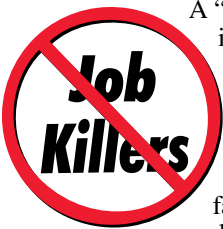


# ALERT

VOLUME 40, NUMBER 18 • JUNE 20, 2014



## Assembly Committee Nixes New Liability for Car Dealers



A “job killer” bill imposing an extremely difficult standard on licensed car dealers in California regarding a manufacturer’s “safety” recall was rejected by an

Assembly committee this week.

The California Chamber of Commerce opposed **SB 686 (Jackson; D-Santa Barbara)** because it exposed car dealers to significant liability and precluded them from selling a car despite the lack of actual knowledge that the car was subject to a manufacturer safety recall.

Although recent amendments to the bill defined “manufacturer’s safety recall” to mean a recall pursuant to the National Highway Traffic and Motor Vehicle Safety Act, this definition was still

extremely broad and would have prohibited a dealer from selling vehicles that have an open recall, yet which do not pose any imminent harm to the consumer.

### Delay of Parts Available

Also, under SB 686, a licensed dealer would have been required to “park” vehicles on its lot that are subject to the recall until the recall is fixed even if parts are not available for a significant period.

While some manufacturers may have the necessary parts available to fix the recall issue immediately, other manufacturers do not. There are various examples of where a manufacturer has issued a recall, yet the parts to fix the recall are not available for months, or even a year.

### Lost Sales to Other States

The ultimate impact of SB 686 would  
*See Assembly Committee: Page 4*

## Record State Budget Includes Healthy Reserve, No New Taxes



Bolstered by a recovering economy and greased by Proposition 25, the Legislature last Sunday passed a record \$156 billion state budget: balanced, with a healthy reserve and

no new or increased taxes.

Governor Edmund G. Brown Jr. will sign the budget later this week, possibly reducing some excessive spending. Even so, the budget passed by the Legislature achieves some fiscal milestones:

- For the first time in more than a decade, the fiscal year will begin with a healthy budget reserve—more than \$2 billion, including \$1.6 billion in the rainy day reserve.
- The budget directs paying down more than \$10 billion in state budget-related debt.
- The budget provides for the first payment of a long-term plan to stabilize funding for the State Teachers Retirement System.

In a stark turnaround from just two years ago, this year’s fiscal plan is premised on rapidly growing revenues—up by \$7 billion from two years ago. Much of the growth is a consequence of the income and sales tax increases approved by voters in Proposition 30 in 2012. Compounding the tax increases has been

*See Record State Budget: Page 4*

## Senate Committees Set to Consider Bills Promoting Competitive Tax Environment



Next week, two Senate committees are scheduled to consider California

Chamber of Commerce-supported job creator bills creating a competitive tax environment.

• **SB 998 (Knight; R-Palmdale)** encourages the aerospace industry to locate and expand projects in the state by increasing the cap on the sales and use tax exemption for manufacturing equipment used in new aerospace projects. It will be considered June 23 by the Senate

Appropriations Committee.

• **AB 1839 (Gatto; D-Los Angeles)** encourages film and television productions to locate or remain in California by extending and expanding the film and television tax credit. It will be considered June 25 by the Senate Governance and Finance Committee.

Both bills are consistent with the goals of the CalChamber’s **2014 Solutions for a Strong California**.

### Aerospace Industry

California has long been the home of the world’s most advanced aeronautics  
*See Committees to Consider: Page 6*

### Inside

**Draft Proposition 65 Regulations: Page 5**

## Labor Law Corner

# Be Careful When Suspending an Exempt Employee without Pay



**Gary Hermann**  
HR Adviser

*Can an employer suspend an exempt employee without pay for disciplinary reasons?*

Perhaps!

If an employer suspends an exempt employee for less than a full workweek, the employee must be paid for the time, for the purpose of maintaining the employee's exempt status.

Both the U.S. Department of Labor and the Labor Commissioner allow an exempt employee to be off a full workweek without pay.

### Caution

Even if the suspension is for a full workweek, the Labor Commissioner raises the caveat that if such a suspension, without pay, reduces the employee's monthly salary to an amount less than the statutory minimum, the exemption could be lost.

