

ALERT

VOLUME 41, NUMBER 28 • OCTOBER 2, 2015



CalChamber-Backed Bill Gets Governor's Signature

Encourages Local Economic Development Investment



SUPPORT

A California Chamber of Commerce-supported bill creating a tool that can help address the challenges faced by California's most disadvantaged and poorest areas was signed by the Governor on September 22.

AB 2 by Assemblymember Luis Alejo (D-Salinas) encourages local economic growth by permitting certain local agencies to create a Community Revitalization and Investment Authority (CRIA) for the purpose of developing and financing infrastructure projects, affordable housing and economic revitalization projects.

A CRIA would be empowered to invest the property tax increment of consenting local agencies (other than schools) and other available funding to repair deteriorated and inadequate infrastructure, and develop affordable hous-

ing in areas with low annual median incomes, high crime rates, and high unemployment.

A CRIA's powers and responsibilities would mirror those of former Redevelopment Agencies (RDAs), but have some key distinctions. The distinctions include ensuring no impact on school funding, increasing the traditional affordable housing set-aside to 25%, and including rigorous accountability criteria.

Additionally, expanded opportunities exist for input by affected landowners and residents through an extensive public hearing process that includes an opportunity to submit formal protests and vote on the matter.

AB 2 also ensures that any former RDA assets subject to pending litigation are not affected by the creation of a CRIA.

AB 2 and another bill signed by the Governor, SB 107, are a response to the state's dissolution of RDAs, which were eliminated as part of the 2011 Budget Act. CalChamber has no position on SB 107.

Staff Contact: Jeremy Merz

CalChamber to Feds: Don't Use California Approach on Overtime Exemptions



The U.S. Department of Labor (DOL) should not adopt California's quantitative approach to determining whether an employee is exempt from overtime pay requirements, the California Chamber of Commerce and a coalition of California employers said this month.

California's approach to analyzing the duties of exempt employees has resulted in significant litigation that will undermine the stated intent of the proposed federal regulations to limit litigation.

The DOL also proposes to update the baseline salary level for overtime exemptions. Under the proposed rule, the salary threshold for an employee to be classified as exempt will be significantly higher, increasing from \$455 a week to \$970 per week (\$50,440 annually), and automatically adjusted according to inflation.

This proposed increase would far exceed California's salary basis for exempt employees, which is \$37,440 a year. Beginning January 1, 2016, the minimum annual salary requirement in California will rise to \$41,600 when the state minimum wage increases to \$10 per hour.

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2015 Fall Public Affairs Conference

November 3-4, 2015
The Ritz-Carlton
Marina del Rey, California



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Labor Law Corner

When Local Minimum Wage Affects Exempt Salary Requirement



Gary Hermann
HR Adviser

Do the locally mandated minimum wage ordinances in cities like Oakland, San Diego, San Francisco and San Jose affect the minimum salary requirements for exempt employees?

As a general rule, no!

The salary requirement for exempt employees is spelled out in the California Labor Code and is not affected by any

local minimum wage ordinance—unless that municipality has adopted a higher wage requirement for exempt employees.

Section 515 of the Labor Code creates an overtime exemption for executive, administrative and professional employees, if the employee is engaged primarily in the duties that meet the test for the exemption.

The salary requirement in that section provides that the exempt employee must earn a monthly salary equivalent of no less than two times the state minimum wage for full-time employment.

At the current minimum wage of \$9 per hour, the monthly salary equivalent would be \$3,120. In January 2016, the state's minimum wage will increase to \$10 per hour, thereby increasing the monthly salary equivalent to \$3,467.

While most municipalities have not yet done so, it is possible that a local municipality might adopt an ordinance providing for a higher required salary for exempt employees.

Therefore, if an employer has an exempt employee subject to the jurisdiction of a local municipality with a living or minimum wage ordinance, it would be prudent to contact that municipality to determine if it has enacted an exempt employee salary requirement.

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

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CalChamber-Sponsored Seminars/Trade Shows

More at www.calchamber.com/events.

Government Relations

Annual Public Affairs Conference.

CalChamber. November 3–4, Marina del Rey. (916) 444-6670.

