business groups are **opposing** a bill that imposes a 20 percent penalty on erroneously claimed tax refunds.

AB 1580 (C.

Calderon; D-Montebello) subjects certain taxpayers to this penalty if they ask for a refund that is larger than the law allows—unless the Franchise Tax Board (FTB) believes there is a reasonable basis for requesting the refund. Taxpayers are not allowed to protest the penalty administratively.

Although AB 1580 is labeled as an omnibus federal tax conformity bill, August 18 amendments adding this harsh new penalty deviate from the long-standing regular practice of excluding controversial items from conformity bills, which generally are designed to help tax-

payers and the state save money due to simplified tax reporting.

‘Whipsaw’ Effect

Current California law subjects taxpayers to a strict liability 20 percent “understatement penalty” with no right to appeal for understating tax liability in excess of \$1 million. The nationally unprecedented law, adopted as part of the fall 2008 state budget package, has caused taxpayers to substantially overpay their taxes to avoid the penalty that may result from changes to tax liability that may come from reasonable disputes with FTB or events beyond taxpayers’ control, such as unexpected federal adjustments.

In opposing AB 1580, business groups note that adding an erroneous refund penalty on top of the understatement penalty will “whipsaw” taxpayers who have overstated their liability to avoid the understatement penalty and now must be very careful to ask for a refund that does not exceed what the FTB deems reasonable.

In addition, the bill imposes a new civil penalty equal to 20 percent of the “excessive amount,” unless the refund claim has a reasonable basis. The statute does not define “reasonable basis” and “excessive amount” is defined as exceeding the allowable amount.

Amendments Needed

The CalChamber and other business groups are urging legislators to remove the erroneous refund provision from AB 1580 to allow support for the numerous other non-controversial conformity provisions in the legislation.

In the past, conformity bills have been achieved only by omitting controversial provisions, which typically are brought into bills outside of the conformity process. For example, the Health Savings Account and research and development credit conformity items have not been included in the omnibus conformity bill because they are controversial.

Staff Contact: Kyla Christoffersen

CalChamber Warns of Problems with Renewable Energy Mandates

Two California Chamber of Commerce-**opposed** bills that focus on mandating the percentage of energy supplied by renewable sources without considering the full ramifications of the requirement are moving in the Legislature.

Awaiting action by the Assembly as *Alert* went to press was **SB 14 (Simitian; D-Palo Alto)**. Awaiting action by the Senate was **AB 64 (Krekorian; D-Burbank)**. Both bills, among other provisions, mandate that 33 percent of the state’s power come from renewable sources, thereby threatening grid reliability and increasing prices for all ratepayers.

Proposals in both bills affect existing law dictating, among other requirements, the percentage of electricity that investor-owned utilities must procure from renewable energy sources—the Renewable Portfolio Standard (RPS).

The CalChamber believes it is important for the state to diversify its energy portfolio, but California also should attend

to issues that are delaying the development of renewable energy sources. The RPS bills should address the following concerns:

● Need for Cost Containment.

California remains a high energy cost state. Any RPS mandate must include strong cost containment mechanisms to ensure ratepayers will be protected from substantial rate increases.

● **Compatible with AB 32.** In developing regulations for the state to reach the AB 32 greenhouse gas reduction goals, the California Air Resources Board is recommending that the state increase energy efficiency and use of renewable energy sources. Energy efficiencies on-site help achieve greenhouse gas reductions and cause less strain on the electric grid. Increasing the renewable standard without recognizing these attributes could undermine the value of technologies not formally recognized under the RPS.

● **New Transmission Needed.** Lack of transmission is the most evident obstacle

to meeting the 33 percent RPS target as it takes years in the current system to choose a location and build transmission infrastructure. Utility companies should be provided appropriate flexibility to ensure they are not penalized for not meeting their targets when projects are tied up due to lack of transmission or planning.

● Expanding the Market for Renewable Energy Credits (RECs).

Increasing the eligible supply of renewable energy sources is a key to cost containment and securing stability in the marketplace to ensure ratepayers are not vulnerable to a volatile system. Expanding the existing REC market to allow out-of-state RECs would help achieve this goal.

Differences between SB 14 and AB 64 ultimately will need to be resolved in the Legislature or worked out by a conference committee of members from both the Senate and Assembly.

Staff Contact: Marc Burtat



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^{*} CalChamber Preferred and Executive members will receive their 20% member discount and the See's Candies certificate. Prepayment by check or credit card required for Web seminars, online training and orders under \$150. Online training products cannot be returned or refunded.



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