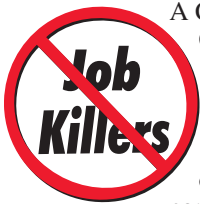


ALERT

VOLUME 39, NUMBER 16 • MAY 17, 2013



Assembly Fiscal Committee Holds ‘Split Roll’ Tax Hike



A California Chamber of Commerce-opposed “job killer” bill that would have completely altered the definition of “change of ownership” for commercial properties for

the purpose of increasing their property taxes, was held in the Assembly Revenue and Taxation Committee this week.

AB 188 (Ammiano; D-San Francisco) unfairly targeted commercial property by redefining “change of ownership” so that such property is more frequently reassessed, which would have ultimately led to higher property taxes that will be passed on to tenants, consum-

ers, and potentially employees.

Proposition 13

Currently, under Proposition 13, commercial property is reassessed only when there is an actual change of ownership in the entity that owns the property. That is, another entity or person has acquired at least 50% of the ownership interest of the entity that owns that property and therefore has a controlling interest in the property.

This is the most common-sense interpretation of Proposition 13’s requirements. It creates a bright line to determine when property ownership has changed, and it is consistent with the underlying

See Assembly Fiscal Committee: Page 4

Protection from Prop. 65 Drive-By Lawsuits Wins Assembly Fiscal Committee Approval



A California Chamber of Commerce-supported job creator bill that aims to

stop drive-by Proposition 65 lawsuits passed the Assembly Appropriations Committee on May 15.

AB 227 (Gatto; D-Los Angeles) protects small businesses from drive-by lawsuits by providing a 14-day right to cure for allegations for a failure to post a Proposition 65 warning.

In a support letter, the CalChamber, along with a broad coalition of organizations that included numerous local chambers of commerce, urged the committee to pass the bill.

The letter stressed that the bill would

protect businesses from lawsuits related to alleged missing or inadequate signage required by Proposition 65 by giving them a 14-day window to cure a signage violation in certain situations, thereby avoiding a private lawsuit.

Proposition 65

Proposition 65 requires that a private business with more than 10 employees post warnings when it knowingly exposes workers or the public to listed chemicals.

These warnings can take the form of placards in business establishments where listed chemicals exist or are released into the environment, or as part of the labeling of a consumer product that contains any of the 774 chemicals currently on the list.

See Protection from Prop. 65: Page 4

Governor’s Revised Budget Plan Aims to Minimize Future Risk



BUDGET

Governor Edmund G. Brown Jr. presented his revised budget proposal this week and left no doubt about his intent to minimize future budget risk.

Despite an influx of new

revenues, and the accompanying hope expressed by some Democratic legislators and numerous interest groups that various programs be restored, the Governor has so far held the line.

Revenue Fluctuations

Reason No. 1 for the Governor’s prudence: California has climbed back on the revenue roller coaster. The new budget picture reveals that General Fund revenues will be nearly \$3 billion higher for the current fiscal year, but more than a billion dollars below forecast for the following year.

The revenue surge was attributable mainly to taxpayers shifting the realization of capital gains from 2013 to 2012 to minimize federal taxes. That also accounts in part for the drop-off in revenue the following year.

But in an ominous development, the Governor also warned that the economy is not recovering as robustly as many had

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Inside

Job Creator Bills
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Labor Law Corner

Nonlegal Flexible Schedule Agreements May Be Costly to Employers



Barbara Wilber
HR Adviser

Our employee and her supervisor have agreed that no overtime will be owed for working a varied, flexible schedule, including work shifts exceeding eight hours, but the total hours worked equaling 40 hours per week. Will the agreement protect us from an overtime wage claim?

No. A flexible schedule where an employee works more than eight hours in a day with varied days and hours will be subject to California overtime law.

Absent a legally established alternative workweek election that provides for a regularly recurring schedule, any agreement to avoid the payment of daily and weekly overtime is not valid.