International Trade

Russian-American Pacific Partnership.

Russian Federation in the U.S.

October 7–8, Yuzhno-Sakhalinsk, Russia. (202) 232-5988.

Exporter Roundtable: Export Incentives.

Northern California World Trade Center. October 9, Sacramento. (916) 321-9146.

Dubai Investment Forum 2015. Dubai

Investment Development Agency. October 12, Dubai.

Academia and Related Export Controls.

U.S. Commercial Service. October 14, Claremont. (909) 390-8429.

Evolving Export Controls, Compliance,

Enforcement. U.S. Commercial Service and California Inland Empire District Export Council. October 15, Ontario. (909) 390-8283.

Baja Manufacturing Tours. U.S.-Mexico

Chamber. October 22, Tecate and Tijuana, Mexico. (310) 922-0206.

Global Trade Law and Taxes. Monterey

Bay International Trade Association and TradePort. October 22, San Jose. (831) 335-4780.

21st Century Maritime Silk Road

International Expo. Guangdong Economic and Trade Office in the U.S. October 29–31, Guangdong, China. (626) 278-3112.

Discover Global Markets: Pacific Rim.

U.S. Commercial Service. October 29–30, Orange County.

Nagoya Trade Show. Japan America Society of Southern California.

November 4–7, Nagoya, Japan. (310) 965-9050.

Hong Kong/China Trade and Leadership

Mission. CalAsian Pacific Chamber. November 7–19, Hong Kong, Guangzhou, Shanghai, and Beijing, China. (916) 446-7883.

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CalChamber Calendar

Public Affairs Conference:

November 3–4, Marina del Rey

Next Alert: October 16



State Proposals Would Increase Litigation, Number of Warnings Under Proposition 65



Four pre-regulatory proposals that would substantially increase the amount of Proposition 65 warnings, increase frivolous “shakedown” lawsuits, and unjustifiably weaken the

scientific basis for warning levels were released by the state Office of Environmental Health Hazard Assessment (OEHHA) on August 28.

These results directly undermine the Governor’s calls for Proposition 65 reform in May 2013, when he sought to decrease the number of warnings, curb frivolous litigation, and strengthen the scientific basis for warning levels.

The California Chamber of Commerce and a vast coalition of organizations and businesses that will be affected by OEHHA’s proposals will be engaged throughout the pre-regulatory and regulatory processes.

Response to Petition, *Beech-Nut Case*

OEHHA’s proposals are nominally in response to a request by the Center for Environmental Health (CEH) that OEHHA rescind the safe harbor level for lead and establish a new, much lower one. The current safe harbor level for lead, established by OEHHA’s predecessor agency in 1989, is 0.5 micrograms/day.

But OEHHA’s proposals address issues well beyond the scope of CEH’s request and instead seek to overturn the 2015 Appellate Court ruling in *Environmental Law Foundation v. Beech-Nut, et al.* In that case, the appellate court ruled that fruit and fruit juice products did not require Proposition 65 warnings for lead exposure.

Among other things, the *Beech-Nut* court found that it is scientifically appropriate to average levels of product use over multiple days to estimate exposure

levels to lead when making a decision about whether to provide a warning. Specifically, the court permits higher levels of exposure when there are intervening days of no exposure (in this case, the average consumer ate peaches only once every two weeks).

Proposals Worsen Proposition 65 Climate

- **First**, OEHHA has proposed to significantly lower the exposure level (Maximum Allowable Dose Level, or MADL) at which a warning is required for lead. The proposal would slash the current level of 0.5 micrograms/day to 0.2 micrograms/day.

Acknowledging the *Beech-Nut* ruling, OEHHA would permit higher levels when there are intervening days of no exposure, but would set these levels 60% lower than permitted by the *Beech-Nut* court.

Proposition 65 already has an extraordinarily conservative safety factor built into the statute, which makes the current lead MADL the most conservative in the world. OEHHA’s proposal is not necessary to protect public health, and will result in a proliferation of new warnings in a state that already has a reputation for “overwarning.”

