

ALERT

VOLUME 36, NUMBER 14 • APRIL 30, 2010



Higher Property Taxes If 'Split Roll' Bill Passes



OPPOSE

both business property owners and their business tenants and in turn chill investments, jobs and the economy.

AB 2492 (Ammiano; D-San Francisco) could lead to higher employer property taxes by removing Proposition 13 protections from business property owners and imposing a volatile, arbitrary system of increasing their property taxes, including a rebuttable presumption that every three years business properties have

The California Chamber of Commerce is urging legislators to **oppose** legislation that could dramatically increase the cost of doing business in California for

changed ownership and need to be reassessed.

The proposal is scheduled to be considered on May 10 by the Assembly Revenue and Taxation Committee.

Faulty Premise

AB 2492 is based on the faulty assumption that there has been a major statewide shift in tax burden from businesses to homeowners. It proposes a split roll property tax by dramatically revising a number of change of ownership rules for business properties, including:

- Significantly expanding the change of ownership definition so that even small or partial ownership transfers (such as sales of stock) of less than 50 percent trigger a reassessment.

- Requiring taxpayers to prove every three years that they did *not* undergo a

See Higher: Page 7

Environmental Standard Job Creator Moving



benefit of facilitating job creation while ensuring environmental integrity is moving in the Legislature.

AB 1846 (M. Pérez; D-Coachella) streamlines the California Environmental Quality Act (CEQA) approval process for certain projects by allowing industries subject to compliance with greenhouse gas regulations under AB 32 to go

A California Chamber of Commerce-supported job creator bill that has the dual

through an expedited environmental review through a focused environmental impact report (EIR).

AB 1846 has passed both the Assembly Natural Resources Committee and the Assembly Appropriations Committee and will be considered next by the full Assembly.

AB 32 Compliance

California is aggressively working to meet its ambitious environmental goals set forth by AB 32, The California Global Warming Solutions Act of 2006. As regulations are currently being adopted

See Environmental: Page 3

Is California Ungovernable? Summit Panel to Discuss Question



Jim Brulte



Gale Kaufman



Garry South

Is California ungovernable? Three of California's top political strategists will discuss that question at the opening session of the California Chamber of Commerce Business Summit on May 17 in Sacramento.

CalChamber President/CEO Allan Zarembek will moderate the session, which will provide attendees an opportunity to hear perspectives on the state of California governance from:

- **Jim Brulte**, partner, California Strategies—a long-time Republican and party strategist who served as Republican leader in both the Assembly and Senate.

See Is: Page 4

Inside

Anti-Investment Bill Hearing Set: Page 6

Labor Law Corner

Use Caution When Terminating Employee with Workers' Comp Claim



Dana Leisinger
HR Advisor

We have an employee who was being disciplined, and the day before we were going to terminate him, he had an accident at work and filed a workers' compensation claim. He has been returned to work on modified job duties. Can we go ahead and terminate him?

Although an employee who files a workers' compensation claim is not "bullet proof" from discipline, it is not

always a good idea to terminate the employee even if the company holds itself out as employing workers "at will."

Discrimination Forbidden

Labor Code Section 132a specifically protects employees who file workers' compensation claims, stating that employers may not discriminate against such employees, and termination is the ultimate form of discrimination.

That code section further states that: "Any employer who discharges, or threatens to discharge, or in any manner discriminates against any employee because he or she has filed or made known his or her intention to file a claim for compensation with his or her employer or an application for adjudication, or because the employee has received a rating, award, or settlement, is guilty of a misdemeanor and the employee's compensation shall be increased by one-half, but in no event more than ten thousand dollars (\$10,000), together with costs and expenses not in excess of two hundred fifty dollars (\$250). Any such employee shall also be entitled to reinstatement and reimbursement for lost wages and work benefits caused by the acts of the employer."

'Business Necessities'

Notwithstanding these restrictions, there are times an employer can assert

a "business necessities" defense and terminate the employee. If the employee continues with substandard work performance, the disciplinary process may continue, up to and including termination.