Labor Code Section 1194(a) states:

1194. (a) Notwithstanding any agreement to work for a lesser wage, any employee receiving less than the legal minimum wage or the legal overtime compensation applicable to the employee is entitled to recover in a civil action the unpaid balance of the full amount of this minimum wage or overtime compensation, including interest thereon, reasonable attorney's fees, and costs of suit.

Overtime Laws

California law requires overtime payment for more than eight hours of time worked—or 10 hours for certain agricultural occupations—in any one workday and more than 40 hours in a workweek.

A workday is defined as a consecutive 24-hour period starting at the same time each calendar day, and a workweek is a fixed and regularly recurring period of seven consecutive days.

In these situations, the employee and employer may realize that an overtime obligation exists and in an effort to remove that obstacle, the employee voluntarily signs an agreement waiving any overtime payment.

The problem for the employer is that the employee retains the right to pursue a claim for unpaid overtime according to the statute of limitations of either three or four years, plus interest and attorney's fees. Not only may an employee file a claim for unpaid overtime, but an employer is subject to civil penalties as well.

Costly Penalties

The Industrial Welfare Commission Orders provide for civil penalties as follows:

(A) In addition to any other civil penalties provided by law, any employer or any other person acting on behalf of the employer who violates, or causes to be violated, the provisions of this order, shall be subject to the civil penalty of:

(1) Initial Violation — \$50.00 for each underpaid employee for each pay period during which the employee was underpaid in addition to the amount which is sufficient to recover unpaid wages.

(2) Subsequent Violations — \$100.00 for each underpaid employee for each pay period during which the employee was underpaid in addition to an amount which is sufficient to recover unpaid wages.

(3) The affected employee shall receive payment of all wages recovered. (B) The Labor Commissioner may also issue citations pursuant to California Labor Code Section 1197.1 for non-payment of wages for overtime work in violation of this order.

Any penalty found due pursuant to Labor Code 1197.1 is even steeper and may be assessed in conjunction with the above penalties:

(1) For any initial violation that is intentionally committed, one hundred dollars (\$100) for each underpaid employee for each pay period for which the employee is underpaid. This amount shall be in addition to an amount sufficient to recover underpaid wages.

(2) For each subsequent violation for the same specific offense, two hundred fifty dollars (\$250) for each underpaid employee for each pay period for which the employee is underpaid regardless of whether the initial violation is intentionally committed. This amount shall be in addition to an amount sufficient to recover underpaid wages.

Review Your Practices

As you can see, overtime claims can be very costly. Once you pay for all unpaid overtime for at least three years, plus possible penalties, the financial obligation could be substantial. Review your scheduling practices and make sure all supervisors understand that separate agreements regarding pay and scheduling are not authorized.

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.

CalChamber Calendar

2013 PAC Workshop:
September 27, Burbank

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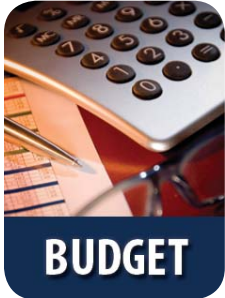
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Governor Holds Line on Budget Spending



From Page 1

hoped. The administration has lowered its estimate of wage growth, due to the expiration of the payroll tax holiday and new federal spending cuts.

This in turn has reduced estimated revenues from personal income and sales taxes.

Fiscal Caution

Fiscal caution is reflected elsewhere in the budget.

The Governor again refused to increase funding for the state's trial courts, leaving in place for another year a judiciary struggling to meet the growing demands for access to justice.

The administration also chose to postpone new spending for projects designed to reduce greenhouse gas emissions. Revenues for these new programs would come from proceeds of the state's cap-and-trade auction, which is currently being litigated by the California Chamber of Commerce.

The administration stated that the new programs are not yet ready for launch, but whatever the reason, it creates a cushion to help build up the general budget reserve.

Tax Credits

The Governor also unveiled a tax credit shuffle aimed at key business incentives. The aim is to change rewards and incentives for economic development, but as of this writing, the proposals are vague and the benefits unclear.