- **Second**, OEHHA has proposed that the MADLs for 35 other reproductive toxicants will now be considered single-day limits such that exposures to these chemicals cannot be averaged over periods longer than one day (e.g., if the average consumer consumed a product only once every two weeks).

This proposal fundamentally undermines science demonstrating that, like lead, different reproductive toxicants act differently over time. This proposal would require businesses to make extraordinarily conservative and baseless presumptions when making warning decisions, thus requiring warnings in many instances where they are not required today.

- **Third**, OEHHA has proposed to

bar courts from considering what the most appropriate measure is for determining the average user of a product and instead require businesses to use the “arithmetic mean.”

For many products, including food, the distribution of exposures is highly skewed and a very small number of consumers are exposed at higher levels while the vast majority of consumers are exposed at very low levels.

The arithmetic mean would allow the outliers to skew the mean, which in many cases would result in the need to provide a warning when 85% of the population would not need one.

- **Fourth**, OEHHA has proposed to require that, for food products, Proposition 65 compliance be evaluated for each and every lot of finished product that leaves the processing facility. But just as individual consumers use a product differently, different units of the same products can contain different levels of a listed chemical. Today, businesses in this context make warning decisions by analyzing this variability, and courts routinely take expert testimony on the issue.

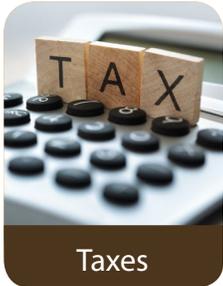
Under OEHHA’s proposal, businesses would be required to undertake significant testing for each and every commodity and must be able to trace the “lot” from which each item came, a nearly impossible task. Additionally, food manufacturers don’t have standard “lots” for testing purposes that would provide any reliable information. The costs associated with this proposal would be astronomical, and private enforcers will have several new pathways to sue food manufacturers and retailers.

Next Steps

OEHHA will be hosting a pre-regulatory workshop on the lead MADL and reproductive toxicant averaging proposals on October 14 in Sacramento, and another workshop on the arithmetic mean and lot averaging proposals on October 19 in Oakland.

[Staff Contact: Anthony Samson](#)

Taxation: CalChamber Stops/Amends Plans Targeting Industries, Backs Helpful Bills



The 2015 legislative year saw the introduction of a number of evergreen tax bills that dealt with policies discussed yearly in the Capitol, including targeted taxes and challenges to

Proposition 13 in the form of “split roll” property taxes.

The California Chamber of Commerce successfully stopped or amended all of the tax bills that it opposed. Additionally, a number of CalChamber-supported tax bills made it to the Governor’s desk.

Targeted Taxes

Introduced in 2015 were several proposed targeted taxes on specific industries, including tobacco, sweetened beverages, distilled spirits, and commercial property. The CalChamber **opposed** all these targeted taxes.

Similar to prior legislative efforts, [SB 591 \(Pan; D-Sacramento\)](#) sought to impose an excise tax on every dealer or wholesale provider of cigarettes, the revenue of which would be utilized for health-related programs and education.

[AB 1357 \(Bloom; D-Santa Monica\)](#) sought to impose a \$0.02 tax on the sale of any sweetened beverage or concentrate, the revenue of which would also be utilized for health-related programs and education.

[ABX2 18 \(Bonilla; D-Concord\)](#) was a targeted tax on distilled spirits that was introduced in the legislative special session as a proposed solution to raising revenue for state programs that would assist developmentally disabled individuals.

[SCA 5 \(Hancock; D-Berkeley\)](#) and [ACA 4 \(Frazier; D-Oakley\)](#) were the “split roll” property tax bills of the year.

SCA 5 proposed a constitutional amendment to discriminate against commercial and industrial property by assessing such property at the annual fair market value rather than the value of the property at the time it was acquired. This proposal would create a significant tax increase on commercial and industrial property

owners, so much so that the author actually included a phase-in schedule of tax payments for commercial property owners to mitigate the tax burden.

Before amendments, ACA 4 provided blanket authority to local governments to impose nearly any type of “special tax” with a reduced voter threshold of only 55%, down from a two-thirds super majority. There were few parameters or restrictions under which a “special tax” could be imposed under ACA 4.