Many times, the employer has not followed the disciplinary process sufficiently, and wishes to use the workers' compensation claim as a way to resolve the issue, claiming, "We have to replace this person." The reality, however, might be that there have been inadequate warnings and lack of supervision.

Train Supervisors

Supervisors must be trained to discipline fairly and consistently, and keep written records even of oral warnings. Such training will protect an employer in the event a lawsuit and/or Section 132a violation is claimed.

Due to the penalties outlined in the code as noted above, terminating an employee with an active workers' compensation claim is a delicate area, and it is highly advisable to seek legal counsel before doing so.

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.

California Chamber Officers

Larree M. Renda
Chair

S. Shariq Yosufzai
First Vice Chair

Timothy S. Dubois
Second Vice Chair

Frederick E. Hitchcock
Third Vice Chair

Frederick R. Ruiz
Immediate Past Chair

Allan Zaremborg
President and Chief Executive Officer

Alert (ISSN 0882-0929) is published weekly during legislative session with exceptions by California Chamber of Commerce, 1215 K Street, Suite 1400, Sacramento, CA 95814-3918. Subscription price is \$50 paid through membership dues. Periodicals Postage Paid at Sacramento, CA.

POSTMASTER: Send address changes to Alert, 1215 K Street, Suite 1400, Sacramento, CA 95814-3918. Publisher: Allan Zaremborg. Executive Editor: Ann Amioka. Associate Editor: Blake Ellington. Art Director: Marcy Wacker. Capitol Correspondent: Christine Haddon. Photographer: Megan Wood.

Permission granted to reprint articles if credit is given to the California Chamber of Commerce Alert, and reprint is mailed to Alert at address above.

E-mail: alert@calchamber.com. Home page: www.calchamber.com.

CalChamber-Sponsored Seminars/Trade Shows

More information at
www.calchamber.com/events.

Business Resources

Toward Sustainable Groundwater in Agriculture. Water Education Foundation. June 15-16, San Francisco. (916) 444-6240.

International Trade

World Trade Week Breakfast. Los Angeles Area Chamber. May 3, Los Angeles. (213) 580-7569.
IBAGlobal 17th Annual World Trade Conference. International Business Association. May 4-5, Ontario. (702) 417-5467.

Export Compliance Training. International

Traffic in Arms Regulations (ITAR). May 6 and May 20, Hawthorne. (310) 973-3148.

Bridging Global and Local Innovations. World Affairs Council of Northern California. May 6, Sacramento. (415) 293-4600.

Monterey Bay Marketplace—A Model for the World. Monterey Bay International Trade Association and Monterey County Business Council. May 10, Monterey. (831) 335-4780.
Consular Corps Luncheon. NorCal World Trade Center. May 18, Davis. (916) 447-9827.

See CalChamber-Sponsored: Next Page



Environmental Standard Job Creator Bill Moving Through Legislative Process



From Page 1 to reduce California's greenhouse gas emission levels, companies

subject to compliance with these regulations must make significant modifications to existing facilities in order to reduce emissions in compliance with the law.

By law, greenhouse gas regulations must be adopted by January 1, 2011, so companies have a short timeframe to become AB 32 compliant. In order to make infrastructure changes, these companies must go through the necessary CEQA permitting process before construction of significant project

modifications/upgrades can begin.

Since the CEQA process can be arduous, often marked by delays and great expense to business, it is important that the state look for ways to help streamline this process in order to help industries meet their AB 32 goals in a timely manner.

Expedited Review

AB 1846 provides such a path by requiring an expedited environmental review of greenhouse gas compliance projects through a focused EIR.

Specifically, this bill will clarify and streamline the CEQA process for projects required to comply with emission reduction regulations under AB 32. This process will eliminate unnecessary layers of environmental review for specific

projects without compromising necessary environmental review.