The administration proposes to eliminate the enterprise zone tax incentives—in place for nearly three decades—and replace that incentive with a partial exemption from the sales tax for investment in manufacturing equipment.

California is one of the few states that levies a sales tax on equipment and consumables used in the manufacturing industry. For many companies this is a huge cost and a barrier to new investment.

On the other hand, the enterprise zone program is one of the few economic development tax incentives that California communities can use to distinguish themselves when pitching new or expanded industrial or commercial investment. As a bonus, the incentive is tied to location or hiring in disadvantaged areas. With the abolition of redevelopment agencies, the menu of economic development incentives is thin.

School Funding

To the surprise of no one, the prime beneficiaries of the windfall of new

revenues were public schools and community colleges.

Indeed, the school finance formulas embedded in the state Constitution are so potent that schools will receive a revenue bump this year that amounts to 103% of the new revenues to the General Fund. That is, while General Fund revenues will be \$2.8 billion higher than forecast, new revenues to schools will be \$2.9 billion.

But caution is the watchword here, as well. Most of the new money will be dedicated to nonrecurring spending, such as paying down school debt and providing teacher training and tools for new curriculum requirements.

The Governor also reiterated his commitment to overhauling the ancient and arcane school finance system, moving it from a collection of categorical programs and legacy apportionments to a more flexible system that provides extra funding for the students most in need of help—poor and non-English speaking children.

Much of the controversy over the budget during the next six weeks will center on the conflict between the status quo funding, the Governor's proposal and reforms suggested by the Legislature to provide the increases on a broader, less targeted basis to school districts.

Contact: Loren Kaye, California Foundation for Commerce and Education

CalChamber-Sponsored Seminars/Trade Shows

More information: calchamber.com/events.

Labor Law

HR Boot Camp. CalChamber. June 6, Silicon Valley. Sold Out.

California Employers and Workplace Privacy Webinar. CalChamber. July 18. (800) 331-8877.

Expert Answers to Your HR Questions. CalChamber. September 11. (800) 331-8877.

Put It in Writing: Employee Handbooks. CalChamber. September 19. (800) 331-8877.

Business Resources

EDD Labor/Tax Seminar. California Employment Development Department. June 5: Hawthorne and Merced. (415) 703-4810.

Social Media at Work is No LOLing Matter. Worklogic HR. May 21, Bakerfield or online via live stream. (661) 695-5163.

California HR Conference. Professionals in Human Resources Association (PIHRA). August 26–28, Anaheim. (310) 416-1210.

International Trade

The BRICS (Brazil, Russia, India, China and South Africa) Countries Conference. Monterey Bay International Trade Association. May 24, Monterey. (831) 335-4780.

Think Asia, Think Hong Kong. Hong Kong Trade Development Council. June 14, Los Angeles. (212) 838-8688.

Spanish Language/Media Conference.

California Leadership Institute and Mentoring Bridges. June 21–22, Los Angeles. (916) 719-1405

U.S.-Saudi Auto Conference. U.S. Saudi Arabian Business Council. June 26, Birmingham, Michigan. (703) 204-0332.

America's Cup: San Francisco 2013. America's Cup. September 7–22, San Francisco.

Guy Fox Maritime Industry Salute Dinner. International Seafarers Center of Long Beach-Los Angeles. September 18, Aboard RMS Queen Mary. (310) 816-6510.

Expo Pakistan. Trade Development Authority of Pakistan. September 26–29, Karachi, Pakistan.

Assembly Fiscal Committee Holds ‘Split Roll’ Tax Hike

From Page 1

purpose of Proposition 13, which intended to provide property owners certainty and stability about the amount of property taxes due—on sale and thereafter.

‘Change of Ownership’

AB 188 would have drastically altered the definition of “change of ownership” under Proposition 13 by dictating that a “change of ownership” occurs whenever 100% of the ownership interests in the legal entity that owns the commercial property are sold within a three-year period, regardless of whether any person or entity actually obtains control through direct or indirect ownership of at least 50% of the voting stock or ownership interest in the entity owning the property.