With such broad discretion in the type and scope of “special tax,” ACA 4 could have led to targeted taxes at the local level against unpopular taxpayers, industries, products, or property such as a parcel tax directed only at commercial property within a local jurisdiction.

Flaws

All these bills shared major flaws:

- they targeted one industry to bear the burden of funding programs that would benefit the general public;
- they imposed a tax increase when the state currently has a significant General Fund surplus of more than \$2 billion, as well as a \$4.2 billion budget reserve; and
- as a tax increase, all the bills required a two-thirds vote of the Legislature, which is not an easy threshold to satisfy.

Ultimately, all the bills still remain viable in the second year of the session, but are unlikely to move.

Support Bills

CalChamber also **supported** several important tax bills that will help businesses in California, including bills dealing with federal tax conformity, the research and development (R&D) tax credit and refunds for illegal taxes.

[AB 154 \(Ting; D-San Francisco\)](#) creates additional conformity between state and federal tax law, which will ease accounting, recordkeeping, and filing requirements for businesses. Differences between state and federal law can cause innocent errors that are unfortunately associated with significant penalties.

AB 154 eliminates that risk by creating conformity on important issues such as net operating losses, as well as improvements to the application of Cali-

fornia’s understatement penalty. The bill received bipartisan support through the Legislature and has been signed by the Governor.

Similarly, [AB 544 \(Mullin; D-South San Francisco\)](#) would have created conformity for calculation of the R&D tax credit by eliminating California’s outdated and complicated calculation methodology and adopting a methodology largely similar to the federal R&D credit. Unfortunately, this bill was held in the Assembly Appropriations Committee.

Another bill addressing R&D tax credits, however, did make it to the Governor’s desk. [AB 437 \(Atkins; D-San Diego\)](#) establishes the Research and Development Small Business Grant Program. This bill provides small businesses with the ability to receive grants for a percentage of their unused R&D credits and thereby encourages additional R&D investment in the state.

Finally, [AB 2510 \(Wagner; R-Irvine\)](#) was a reintroduction of a bill from last session that essentially requires the refund of any tax deemed unconstitutional or illegal by a court.

Currently, taxpayers must timely exhaust their administrative remedy by pursuing a refund through the tax agency. Failure to proactively take such action precludes taxpayers from obtaining a refund even when a tax has been deemed illegal or unconstitutional.

AB 2510 would have provided a refund opportunity for more taxpayers who paid the illegal tax but did not initially challenge it. AB 2510 was held in committee and did not move forward.

Staff Contacts: [Jeremy Merz](#), [Jennifer Barrera](#)

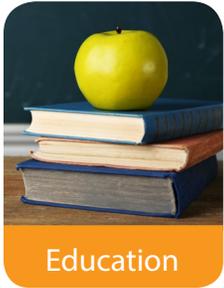


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Education: CalChamber Increases Activity, Backs Several Big Wins, Stops Worst Bills



The California Chamber of Commerce stepped up its engagement on education issues this year, positioning on 21 bills related to teacher effectiveness, career technical

education (CTE) and career pathways, workforce and college readiness, and funding for higher education.

Teacher Effectiveness

In all, CalChamber positioned on eight bills related to teacher effectiveness. The chairs of the Senate and Assembly Education committees both introduced legislation to replace the state's existing evaluation framework with one entirely subject to collective bargaining, which would have undermined the use of test scores and other measures of student progress in teacher evaluations. Both bills also limited access to professional development and support for struggling probationary teachers.

AB 575 (O'Donnell; D-Long Beach) and **SB 499 (Liu; D-La Cañada Flint-ridge)** passed their respective houses of origin, but only in the face of significant and growing opposition. As a result, both authors decided to hold off on having their bills heard in the second house, but they could still be revived next year.

CalChamber **supported** two bills proposing to modify the state's existing evaluation framework, **AB 1078 (Olsen; R-Modesto)**, which was held by the Assembly Education Committee, and **AB 1495 (Weber; D-San Diego)**, which was voted down during the same hearing.