Employers also should be aware that if the exempt employee works part of the day, he or she must be paid for the whole day. Employers can fill in the missed part of the partial day, however, from available sick leave or vacation banks.

### Criteria for Exempt Employees

California Labor Code Section 515 provides that executive, administrative

and professional employees are exempt from overtime if they meet the established duties tests, customarily and regularly exercise discretion and independent judgment in performing those duties and earn a monthly salary of no less than double the minimum wage for full-time work.

As the current California minimum wage is \$8 per hour, the statutory minimum would be \$2,773.33 per month. On July 1, 2014, when the state's minimum wage increases to \$9 per hour, the minimum monthly salary for exempt employees will also increase—to \$3,120.

*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](http://www.hrcalifornia.com).*

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**Labor Law**

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### International Trade

Trade and Investment Opportunities in East Africa. GO-Biz and the Aga Khan Development Network. June 26, Los Angeles. (213) 580-7500.

SEMICON. Malaysia External Trade Development Corporation. July 8-10, San Francisco. (213) 892-9034.

Hong Kong Export Networking Luncheon. Los Angeles Hong Kong Trade and Development Council. July 9, Napa. (213) 622-3194.

Streamlining Global Trade. Monterey Bay International Trade Association. July 17, Palo Alto. (831) 335-4780.

Japan-US Innovation Symposium. Japan Society of Northern California. July 25, Stanford. (415) 986-4383.

Governor's Mexico Mission. CalChamber. July 27-30, Mexico City, Mexico. (916) 444-6670.

Ethiopia Business and Investment Forum.

Consulate General of Ethiopia in Los Angeles. August 1, Los Angeles. (310) 616-6910.

K-TECH Silicon Valley 2014 Conference/Expo. Korea Trade-Investment Promotion Agency (KOTRA) and National IT Industry Promotion Agency (NIPA). September 24-25, Santa Clara. (408) 432-5044.

## Quick Answers

## to Tough

## HR Questions

 **HRCalifornia**®



# Los Angeles Court Strikes Down California Teacher Tenure Laws

*CalChamber Member Gibson Dunn Represents Student Plaintiffs*



**Gibson, Dunn & Crutcher** reported on the landmark teacher tenure case as follows.

On June 10, 2014, Los Angeles County Superior Court Judge Rolf M. Treu issued an historic decision in

*Vergara v. California*, striking down five provisions of the California Education Code relating to the tenure and dismissal of public school teachers as unconstitutional under the equal protection provisions of the California Constitution.

The plaintiffs, nine California public school students, filed suit against the State of California in May 2012 with the assistance of Students Matter, a nonprofit organization dedicated to improving public education.

The plaintiffs contended that the five challenged statutes violate their fundamental right to equality of education by effectively preventing school districts from making personnel decisions that serve students' best interests.

## Challenged Laws

Specifically, the lawsuit targeted:

- California's "Permanent Employment Statute," which forces administrators to either grant or deny permanent employment to teachers after an evaluation period of less than 18 months—long before administrators are able to assess whether a teacher will be effective;
- three "Dismissal Statutes," which create a Byzantine process for dismissing a single ineffective teacher that involves numerous steps, requires years of documentation, costs hundreds of thousands of dollars, and rarely ever works; and
- the "Last-In, First-Out" (LIFO) Statute, which forces school districts to make layoff decisions based on seniority alone, with no consideration of teachers' performance in the classroom.

Plaintiffs argued that these statutes create a system in which grossly ineffective teachers obtain and permanently

retain employment in California public schools, harming students year after year, and that these teachers are disproportionately situated in schools serving predominantly low-income and minority students.

In May 2013, the state's two largest teacher unions, the California Teachers Association and the California Federation of Teachers, intervened in the case to defend these statutes alongside the State.

## Court Ruling

Following a nine-week trial that commenced on January 27, 2014, the court ruled that plaintiffs "met their burden of proof on all issues presented" and enjoined enforcement of all five statutes, with the injunction stayed pending appellate review. The court held that plaintiffs' evidence regarding the impact of grossly ineffective teachers on students "shocks the conscience."