This new definition, which merely focuses on ownership rather than control, would have subjected commercial property, especially property held by publicly traded corporations, to continuing reassessment that will at some point result in higher property taxes—the obvious intent of this legislation.

Given that a reassessment could be triggered under this definition on a daily, weekly, or even monthly basis, however, the anticipated revenue gain by AB 188 is vastly overstated, as the market value of commercial property does not change within such a short time frame.

AB 188 would have provided a tool for harassing owners of commercial property with constant reassessments, and an overwhelming workload for county assessors.

Increases Property Taxes

Ultimately, increasing property taxes for commercial property will have detrimental impacts on the general public, including small businesses, apartment residents, employees, and consumers.

Any higher taxes imposed on companies that own commercial property will likely be passed on in the form of higher rents for the tenants of such property, including businesses as well as individuals who rent apartments in which to live. The increased costs could result in reduced employee benefits, workforce reductions,

or even higher prices for consumers.

Moreover, the proposed definition of “change of ownership” under AB 188 would have triggered reporting requirements for multiple “owners” of these entities.

Despite the percentage of ownership acquired, an individual or entity would have been required to report this change in ownership or face a penalty of up to 20% of the assessed fair market value of the commercial property.

A penalty for failure to file a statement was imposed even if the county assessor ultimately determined no “change of ownership” had occurred.

This duplicative and onerous reporting requirement that AB 188 sought to impose would have created a potentially unfair monetary trap for a minority owner in a company who is unaware that a 100% change of ownership has even taken place within the previous three years.

For an update on the 2013 “job killer” bills, visit www.calchamber.com/jobkillers or CAJobKillers.com.

Staff Contact: Jennifer Barrera

Protection from Prop. 65 Drive-By Lawsuits Wins Approval

From Page 1

Drive-By Lawsuits

AB 227 addresses one very avoidable cost that results from a handful of law firms targeting businesses with drive-by lawsuits, alleging the businesses lack the signage required by Proposition 65.

These lawsuits can easily cost thousands of dollars to litigate, causing many small businesses to settle out of court regardless of whether they actually needed to have signage posted at their business establishments, if the failure to post was made in good faith, or if the signage they did have was merely the wrong size.

Lengthy List

The 774 chemicals on the Proposition 65 list range from those that pose limited

or no risk based solely on their presence at a business establishment—such as alcoholic beverages and aspirin—to others that pose an obvious and widely known risk, like diesel engine exhaust and tobacco smoke.

Given the range of listed chemicals, it’s easy to understand why business owners sometimes fail to realize a warning sign is required.

Further, many business owners rightly determine that signage is not warranted given the exposure levels of a particular chemical at the business establishment, or that no listed chemicals are present at all, but this does not prevent a firm from making an allegation in a demand letter in order to pressure the business into handing over a small settlement.

Hundreds of businesses are targeted in these lawsuits each year, costing millions

of dollars in lost productivity and jobs.

AB 227 will help eliminate the inappropriate use of litigation, while ensuring that the public does receive Proposition 65 warnings when appropriate.

Key Vote

AB 227 passed the Assembly Appropriations Committee, 17-0.

Ayes: Bigelow (R-O’Neals), Bocanegra (D-Pacoima), Bradford (D-Gardena), I. Calderon (D-Whittier), Campos (D-San Jose), Donnelly (R-Twin Peaks), Eggman (D-Stockton), Gatto (D-Los Angeles), Gomez (D-Los Angeles), Hall (D-Los Angeles), Harkey (R-Dana Point), Linder (R-Corona), Pan (D-Sacramento), Rendon (D-Lake-wood), Quirk (D-Hayward), Wagner (R-Irvine), Weber (D-San Diego).

Staff Contact: Mira Guertin

Senate Legislation Creates Incentives for Increased Environmental Litigation



A California Chamber of Commerce-**opposed** proposal that expands and incentivizes litigation under the California Environmental Quality Act (CEQA) without providing any benefit to the environment is scheduled to be considered next week by the Senate Appropriations Committee.