Another bill, **AB 1226 (Chávez; R-Oceanside)**, would have added teacher professional development to the priorities school districts must address in their Local Control and Accountability Plans, but it too was held by the Assembly Education Committee.

Two other CalChamber-**supported** bills, **AB 1044 (Baker; R-San Ramon)** and **SB 381 (Huff; R-Diamond Bar)** sought to protect effective teachers by allowing schools to prioritize factors

other than seniority when making layoff decisions during difficult budget years, but neither bill made it out of its first policy committee.

AB 1484 (Weber; D-San Diego) sought to limit school district transfers and reassignments that could result in some schools having a concentration of inexperienced and/or ineffective teachers. This CalChamber-**supported** measure also would have prohibited a school district from knowingly placing a student with a teacher rated as "unsatisfactory" unless that teacher was actively participating in a Peer Assistance Program or was otherwise being supported by an effective teacher. This bill never had a hearing.

CTE and Career Pathways

CalChamber **supported** three bills seeking to increase access to CTE coursework and establish new career pathways for high school and college students:

- **SB 66 (Leyva; D-Chino)** proposed to extend authorization and funding for the CTE Pathways Program, set to expire in 2016, for an additional three years, but the author later decided not to pursue the bill.

- **SB 148 (McGuire; D-Healdsburg)** sought to establish a \$600 million matching grant program to help schools develop and expand their CTE course offerings. The Legislature adopted this new program with a smaller \$400 million appropriation as part of the budget.

- **AB 288 (Holden; D-Pasadena)**, which is awaiting action by the Governor, provides high school students with increased access to college remediation and college-level CTE coursework by expanding the list of reasons that high school and community college districts may partner to offer dual enrollment programs.

Workforce and College Readiness

CalChamber **supported** **AB 1270 (E. Garcia; D-Coachella)**, signed into law on July 14, updates the state's primary workforce development law to align it with the recently enacted federal Workforce Innovation and Opportunity Act, encourage collaboration and articulation with the state's systems of CTE and adult education, and better reflect California's focus on regional and industry-specific

workforce needs.

A second bill, **SB 45 (Mendoza; D-Artesia)**, includes additional changes to address these same goals, but was parked in the Assembly so that formal guidance from the U.S. Department of Labor can be incorporated before the measure is adopted next year.

Two other CalChamber-**supported** bills, **AB 252 (Holden; D-Pasadena)** and **AB 889 (Chang; R-Diamond Bar)**, focused on increasing the availability of college-level coursework in science, technology, engineering and mathematics (STEM) to encourage high school graduates to pursue further training in these areas after graduation and earn college credit toward a degree or certificate. Unfortunately, both bills stalled due to fiscal concerns.

Funding for Higher Education

CalChamber **supported** a budget proposal to repeal a previously adopted cut to Cal Grant awards used by students who attend private colleges and universities accredited by the Western Association of Schools and Colleges. The Legislature and Governor ultimately agreed to delay the cut for two years rather than repeal it. As a result, students attending these institutions still will have access to the full award amount through the summer of 2017, but the cuts will take effect in the fall of 2017 absent additional action.

CalChamber also **supported** **AB 831 (Bonilla; D-Concord)**, which would have gone even further to protect the value of these Cal Grant awards by re-establishing a funding formula that better aligns them with the Cal Grant awards offered to students who attend the state's public colleges and universities. As with previous versions, though, AB 831 was held due to fiscal concerns.

A number of measures this year would have restricted the competitiveness of the University of California (UC) and California State University in a misguided attempt to save revenue. CalChamber **opposed**:

- **AB 837 (R. Hernández; D-West Covina)** and **AB 1317 (Salas; D-Bakersfield)**, which would have limited the

CalChamber to Feds: Don't Follow California on Overtime Exemptions

From Page 1

Quantitative Approach Boosts Litigation

Since the enactment of AB 60 in 2000 put in place California's quantitative duties test for employees classified under the executive, administrative and professional exemptions, the number of wage-and-hour class action lawsuits in California, including the misclassification of employees, has soared.