Creates Jobs

AB 1846 is an important measure in light of the state's current economy. With unemployment at 12.6 percent, returning the state to economic health and vitality should be California's highest priority. This measure will create jobs, stimulating the California economy when jobs are vital and essential to the state's economic recovery.

Furthermore, the CalChamber believes this bill provides a "win-win" situation by facilitating California businesses' ability to comply with greenhouse gas emission reductions under AB 32 while also providing the benefits of jobs in the state.

Staff Contact: Brenda M. Coleman

CalChamber-Sponsored Seminars/Trade Shows

From Previous Page

Clean-Tech Trade Mission to China. Monterey Bay International Trade Association and Asia Gateway Inc. May 22-29, Shanghai, China. (831) 335-4780.

7th World Chambers of Commerce. International Chamber of Commerce. June 8-10, Mexico City. (212) 703-5065.

Agri Livestock Fisheries SMEDEX 2010. Sri Lanka Consulate in Los Angeles. June 18-20, Colombo, Sri Lanka. (213) 387-0214.

Business Future of the Americas Conference. The American Chamber of Commerce of Peru. June 21-22, Lima, Peru. (510) 705-8000.

Indo Aquaculture 2010. Indonesia Directorate General of Livestock Services, Department of Agriculture. July 8-10, Jakarta, Indonesia. kontakt@merebo.de.

Indo Livestock 2010. Indonesia Directorate General of Livestock Services, Department of Agriculture. July 8-10, Jakarta, Indonesia. kontakt@merebo.de.

CalChamber Calendar

Business Summit/Host Breakfast:

May 17-18, Sacramento

Council for International Trade:

May 17, Sacramento

Water Committee:

May 17, Sacramento

Environmental Committee:

May 17, Sacramento

Board of Directors:

May 17-18, Sacramento

Fundraising Committee:

May 18, Sacramento

Public Affairs Council Spring Retreat:

June 15, Sacramento

CalChamber Positions on June Ballot Propositions

Proposition	Subject	Position
Proposition 13	Bars property tax increases on construction for seismic retrofits	Support
Proposition 14	Increases right to participate in primary elections	Support
Proposition 15	Repeals ban on public funding of political campaigns	Oppose
Proposition 16	New two-thirds voter approval for local public electricity providers	Support
Proposition 17	Makes continuous coverage auto insurance discount portable	Support

Is California Ungovernable? Summit Panel to Discuss Question

From Page 1

● **Gale Kaufman**, Kaufman Campaign Consultants—a leading Democratic campaign consultant for more than 70 congressional and state legislative races, as well as many municipal and local measures, issue advocacy campaigns and statewide ballot initiatives.

● **Garry South**, California Strategies—another leading Democratic strategist who masterminded the victorious campaigns of California’s last Democratic governor.

Newsweek Correspondent

Newsweek Senior Washington Correspondent and Columnist Howard Fineman will deliver the featured address following the Summit luncheon on May 17.

Fineman is an award-winning reporter and writer and is the author of “Living Politics,” a column appearing on *MSNBC.com*, *Newsweek.com* and in the print magazine.

Fineman has interviewed every major presidential candidate from George H.W.

Bush in 1985 to Barack Obama early and often in the 2008 campaign cycle.

Governor, CalChamber Chair

Governor Arnold Schwarzenegger and CalChamber Chair Larree M. Renda will be featured speakers at the Sacramento Host Breakfast on May 18.

The event offers business owners, CEOs, public affairs staff, local chambers of commerce staff, board members, committee members and many more a look at top issues facing California businesses.

Renda is responsible for all retail strategies and a broad range of administrative functions at Safeway, one of the largest food and drug retailers in North America.

She is the first woman and youngest person promoted to senior vice president in 1994, became Safeway’s first female executive vice president in 1999 and was voted one of the “50 Most Influential Women in Business” by *Fortune* magazine in 2001 and 2002. In 2008, she became the first woman inducted into the

California Grocers Association Hall of Achievement.