SB 754 (Evans; D-Santa Rosa) is a dramatic expansion of CEQA that increases the complexity and cost of CEQA compliance by:

- prohibiting a lead agency from asking a project proponent to draft an environmental impact report (EIR);
- forcing re-analysis of projects that are more than seven years old;
- creating a new cause of action to allow anyone to stop a project by alleging a mitigation measure has not been implemented; and

- removing limits on archeological resources mitigation fees.

The CalChamber believes the Legislature should be more appropriately focused on updating CEQA, now 43 years old, to address legitimate concerns about unnecessary litigation while reinforcing the existing statute's core purpose of environmental protection and public participation.

Cost Concerns

Compliance with CEQA imposes considerable costs on project proponents. SB 754 will increase costs for all project proponents by changing the CEQA process and increasing litigation over CEQA projects.

- First, SB 754 requires a lead agency to choose between taking on the burden and staff time necessary to prepare an environmental impact analysis itself, or to rely on outside contractors to prepare the initial environmental impact analysis, which often includes increased overhead

costs and contingency fees.

- Second, this bill will require that more projects have a full EIR prepared, even though the project complies with a plan that is timely and for which no circumstances have changed. These analyses can cost hundreds of thousands of dollars to perform, even if they aren't litigated, meaning that the use of tiering provides a considerable savings for the state that would be undercut by SB 754.

- Finally, by creating a new, unnecessary private right of action, SB 754 ensures more projects will end up in court, costing project proponents tens of thousands of dollars per challenge.

Action Needed

SB 754 is scheduled for consideration by Senate Appropriations on May 20. Contact your senator and members of the committee and urge them to **oppose SB 754**.

Staff Contact: Mira Guertin

Assembly Committee OKs Proposal to Boost Manufacturing/R&D Jobs



A California Chamber of Commerce-**supported** bill to increase manufacturing

and research and development (R&D) jobs passed a key Assembly committee this week.

AB 486 (Mullin; D-South San Francisco) is a job creator that encourages employers to maintain and expand their manufacturing operations in California by providing a full state sales-and-use tax exemption for purchases of manufacturing and R&D equipment.

This legislation is consistent with the goals of the CalChamber 2013 Solutions for a Strong California and will help position California for economic recovery.

AB 486 exempts California taxpayers from having to pay state sales and use tax on purchases of qualified manufacturing and R&D equipment made on and after January 1, 2014.

Most states recognize that taxing the

input as well as the final manufactured product is double taxation and discourages investment. The current policy has resulted in less production in California—out-of-state companies electing to grow elsewhere and in-state companies continuing to shift workers or facilities to other regions that do not burden capital investments with excess taxation.

AB 486 addresses this tax inequity and barrier to capital investment.

With improvements in transportation and logistics, manufacturers increasingly have choices to locate facilities all over the country and the world.

Manufacturers in the state have created high-wage jobs through a constant cycle of innovation and investment in new machinery and equipment.

Every manufacturer has a need for continual modernization to build new products, to meet environmental and safety standards, and to increase the skill level of its workforce.

The equipment needed to meet these needs can be very expensive with rela-

tively long pay back. The risks are high and investors are looking for locations that will provide the best outcomes.

A new and improved tax treatment for manufacturing and R&D investments will send a strong message that California favors fair tax policies that make the state more business-friendly, even during difficult economic times.

Key Vote

AB 486 won unanimous approval from the Assembly Revenue and Taxation Committee on May 13:

Ayes: Bocanegra (D-Pacoima), Dahle (R-Bieber), Gordon (D-Menlo Park), Harkey (R-Dana Point), Mullin (D-South San Francisco), Nestande (R-Palm Desert), Pan (D-Sacramento), V. M. Pérez (D-Coachella), Ting (D-San Francisco).

The bill will be considered next by the Assembly Appropriations Committee.

Staff Contact: Jeremy Merz

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.

Pro-Aerospace Manufacturing Jobs Bill Gets OK



A California Chamber of Commerce-supported job creator proposal that will increase aerospace manufacturing jobs won approval from an Assembly committee this week.