The court recounted key testimony, for instance, from noted Harvard economists Raj Chetty and Thomas Kane that a single year in a classroom with a grossly ineffective teacher costs students \$1.4 million in lifetime earnings per classroom and results in 9.54 months of lost learning compared to students assigned to average teachers.

And because no party disputed that thousands of grossly ineffective teachers are currently employed by California schools, it "cannot be gainsaid that the number of grossly ineffective teachers has a direct, real, appreciable, and negative impact" on California students by "substantially undermin[ing] . . . [their] ability to succeed in school."

## No Compelling State Interest

In rendering its decision for plaintiffs, the court concluded that the State and the unions failed to demonstrate that any of the challenged statutes are necessary to serve a compelling state interest:

- **Permanent Employment Statute:** The court concluded that "both students and teachers are unfairly, unnecessarily, and for no legally cognizable reason (let alone a compelling one), disadvantaged by the current Permanent Employment

Statute," noting that most states provide at least three years to evaluate new teachers and that the State's own experts testified that 3–5 years would provide a better timeframe for students and teachers alike.

- **Dismissal Statutes:** The court found "the Dismissal Statutes to be so complex, time consuming and expensive as to make an effective, efficient yet fair dismissal of a grossly ineffective teacher illusory." Evidence presented at trial demonstrated that "it could take anywhere from two to almost 10 years and cost \$50,000 to \$450,000 or more to bring these cases to conclusion . . . and that given these facts, grossly ineffective teachers are being left in the classroom because school officials do not wish to go through the time and expense to investigate and prosecute these cases."

Indeed, many witnesses testified that dismissals are "extremely rare" or "impossible," and Los Angeles Unified School District "alone had 350 grossly ineffective teachers it wished to dismiss at the time of trial." The court rejected the State's argument that extremely costly, time-consuming dismissal procedures are necessary to protect teachers' due process rights; rather, the statutes mandate "über due process" that is both unnecessary (given other protections available to teachers under California law) and indefensible when weighed against students' right to a quality education.

- **LIFO Statute:** The court found that the LIFO Statute creates a "lose-lose" situation where "[n]o matter how gifted the junior teacher, and no matter how grossly ineffective the senior teacher, the junior gifted one . . . is separated from [her students] and a senior grossly ineffective one . . . is left in place" during layoffs. California is one of only a handful of states that require layoff decisions to be made strictly based on a teacher's hiring date without considering effectiveness in the classroom; 41 states allow schools to consider other factors or prohibit consideration of seniority altogether. "The logic of this system is unfathomable" and "constitutionally unsupported," the court concluded.

*See Los Angeles Court: Page 6*

## Record State Budget Includes Healthy Reserve, No New Taxes

*From Page 1*

economic growth in California's wealthiest regions.

Indeed, the most contention in the budget debate was between the Governor, who advocated a prudent approach to counting new revenues, and the Democratic leadership in the Legislature, which made a plausible case for even more rapid growth in tax receipts, based on an estimate from the nonpartisan Legislative Analyst.

### 'Triggers' for More Spending

The Governor's estimates remain the basis of the approved budget, while the Legislature added several revenue "triggers," which will add more spending if various tax benchmarks are exceeded. Should revenues surpass the Governor's targets, then more money will be diverted to debt repayment and deferred maintenance.

Legislative Democrats also prevailed on the Governor to include more spending for preschool, home health care, child care, welfare and libraries.

The budget will provide hundreds of millions in new funding for the state's low-income health care program, called Medi-Cal, to accommodate a large influx of newly eligible Californians under the Affordable Care Act. Reimbursement rates for hospitals and other providers will not increase, which will exacerbate the cost shift from public to private sector payers.

Besides healthy revenue growth, the

other reason for a lack of budget drama was Proposition 25, a measure approved by voters in 2010 reducing the vote approval threshold for the budget from a two-thirds supermajority to a simple majority. With Republicans frozen out of the budget negotiations, Democrats were able to come to agreements quietly—and with a minimum of transparency prior to the weekend of vote wrangling.