Seyfarth Shaw's *11th Annual Workplace Class Action Litigation Report*, published in 2015, concludes: "[T]he most dominant trend has been a steep rise in the number of class action lawsuits filed in state courts alleging violations of California's overtime laws or the California Labor Code and wage & hour regulations. This trend continued unabated in 2014. The rate of new case filings has continued to grow to the point where multiple class actions are filed in California every day."

In order to avoid costly litigation regarding misclassification, California employers have reacted by reclassifying employees who truly are exempt as hourly employees, the coalition letter stated.

The administrative burden of tracking hours worked, recording meal breaks, or calculating overtime, is significantly less than defending a class action lawsuit

challenging the status of an employee as exempt.

While burdensome, this reaction by California employers has more significantly harmed employees as follows:

- change of status from a salaried employee to an hourly employee;
- potential loss of compensation as many California employers do not allow employees to work overtime, given California's daily and weekly overtime compensation requirements; and
- loss of flexibility to employees with regard to managing their work schedule and personal life.

Automatic Salary Adjustment

The coalition also urged the DOL to remove any proposed automatic adjustment to exempt employees' salary through the Consumer Price Index (CPI) or another mechanism.

Automatically indexing wages according to inflation has always been troubling to the business community because it fails to take into consideration other economic factors or cumulative costs to which employers may be subjected.

Employers in California are already facing significant cost increases, including implementing a paid sick leave mandate for all employees, the highest state income and sales taxes, the most expensive workers' compensation costs, reduction in the federal unemployment insur-

ance credit, and increased energy costs.

There undoubtedly will be other costs employers are struggling with in the years following the DOL-sought increase to the federal salary basis test for exempt employees. These unknown costs, coupled with an unknown economy at the time of the proposed salary increase or thereafter, create concern and uncertainty for businesses.

If an employer is faced with an increasing salary minimum for exempt employees when the economy is suffering, the employer will be forced to take any cost-saving measures it can, including:

- changing an exempt employee to an hourly employee in order to reduce overall cost and avoid the automatic increase;
- reducing hours of work for hourly employees; or
- layoffs or limiting the employer's ability to expand. This will ultimately harm employees and not produce the anticipated compensation the DOL is expecting through this proposal.

Next Step

The DOL is reviewing the comments it received on the proposed regulations.

More information, including the [notice of proposed rulemaking](#) and a [fact sheet](#), can be found on the [DOL proposed rulemaking website](#).
[Staff Contact: Jennifer Barrera](#)

Education

From Page 5

ability of these institutions to recruit and retain the best talent and leadership by limiting the maximum salaries they could pay their employees or prohibiting raises within two years of an increase to student tuition/fees.

• [SB 574 \(Pan; D-Sacramento\)](#), which would have hindered the ability of the UC Board of Regents to invest endowment assets in certain profitable investment funds, jeopardizing revenue used to fund employee pensions, student financial aid, and other important university obligations.

Fortunately, none of these bills made it to the Governor.

[Staff Contact: Mira Morton](#)

CalChamber-Sponsored Seminars/Trade Shows

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- Exporting Best Practices Workshop. California Center for International Trade Development. November 17, Clovis. (559) 324-6401.
- Importing into the U.S. Workshop. California Center for International Trade Development. November 17, Clovis. (559) 324-6401.
- How to Do Business in the Pacific Rim. CalAsian Pacific Chamber. December

- 2-3, Fresno. (916) 446-7883.
- Inbound Trade Mission from Europe. Western United States Agricultural Trade Association. December 7-9, New Mexico; December 9-11, California. (575) 646-4959.
- Exporter Roundtable Series: Trade Compliance. Northern California World Trade Center. December 11, Sacramento. (916) 321-9146.

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Commercial Organics Recycling Mandate to Take Effect April 1, 2016

A state law requiring businesses that generate a certain amount of waste per week to recycle their organic waste will take effect next spring.

The law, [AB 1826](#) (Chesbro; D-North Coast; Chapter 727, Statutes of 2014) phases in new organic recycling requirements over several years, helping the state meet its goal of recycling 75% of its waste by 2020.