AB 1326 (Gorell; R-Camarillo) encourages manufacturers of unmanned aerial vehicles to maintain and expand their manufacturing operating in California by providing a full state sales-and-use tax exemption for purchases of manufacturing equipment used to produce unmanned aerial vehicles through January 1, 2024.

The Federal Aviation Administration expects more than 30,000 drones to fill the nation's skies in the next 20 years. According to a report by the Association for Unmanned Vehicle Systems Interna-

tional, California can potentially experience a \$14 billion economic impact, \$82 million in tax revenue, and more than 18,000 jobs between 2015 and 2025.

Key Vote

AB 1326 passed the Assembly Revenue and Taxation Committee on May 13 on a bipartisan vote of 7-2:

Ayes: Bocanegra (D-Pacoima), Dahle (R-Bieber), Harkey (R-Dana Point), Mullin (D-South San Francisco), Nestande (R-Palm Desert), Pan (D-Sacramento), V. M. Pérez (D-Coachella).

Noes: Gordon (D-Menlo Park), Ting (D-San Francisco).

Staff Contact: Jeremy Merz

'Job Killer' Bills Miss Deadline to Move to Fiscal Committees



A number of California Chamber of Commerce-opposed "job killer" bills are likely dead for the year, having missed the legislative deadline to pass from policy committees to fiscal committees in the house in which they were introduced.

Costly Workplace Mandates

● **AB 1138 (Chau; D-Alhambra)**
Massive Exposure to Civil Penalties and Liabilities—Inappropriately increases civil cases and civil penalties on employers by permitting civil action against those employers who fail to conspicuously post a list of every employee covered under an employer's workers' compensation insurance policy and to retain this list for five years. *Note: Amendments to the bill on April 16 led to removal of its "job killer" status, but the CalChamber still opposed the proposal.*

● **SB 626 (Beall; D-San Jose)**
Massive Workers' Compensation Cost Increase—Unravels many of the employer cost-saving provisions in last year's workers' compensation reform package and results in employers paying nearly \$1 billion in benefit increases to injured workers without an expectation that the increases will be fully offset by system savings.

Economic Development Barriers

● **AB 59 (Bonta; D-Alameda)**
Split Roll Parcel Tax—Potentially increases the tax burden on businesses by permitting local agencies to assess a higher parcel tax on commercial property than residential property overturning an appellate decision that determined such taxes were unconstitutional.

● **AB 823 (Eggman; D-Stockton)**
Infrastructure—Adds additional costs and hurdles to critically needed new infrastructure and development projects by imposing unreasonable mitigation requirements.

Expensive, Unnecessary Regulations

● **SB 747 (DeSaulnier; D-Concord)**
Unnecessary New Regulatory Scheme—Establishes a new, duplicative, and burdensome program that requires the Department of Public Health to regulate manufacturers of consumer products that the department determines contribute to a significant public health epidemic (i.e., obesity, diabetes, cancer, heart disease) and allows the department to restrict or prohibit the sale of such products.

For updates on the remaining "job killer" bills, visit www.calchamber.com/jobkillers or CAJobKillers.com.

Congress Considering Benefits of Trade Agreement with European Union



On March 20, President Barack Obama notified Congress of his intent to enter into formal trade agreement negotiations with the European Union (EU), thus beginning a 90-day consultation period

with Congress that will expire on June 18.

The President's notification emphasizes that a U.S.-EU trade and investment agreement would address both traditional tariff barriers, as well as important regulatory and other non-tariff barriers, including sanitary and phytosanitary barriers to U.S. agriculture exports. A U.S.-EU trade and investment agreement would also provide an opportunity to broaden and deepen cooperation on third-country issues.

Focus on Benefits

Congress will focus on the benefits of expanding U.S.-EU trade, including the negotiation of a trade and investment agreement.

Focus will include:

- tariff barriers to trade;
- regulatory barriers, including sanitary and phytosanitary barriers to U.S. agriculture exports;
- opportunities for regulatory cooperation and coherence;
- services and investment barriers; and
- ways to strengthen cooperation between the United States and the EU with regard to third-country issues.