### Budget Trailer Bills

The budget bill was accompanied by no fewer than 16 "trailer bills," which change substantive state laws to conform to actions taken in the annual budget bill. Totalling more than 1,400 pages, these bills often include changes that go well beyond simple budget implementation.

Examples of new laws with only tenuous relation to the budget include:

- Providing new authority for the Coastal Commission to impose administrative civil penalties on violators of coastal access laws.
- Prohibiting school districts from building budget reserves in excess of 3% of their annual budgets.
- Expanding the marine oil spill cleanup fund to spills on land, and imposing the per barrel fee on oil shipped into the state by rail.
- Removing the requirement from driver license-seeking undocumented residents that they prepare an affidavit stating that they cannot prove legal residency.

Probably the most divisive spending proposal considered down to the wire was the plan for the cap-and-trade auction revenues. The Governor and Legislature had very different visions on how to spend this new money, amounting to billions through 2020.

The California Chamber of Commerce has a case pending before the court of appeal challenging the authority of the Air Resources Board to raise any revenues beyond the administrative costs of the program. The CalChamber objection to this program is not how they spend the money, but that they are raising the money in the first place—in clear violation of Proposition 13.

Governor Brown originally proposed that one-third of auction revenues be designated to support high-speed rail development, with the balance used to support purchases of electric vehicles, energy efficiency upgrades in state buildings, low-income residences, and for water and agricultural projects, and to promote urban infill and reduced vehicle use.

Democrats negotiated a reduced allocation to high-speed rail and increased allocations for affordable housing and transit. The majority of these allocations will be locked into the future, as long as cap-and-trade revenues are created by the auction mandate.

**Contact:** [Loren Kaye, California Foundation for Commerce and Education](#)

## Assembly Committee Nixes New Liability for Car Dealers

*From Page 1*

not necessarily have improved consumer safety, but rather, would have encouraged the sale of more vehicles in other states or through private consumer sales, where the provisions of SB 686 would not have applied.

SB 686 also threatened California licensed dealers with litigation under the Consumer Legal Remedies Act, for failure to comply with any of the bill's requirements.

That threat of liability for recalls that would not necessarily have posed imminent harm to consumer safety would likely have increased consumer prices for vehicles in California, thereby further

encouraging the purchase of vehicles in other states.

Pending federal legislation proposed by the President, the GROW AMERICA Act, seeks to provide a national, comprehensive resolution to vehicle manufacturer defects.

California should wait to see if this federal legislation is adopted to prevent any competitive disadvantage to California licensed dealers or any lack of conformity between state and federal laws regarding vehicle defects.

### Key Vote

SB 686 failed to pass the Assembly Business, Professions and Consumer

Protection Committee on June 17, 3-4.

Ayes: Dickinson (D-Sacramento), Mullin (D-South San Francisco), Skinner (D-Berkeley).

**Noes:** Jones (R-Santee), Hagman (R-Chino Hills), Maienschein (R-San Diego), Wilk (R-Santa Clarita).

Absent/Abstaining/Not Voting: Bonilla (D-Concord), Bocanegra (D-Pacoima), Campos (D-San Jose), Eggman (D-Stockton), Gordon (D-Menlo Park), Holden (D-Pasadena), Ting (D-San Francisco).

**Staff Contact:** Jennifer Barrera



# Draft Proposition 65 Warning Regulations Will Increase Uncertainty, Litigation



Pre-regulatory [draft changes](#) proposed to the state's Proposition 65 regulations by the Office of Environmental Health Hazard Assessment (OEHHA) will increase business uncer-

tainty and increase litigation, the California Chamber of Commerce and a broad-based coalition of organizations and businesses [are cautioning](#).

Passed by way of initiative in 1986, the Safe Drinking Water and Toxic Enforcement Act, also known as Proposition 65, requires businesses with 10 or more employees to warn consumers if a product sold in California exposes them to any detectable amount of any of the more than 850 listed chemicals.

The CalChamber coalition includes nearly 140 California-based and national organizations and businesses of varying sizes. Together they represent nearly every major business sector that would be affected by OEHHA's draft regulation—manufacturers, restaurants, food and beverages, agriculture, automotive, technology, consumer products, apartments, hotels, amusement parks, among others.