Breakout Sessions

Optional breakout sessions the afternoon of May 17 include:

- Legislative Advocacy Boot Camp 101;
- 2010 Ballot Measures;
- Labor’s Federal Agenda: What You Don’t Know Can Hurt You;
- International Forum on Asia-Pacific Economic Cooperation (APEC) issues and U.S.-hosted APEC meetings, the President’s National Export Initiative and the new California Governor’s Office of Economic Development.

Registration

Online registration and more information are available at www.calchamber.com/Summit10.

UnitedHealthcare and Pacific Gas and Electric Company are major sponsors of this year’s Summit.

Staff Contact: Alicia Smith



2010 Business Summit

MAY 17 AND 18
SACRAMENTO CONVENTION CENTER

SPECIAL THANKS TO OUR MAJOR SPONSORS

 



 Governor Arnold Schwarzenegger	 Larree M. Renda CalChamber Chair	 Howard Fineman Senior Washington Correspondent, <i>Newsweek</i>
--	---	--

REGISTER NOW AT calchamber.com/Summit10

Small Business Advocate of Year Award

Former Mayor Uses Past Advocacy to Lead Local Chamber in New Direction



Mark Waronek

Mark Waronek has brought a lot of change to the Torrance Area Chamber of Commerce, and this year he plans to bring even more.

On July 1, Waronek, a California

Chamber of Commerce 2009 Small Business Advocate of the Year Award recipient, will take over as chair of the Torrance Area Chamber.

Waronek, a former mayor of Lomita, plans to change the policy platform of the Torrance Area Chamber so that policy matters are more streamlined.

He got his start at the chamber in 2005 as a member of its Government Affairs Committee. He said the chamber currently runs into problems when a committee has a meeting and makes a decision, only to have to wait two weeks or more for the board to come to a final verdict.

"We are going to mix it up a little bit," he said.

His plan is to hire a consultant with a lot of experience in working with chambers to help take advantage of Web technology such as sending out e-mails and notifications to Torrance Area Chamber officials, legislators and even the CalChamber.

"We are going to be more relevant because we will be a lot quicker, and a lot more efficient," he said.

In addition, Waronek, a Southern California native, wants to change the way the Government Affairs and Policy Committee is appointed. When he takes over as chair, he wants the Government Affairs and Policy Committee vice chair and the chair of the board to choose the members of the committee.

'Journeyman Advocate'

Referred to by his peers as a "journeyman advocate," Waronek got his start in politics right out of college when he landed a job as the economic

development deputy for a Los Angeles City Council member. There, he began working with the business community a lot, specifically the local chamber of commerce. The first chamber he worked with was the Harbor City/Harbor Gateway Chamber, where he currently serves as Governmental Affairs Committee vice chair.

Waronek then served on the Lomita Planning Commission, which led to him serving on the Lomita City Council from 2003-2007. In 2005, he began working with the Torrance Area Chamber after attending its Government Affairs Committee meetings for several months.

"After about a year, they asked me if I wanted to chair the committee," he said.

Now, Waronek finds himself on the verge of becoming chairman of the board.

"It is just in my blood. I really enjoy doing what is best for the business community because to me, it is the backbone of the city, it is the backbone of the region and it is the backbone of our state," Waronek said.

His colleagues are happy he is on their side. "We're glad to have the likes of Mark Waronek on our team. We know we can count on him to provide insight, advice and hands-on effort in moving forward with our entire advocacy endeavor," said Toni Bock, past Torrance Area Chamber Board chair.

L.A. Air Force Base

Waronek's ability to lead advocacy endeavors shone a few years ago when the Los Angeles Air Force Base was in danger of being shut down due to federal budget cuts.

"The Los Angeles Air Force Base is a huge economic engine within our region; you are talking hundreds and hundreds of jobs, if not thousands," he said.

Every five to seven years, the Base Realignment and Closure (BRAC) Program does an analysis on which bases could be closed due to budget overhauls, Waronek said. Because the Los Angeles Air Force Base does not have an actual landing strip, it is always slated to be closed in the initial BRAC analysis.