By January 1, 2016, according to the California Department of Resources Recycling and Recovery (CalRecycle), local jurisdictions across the state must have organic recycling options in place for businesses, including multifamily residential dwellings that consist of five or more units.

The jurisdictions also must conduct outreach and education to those businesses about organics recycling options, and monitor implementation.

Who Must Comply

AB 1826 states that businesses and multifamily complexes must start recycling organic waste by the following dates:

- Generators of 8 or more cubic yards of organic waste per week: April 1, 2016.
- Generators of 4 or more cubic yards

of organic waste per week: January 1, 2017.

- Generators of 4 or more cubic yards of solid waste per week: January 1, 2019.
- Generators of 2 or more cubic yards of solid waste per week, if statewide disposal of organic waste is not decreased by half: January 1, 2020.



Types of Waste

AB 1826 requires that businesses arrange for recycling services for the following types of organic waste:

- food waste;
- green waste;
- landscape and pruning waste;
- nonhazardous wood waste; and
- food-soiled paper.

Multifamily complexes of five units or more must arrange for recycling services

for the same materials with the exception of food waste and food-soiled paper.

How to Comply

Businesses can comply with the new requirements by taking one or any combination of the following actions, according to CalRecycle, provided that the action is in compliance with local ordinances and requirements:

- Source-separate organic waste from other waste and subscribe to an organic waste recycling service that specifically includes collection and recycling of organic waste.
- Recycle organic waste onsite, or self-haul for organics recycling.
- Subscribe to an organic waste recycling service that includes mixed-waste processing that specifically recycles

organic waste.

- Sell or donate the generated organic waste.

More Information

For more information on mandatory commercial organics recycling, visit CalRecycle's Web page, www.calrecycle.ca.gov/recycle/commercial/organics/.

Staff Contact: Amy Mmagu

New IRS Resource Helps Employers Understand Health Care Law

The new [ACA Information Center for Applicable Large Employers \(ALE\)](#) page on IRS.gov features information and resources for employers of all sizes on how the Affordable Care Act (ACA) may affect them if they fit the definition of an applicable large employer.

The Web page includes the following sections:

- What's Trending for ALEs;
- How to Determine If You Are an ALE;
- Resources for Applicable Large Employers; and
- Outreach Materials.

Links

Visitors to the new page will find links to:

- Detailed information about tax provisions, including information report-

ing requirements for employers;

- Questions and answers; and
- Forms, instructions, publications, health care tax tips, flyers and videos.

Although the vast majority of employers will not be affected, the IRS advises employers to determine now if they are an applicable large employer. According to the IRS, if a business averaged at least 50 full-time employees, including full-time equivalent employees, during 2014, it is most likely an ALE for 2015.

Prepare for 2016

If there are fewer than 50 full-time employees, the business may be considered an applicable large employer if it shares a common ownership with other employers. As an applicable large employer, the IRS says the business

should be taking steps now to prepare for the coming filing season.

In 2016, applicable large employers must file an annual information return—and provide a statement to each full-time employee—reporting whether they offered health insurance, and if so, what insurance they offered their employees.

If a business is filing 250 or more information returns for 2015, it must file the returns electronically through the ACA Information Reports system.

According to the IRS, businesses should review draft [Publication 5165](#), Guide for Electronically Filing Affordable Care Act (ACA) Information Returns, now for information on the communication procedures, transmission formats, business rules and validation procedures for returns that must be transmitted in 2016.

LIVE WEBINAR | OCTOBER 29, 2015 | 10:00 - 11:30 A.M. PT



Understanding the ACA in 2016 and Beyond

If you're an employer with 50 to 99 full-time and full-time equivalent employees, the Affordable Care Act's (ACA's) Play or Pay mandate applies January 1, 2016. It says you must provide health insurance to those employees or else pay a per-month "employer shared responsibility payment" on your federal tax return.

You'll want to attend CalChamber's webinar to make an informed decision—as well as understand upcoming reporting requirements and the impact of new ACA rating methodologies on health care premiums.

Free for CalChamber Members—\$99 for Nonmembers

This webinar is mobile-optimized for viewing on tablets and smartphones.



Special Guest Presenter
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Sr. Vice President of
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Moderator
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