## Costly and Frivolous Litigation

In the nearly 30 years that have passed since the adoption of Proposition 65, private attorneys' enforcement lawsuits have moved away from legitimate actions to implement the initiative consistent with its intent and public policy priorities to "gotcha" campaigns designed to trap businesses for "exposures" that are detectable, but which pose no demonstrable risk to human health or the environment.

Statistics maintained by the Office of the Attorney General show that the annual rate of Proposition 65 notice letters being issued has increased significantly, from an average of less than 1,000 a year to nearly 1,100 last year. If notices continue to be issued at the rate for the first four months of this year (422 notice

letters), by year's end 1,266 notice letters will have been issued.

In 2013 alone, the Attorney General's Office reports there were 352 settled cases, with payments totaling more than \$17.4 million. Of that total, attorney fees and costs accounted for 73%, whereas noncontingent civil penalties accounted for 15% and payments in lieu of penalties accounted for 11%.

Notably, one individual attorney entered into 60 settlements in 2013, with total payments amounting to approximately \$2.4 million. Of that total, attorney costs and fees totaled approximately \$2 million, which amounted to 83% of total settlement payments.

In the vast majority of these settlements, the business admits no wrongdoing and the plaintiff concedes that the business has vigorously maintained its innocence. This reflects the reality that the costs of litigating a Proposition 65 case exceed the cost of settlement.

## Current Regulations

The current regulations allow businesses to prove by any means they wish that their Proposition 65 warnings are "clear and reasonable," but also set forth criteria to establish when warnings will automatically be deemed "clear and reasonable" for purposes of Proposition 65.

Specifically, the regulations lay out general warning language and methods for consumer product, occupational and environmental exposure warnings that are deemed to comply with the statute. Businesses using these so-called "safe harbor" warnings are thus protected from the threat of litigation and can carry out their business with a sense of certainty.

It is critical to note that under the current regulations, the vast majority of threatened or actual Proposition 65 litigation relates, not to the contents of a given warning, but rather to whether a warning is provided.

Rather than risk being embroiled in litigation involving a battle of the experts at trial, companies often will instead elect to provide a "safe harbor" warning voluntarily out of an abundance of caution in order to shield themselves from the inevitable threat of litigation that would other-

wise exist if they sell a product or own a facility in California and do not warn.

## Draft Rules Unworkable

OEHHA has proposed changes it says are intended to carry out the Administration's vision of improving the quality of Proposition 65 warnings given and providing certainty for businesses subject to the act.

The new proposed requirements, however, take away a business's ability to simply and cleanly prove the approach it has taken to give Proposition 65 warnings is sufficient to meet the requirements of the law through the "safe harbor" warning.

Instead, OEHHA proposes complicated and burdensome requirements that require warnings to be tailored to specific circumstances, including specific products and their particular contents and use characteristics. Compliance with such new requirements will be infeasible or otherwise financially impossible for many businesses.

Even if compliance is feasible, OEHHA's draft removes the safe harbor aspect of the regulation and eliminates the right to prove that an alternative warning is clear and reasonable. Therefore, OEHHA's proposal will open a new frontier where litigation about the *contents* of a given warning will be equally as frequent as litigation related to *whether* a warning is provided.

In its [comment letter](#), the coalition explains why it objects to the removal of "safe harbor" warnings and further provides details on why it vehemently objects to 13 specific components of the OEHHA proposal.

## Coalition Recommendation

The coalition members believe that the Governor's goals for Proposition 65 reform can best be achieved by:

- maintaining the current "safe harbor" warning; and
- creating a website apart from the "clear and reasonable" warning requirement that allows businesses to voluntarily provide additional information about potential exposure to Proposition 65 chemicals.

*See Draft Prop. 65: Page 7*

## Committees to Consider Bills Promoting Competitive Tax Environment

*From Page 1*

and aerospace companies. This industry provides thousands of high-pay manufacturing and engineering jobs and millions of dollars in tax revenues.

This industry also has a substantial multiplier effect: it supports thousands of small suppliers and contractors that service large projects.