After the most recent BRAC analysis, Waronek helped with a huge campaign that included local business leaders, chambers of commerce, the cities and the council of governments to help prevent the base from closing.

"From the President on down, it is a huge undertaking," he said.

They traveled to Sacramento and Washington, D.C. to testify on the importance of the base to the local economies.

The campaign was a success, as the base remains open today.

310 Area Code

In addition to helping keep the Los Angeles Air Force Base open, Waronek has led many other advocacy campaigns on behalf of the business community, including the only successful attempt in the state to prevent an expansive area code change.

Every so often, each area runs out of phone numbers. In such situations, a new area code is usually instituted. In 2006, some Torrance and South Bay communities were on the verge of having their "310" area code switched to "424."

"This would have been a huge cost for businesses, especially the bigger businesses, because they would have had to redo all of their letterheads and other materials," Waronek said.

Waronek led a group of business leaders to Sacramento and San Francisco to meet with the Public Utilities Commission, and the group was successful in arranging an area code "overlay," rather than a "switch."

Under an area code "overlay," businesses already in operation were able to keep their "310" area codes and any new number that came in would get the "424" area code.

Recognizing how procedural changes such as an area code switch would have a negative impact on local businesses, and having the political know-how to prevent it, is just another example of how this journeyman advocate is always, as he says, "ready to roll up my sleeves and do what's best for the business community."

Legislative Outlook

An update on the status of key legislation affecting businesses. Visit www.calchambervotes.com for more information, sample letters 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.

Anti-Investment Bill Set for Hearing



OPPOSE

A California Chamber of Commerce-**opposed** bill, which sends a chilling message to the business community that California is not a reliable place to do business, is scheduled for hearing in a Senate committee on May 3.

SB 1272 (Wolk; D-Davis) creates uncertainty for California employers making long-term investment decisions by requiring all future-enacted investment incentives to sunset after seven years, and requiring each statute to provide detailed requirements for evaluating their effectiveness, potentially establishing conflicting oversight regimes.

The inclusion of automatic seven-year sunsets in all future-enacted investment incentives will discourage California employers from continuing to invest in the state because it creates significant

uncertainty and thereby limits the value of these incentives in long-term tax planning.

When choosing to locate in a state, apart from factors such as availability of a skilled workforce, infrastructure, regulatory environment and tax structure, businesses evaluate whether they can rely on these factors to remain relatively stable and consistent in the long-term.

Action Needed

SB 1272 is set to be considered by the Senate Appropriations Committee on May 3. The CalChamber is urging members of the business community to write committee members and urge them to **oppose SB 1272**.

Staff Contact: Mira Guertin

Health Care Premium Increases Likely If Pending Proposal Passes



OPPOSE

Legislation that would drive up the cost of health care premiums is scheduled for hearing in an Assembly committee on May 4.

California Chamber of Commerce-**opposed AB 2110 (De La Torre; D-South Gate)** potentially drives up the cost of health care premiums by providing health insurance coverage for 50 days while premiums go unpaid.

Increasing the grace period to 50 days will increase the frequency of unpaid care and inevitably shift the cost to consumers.

Current grace period protections are consistent with national standards. Insurance Code Section 10291.5(b)(12) protects consumers by requiring a grace period of no less than seven days for weekly premium payments, 10 days for

monthly payments and 31 days for all other policies.

If someone fails to pay premiums and loses coverage as a result, the cost of services that were provided during the grace period usually becomes the responsibility of the health insurer. As a result, costs rise for consumers because the health insurer will be forced to absorb these costs.

Action Needed

AB 2110 is set to be considered by the Assembly Health Committee on May 4. The CalChamber is urging members of the business community to write committee members and urge them to **oppose AB 2110**.

Staff Contact: Marti Fisher

Higher Property Taxes If ‘Split Roll’ Bill Passes

From Page 1

change in ownership that would trigger reassessment.