U.S.-EU Relationship

The EU consists of 27 countries. The EU market represents more than 503.8 million people, and has a total gross domestic product (GDP) of \$16 trillion. The United States has more than 317 million people and a GDP of \$15.7 trillion.

The Trans-Atlantic Economic Partnership is a key driver of global

economic growth, trade and prosperity, and represents the largest, most integrated and longest-standing regional economic relationship in the world.

Together, the European Union and the United States are responsible for 11% of the world's population, nearly half of GDP, 30% of global merchandise trade, and 40% of world trade in services.

The trans-Atlantic relationship defines the shape of the global economy as a whole; either the European Union or the United States also is the largest trade and investment partner for almost all other countries.

Direct investment by the United States and the EU into each other's markets totals more than \$3.7 trillion. Europe is by far the largest destination for U.S. outbound investment, with Europe accounting for a roughly equal amount of U.S. outbound investment.

This longstanding integration translates into significant U.S. jobs; approximately 15 million workers in the United States are employed as a result of trans-Atlantic trade, according to the U.S. House Ways and Means Trade Subcommittee.

Total bilateral goods trade between the European Union and United States was nearly \$636 billion in 2012, with the United States exporting \$265 billion worth of goods to EU member nations.

California Exports

California exports to the European Union in 2012 totaled \$25.8 billion. California is one of the top exporting states to Europe, with computers, electronic products and chemical manufactures as the state's leading export sectors to the region.

EU countries purchase roughly 16% of all California exports.

For California companies, the single market presents a stable market with huge opportunity.

Tariffs on goods traded between the U.S. and the EU average less than 3%, but even a small increase in trade could have major economic benefits. Although

there are numerous issues—such as agricultural subsidies, privacy and aircraft subsidies—obtaining agreements on issues such as uniform car safety testing could be a huge benefit.

A free trade agreement could increase economic output by 122 billion euros (\$158 billion) a year for Europe alone and add 0.52% to the EU's GDP in the long term, according to European Commission estimates, benefiting industries ranging from chemicals to automakers. EU-U.S. commercial links are unrivaled. Trans-Atlantic trade in goods and services is worth \$700 billion a year.

According to the U.S. Trade Representative's Office, the United States and the European Union are the world's largest sources and destinations for foreign investment. Trans-Atlantic investment benefits companies and workers by creating high-paying jobs, boosting exports, and spurring innovation in both the United States and the European Union.

CalChamber Position

The California Chamber of Commerce, in keeping with long-standing policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede the international competitiveness of California business. New multilateral, sectoral and regional trade agreements ensure that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

Strengthening economic ties and enhancing trans-Atlantic regulatory cooperation through an agreement that would include both goods and services, including financial services, are essential to eliminating unnecessary regulatory divergence that may act as a drag on economic growth and job creation.

Staff Contact: Susanne Stirling



SPECIAL \$50 PIHRA DISCOUNT FOR CALCHAMBER MEMBERS

See Susan and Erika's presentation at PIHRA's California HR Conference®.

Plan to attend the California HR Conference, August 26–28, in Anaheim? CalChamber members receive \$50 off early bird (by May 31) or prevailing registration rates.

While you're there, don't miss CalChamber's "Determining Exempt Employee Status in California" presentation on Monday, August 26. Some of the largest multimillion-dollar awards of back pay by the courts are attributed to employers misclassifying employees as exempt. Susan Kemp and Erika Frank will offer practical guidance on avoiding common, costly mistakes.

For details on the conference presented by the Professionals In Human Resources Association (PIHRA), visit cahrconference.org.



Employment law experts Susan Kemp and Erika Frank will address properly classifying exempt employees at their August 26 presentation.

Approved for HRCI Credits

CONTACT Brian Allain at brian@pihra.org or (310) 416-1210 to receive your \$50 discount code.

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

CALIFORNIA CHAMBER OF COMMERCE