With the recent announcement by the U.S. Department of Defense to recapitalize certain aerospace equipment, opportunities now exist to attract new investment to the state. The tax structure is among the factors aerospace firms will evaluate when deciding whether to locate new projects in California.

The ability to meet the state's economic needs depends on a healthy and competitive California economy. Improved tax treatment for manufacturing will send a strong message that California favors tax policies which make the

state more investment-friendly.

### Film/Television

During the first three years of the film and television tax credit, it has supported 23,000 jobs and generated \$1.9 billion in total spending. Additionally, it has stimulated the economy as industry productions make payments to vendors providing goods and services.

As other states continue to provide additional meaningful incentives to attract film and television producers, California should implement policies that would ensure competitiveness in the industry.

California has long been known as the center of the entertainment industry, which provides thousands of high-pay middle class jobs and millions of dollars in tax revenue.

Recently, however, the number of film and television productions shot in California has been on the decline due to

competition from other states that seek to grab a share of this industry; 44 states currently offer some film and tax incentive program.

The targeted capped film and television tax credit will provide the entertainment industry with incentives to remain, invest, and create jobs in California.

Failure to extend this incentive would create uncertainty for businesses and harm the prospects of employment and production in the entertainment industry in California while the state continues its recovery from the recession.

### Action Needed

The CalChamber is encouraging members to contact senators to urge support for **SB 998** and **AB 1839**.

Easy-to-edit sample letters for SB 998 and AB 1839 are available at [www.calchambervotes.com](http://www.calchambervotes.com).

**Staff Contact: Jeremy Merz**

## Los Angeles Court Strikes Down California Teacher Tenure Laws

*From Page 3*

### Harm to Poor, Minority Students

The court also concluded that the challenged statutes disproportionately harm poor and minority students. A report written by the State itself concedes that "the most vulnerable students, those attending high-poverty, low-performing schools, are far more likely than their wealthier peers to attend schools having a disproportionate number of underqualified, inexperienced, out-of-field, and ineffective teachers" and therefore "bear the brunt of staffing inequalities."

This disproportionate impact is amplified by the pernicious "Dance of the Lemons," in which ineffective teachers that districts struggle to dismiss under the Dismissal Statutes are transferred to schools serving predominantly low-income and minority students, as well as seniority-based layoffs, which devastate inner-city schools staffed with a disproportionate number of junior teachers.

### Equal Education Opportunity

The *Vergara* decision follows a long line of California cases, including *Serrano v. Priest* and *Butt v. California*, in which the California Supreme Court has recognized that a child's right to equality of educational opportunity is a fundamental interest guaranteed by the California Constitution.

Whereas *Serrano* and *Butt* focused on inequalities in school funding and the length of the school year, *Vergara* confirms that this right extends to the quality of instruction provided in the classroom. This landmark decision represents a complete victory for the plaintiffs and a resounding vindication of their struggle to give students a voice in the key personnel decisions that shape public education in California.

### Reactions

The *New York Times* Editorial Board described Judge Treu's ruling as an

"important decision" that "opens a new chapter in the equal education struggle" and "underscores a shameful problem that has cast a long shadow over the lives of children, not just in California but in the rest of the country as well."

U.S. Secretary of Education Arne Duncan also praised the decision, calling it a "mandate to fix these problems" and encouraging all stakeholders to work together "to increase public confidence in public education" and "build a new framework for the teaching profession that protects students' rights to equal educational opportunities."

*Gibson Dunn attorneys Theodore B. Olson, Theodore J. Boutros, Jr., Marcellus M. McRae, Theane Evangelis, Joshua S. Lipshutz, Enrique A. Monagas, Kyle A. Withers, Lindsey Greer, Brandon J. Stoker, Kevin Ring-Dowell, Peter Squeri, Quynh K. Vu, Sam Siegel, Lauren Escher, and Joanna L. Powell represent Beatriz Vergara and the other eight plaintiffs.*

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

**calchambervotes.com**

## Coalition Presses Congress to Act on Bill to Help Increase International Visitors



The Discover America Partnership (DAP), of which the California Chamber of Commerce is a member, has launched a renewed push to advance through Congress a bill to help increase visits by international travelers.