Proposition 13 Protections

Proposition 13 protects both residential and commercial property owners by capping property tax rates at 1 percent of assessed value and to a growth rate of 2 percent a year.

A “split roll” property tax seeks to divide the tax treatment of commercial and residential properties by removing Proposition 13 protections from commercial properties, while leaving those protections intact for residential properties.

Change of Ownership

Only when ownership changes or there is new construction may the value of the property be reassessed at more than 2 percent.

Corporate property often is owned by

multiple interests such as through shares of stock. Under current law, when an individual obtains more than 50 percent of ownership or control in a corporation, a property reassessment is triggered.

Why Oppose ‘Split Roll’?

A “split roll” tax would undermine the intent of the protections cemented in Proposition 13, and have a negative effect on job-producing operations and the state’s well-regarded property tax structure.

Commercial properties already contribute significantly in tax dollars—generating approximately two-thirds of the property tax revenues, just as they did before the passage of Proposition 13.

Implementation of a “split roll” tax would mean significantly higher property taxes for California businesses, likely exceeding \$3 billion or more. Property owners may be forced to pass along some of the increased costs in the form of

higher rents and higher consumer prices.

Since many small businesses rent rather than own building space, they will be hardest hit.

Higher property taxes reduce capital available for investment in rental housing and business plants and equipment within California, meaning fewer jobs.

AB 2492 would also result in a tremendous paperwork and tracking burden for both companies and assessors.

Action Needed

Contact members of Assembly Revenue and Taxation and your Assembly representative to ask them to **oppose AB 2492**.

A sample letter is available at www.calchambervotes.com.

To sign on to the coalition letter opposing AB 2492, e-mail laurie.lively@calchamber.com.

Staff Contact: Kyla Christoffersen

Political Communications to Employees



With the June 8 primary election just weeks away, the California Chamber of Commerce is reminding employers to brush up on the dos and don'ts of political communications with employees.

Business owners are within their rights to

inform employees and stockholders about the potential impacts of proposed ballot measures.

The CalChamber has prepared a brochure giving a quick overview of what employers can and cannot do, as well as when they need to report what they spend on political communications.

A pdf file of the *Guidelines for Political Communications to Employees* brochure is available on the CalChamber website at www.calchamber.com/guidelines.

Maldonado Confirmed as Lieutenant Governor



Abel Maldonado

Following confirmation of his nomination by both houses of the Legislature, Senator Abel Maldonado (R-Santa Maria) was sworn into office as Lieutenant Governor on April 27. In January, CalChamber President and CEO Allan Zaremberg called for Maldonado's confirmation, citing his business background and consistent support for jobs-friendly policies.

Don't let harassment hurt your company. Train with the best resources available.



Your company's harassment liability may be on the rise. Last year, almost two new claims were filed per hour nationwide. And California companies are held to the strictest laws, including mandatory harassment prevention training and retraining for supervisors. Our NEWLY updated online course can help you curb your risk.

You're obligated to keep harassment out of your company. Under California Assembly Bill 1825, if you have 50 or more employees, you must provide two hours of harassment prevention training to in-state supervisors within six months of hire or promotion and every two years thereafter. We've updated our course to make it easier and more engaging than ever to fulfill this requirement, with these all-new features:

- Realistic video scenarios based on feedback from managers like you.
- Controls that allow users to undergo the required two hours at their own pace, and choose between video and text displays.
- Interactive "drag and drop" quizzes that ensure learner retention of material

Get a See's Candies® gift certificate with your purchase of \$100 or more in harassment prevention training. Offer expires 5/28/10. Use priority code HTS3 when ordering.



Order online at www.calbizcentral.com or call (800) 331-8877

ADDRESS SERVICE REQUESTED

Helping California Business Do Business™

P.O. BOX 1736 SACRAMENTO, CA 95812-1736
(916) 444-6670 FACSIMILE (916) 444-6685
www.calchamber.com

CALIFORNIA CHAMBER OF COMMERCE

ALERT

Periodicals
Postage
PAID
Sacramento, CA