The DAP is a broad-based coalition of travel, hotel, retail, restaurant, professional and business organizations. Its advocacy effort will call on Congress to act immediately to expand the visa waiver program through the Jobs Originated through Launching Travel (JOLT) Act (H.R. 1354).

The visa waiver program increases visitation from international travelers with no compromise in security because new visitors are coming from friendly, developed countries that meet strict security protocols.

Travel to the United States is the country's No. 1 services export, contributing nearly \$181 billion to the economy

and supporting more than 1.2 million American jobs.

Although world travel has grown by more than 90 million travelers during the past decade, the U.S. remains far below the 17% share of global travel it achieved in 2000.

### Boost to Economy, Jobs

Recapturing America's historic share of worldwide travel would create up to 1.4 million American jobs and produce \$511 billion in economic output by 2020.

If the visa waiver program is extended to strong candidates such as Brazil, Poland, Israel and Croatia through the JOLT Act, the United States will take an important step forward in reaching the goal of recapturing its share of international travelers.

Expanding the visa waiver program to these and other select countries will add nearly \$10 billion to the economy and create nearly 60,000 additional U.S. jobs.

For example, since South Korea was admitted to the program in 2008, spending by South Korean visitors has increased by 52%.

Chile recently became the 38th country to gain visa waiver access. Estimates

are that spending in the United States by Chilean visitors will likely triple during Chile's first year in the program.

### Discover America Partnership

The DAP reflects a far-reaching set of industries and stakeholders that share the need for efficient, secure international travel to the United States—whether the travel is to negotiate business deals, host global conferences and trade shows, or welcome international tourists.

Month after month, economic projections from the U.S. Commerce and Labor departments underscore how international visitation to the U.S. is helping lead the nation's economic and jobs recovery.

### More Information

The JOLT Act has reached 160 co-sponsors in Congress, roughly split between the two major political parties, and including 13 California representatives from both parties.

More information, including a video underscoring the economic benefits of increasing international visitation, is available at [www.DiscoverAmericaPartnership.org/JOLTAct](http://www.DiscoverAmericaPartnership.org/JOLTAct).

**Staff Contact: Susanne Stirling**

## Draft Prop. 65 Warning Regulations Will Increase Uncertainty, Litigation

*From Page 5*

Businesses are more likely to provide meaningful information for the website regarding exposure to listed chemicals if they are allowed to do so voluntarily without the threat of litigation from private enforcers. Because consumers will know that exposure information is available on the website, companies will be encouraged to explain the context of specific exposure(s) likely to result from use of their products in order to reassure the public of the safety of their products and provide greater context for exposures.

A company that fails to provide such information runs the risk in the market (rather than the courtroom) that consumers (rather than plaintiffs' attorneys) will question the safety of its products and choose not to purchase or use them.

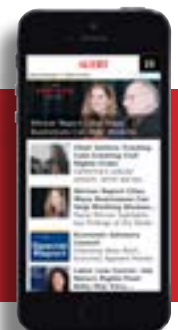
### Next Steps

The CalChamber and members of the coalition are communicating with OEHHA to determine next steps. Currently, OEHHA is poised to begin the formal rulemaking process in July; however, given the breadth and scope of the

coalition's concerns, we remain hopeful that OEHHA will delay the formal rule-making process so that OEHHA can address the coalition's concerns within a reasonable and realistic timeframe.

**Staff Contact: Anthony Samson**

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# July 1 Compliance Alert



If you aren't displaying a required employment notices poster that includes the \$9.00 state minimum wage for July 1, 2014, act now. Mandatory changes to required Workers' Compensation and Paid Family Leave pamphlets also take effect on that date.

By law, employers must post and hand out the most current employment notices, even if you only have one employee in California. Not informing employees of their rights in the workplace can result in costly lawsuits and fines.

Why wait for "or else"? Order your July 1 compliance products today. CalChamber offers **20% off—while Preferred and Executive members save an extra 20%** after their member discount—through June 30.

**PURCHASE** at [calchamber.com/july1c](http://calchamber.com/july1c) or call (800) 331-8877 with priority code JULC13.

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