A California Chamber of Commerce-opposed job killer bill that exposed businesses to costly litigation when goods are “substantially similar,” yet priced differently, was pulled from the hearing schedule this week by the bill’s author.

The bill, SB 899 (Hueso; D-San Diego), sponsored by the Consumer Federation of California, could have subjected businesses to a minimum $4,000 of damages for each violation. SB 899 intended to force retailers and grocery stores to charge the same price for “male” versus “female” products, which would have required the sellers to either engage in gender stereotyping of consumer goods or increase prices to the highest price for a good of “substantially similar or like kind.” The bill also would have exposed these employers to the same costly, drive-by litigation that has been plaguing businesses in California with regard to disability access.

In testimony before the Assembly Judiciary Committee on June 21, Cal-Chamber Policy Advocate Jennifer Barrera explained that although SB 899 provided a limited list of “gender-neutral” reasons a good may be priced differently, proof of those reasons would come up only after litigation has already been filed and costs and attorney’s fees incurred.

The committee also delayed voting on SB 899 during the June 21 meeting. At that hearing there was much discussion among the committee members about whether the bill’s language could be amended to deal with their concerns.

July 1 is the deadline for legislative policy committees to meet and report bills.

Staff Contact: Jennifer Barrera

July 1 marks the one-year anniversary of the day California employers had to begin providing the paid sick leave (PSL) benefit to employees. In addition, a number of local minimum wage increases take effect.

To highlight several less-known aspects of the PSL benefit and provide practical tips to follow, the California Chamber of Commerce has released a white paper, “10 Things Businesses Might Not Know About California’s Paid Sick Leave Law.”

See the white paper and catch up on local minimum wage increases and paid sick leave ordinances at HRCalifornia.com.

How is Paid Sick Leave Working at Your Business?

How is implementing the paid sick leave law affecting day-to-day operations at your company? Share your experience by emailing sickleave@calchamber.com. Including information about your industry, location and the number of employees at your company will help the CalChamber identify any patterns. No company-specific information will be published.

The Assembly Natural Resources Committee this week passed a job killer bill that could increase costs for California businesses, make them less competitive and discourage economic growth by adopting further greenhouse gas emission reductions for 2030 without regard to the impact on individuals, jobs and the economy.

SB 32 (Pavley; D-Agoura Hills) has been identified as a job killer by the California Chamber of Commerce because it seeks to mandate a reduction in greenhouse gas (GHG) emissions to 40% below 1990 levels by 2030 without consideration of the economic side effects or ongoing oversight for the Legislature.

Joining the CalChamber in opposing SB 32 is a coalition of employer associations and local chambers of commerce.

Unlimited Authority to ARB

SB 32 provides the California Air Resources Board (ARB) with unfettered authority in pursuit of a GHG reduction goal. This bill does not require an analysis of whether current regulations have exacerbated or prevented emissions or driven jobs to other states. Nor does it consider how California’s regulations have influenced other state or national governments to emulate our approach.

See Climate Change: Page 4
Labor Law Corner

Paid Sick Leave Policy: What If I Want to Make Changes?

Sunny Lee
HR Adviser

• We adopted the accrual method of paid sick leave and put that into effect last July and we now want to change to the lump sum method this year. Is that permissible?

Two of the more common methods that an employer could adopt regarding the mandated state paid sick leave were the accrual method (1 hour of paid sick leave accrued for every 30 hours of regular and overtime hours worked) and the lump sum method (employer provided a minimum of 24 hours or 3 days up front to an employee’s sick leave bank).

There is nothing in the law that would prevent an employer from changing the method used. However, if an employee had any unused paid sick leave at the end of the first 12 months under the accrual method that was in effect, up to 48 hours would need to be carried forward.

• I have adopted the lump sum method of paying sick leave and under that method there was no carryover from year to year. I want to adopt a carryover provision to eliminate employees all using that time before it expires. Is that something that I can do?

Yes, you are able to provide a greater benefit than the law specifies. In this case, with the lump sum option, you were not required by law to allow any carryover.

If you now choose to provide for carryover, you could do so, but you would still need to continue to provide the lump sum payment at the beginning of the second year as you did when you instituted your paid sick leave policy.

• Can I provide more paid sick leave to some employees and not others?

Yes, an employer may treat different classes of employees differently as long as all employees in that class are treated equally and as long as the minimum paid sick leave provisions are met for each class.

For example, an employer may elect to provide more paid sick leave to full-time employees than to part-time employees.

• Can I choose not to limit the use of paid sick leave during an employee’s first 90 days of employment?

Yes, you may choose not to include the provision limiting new employees from using paid sick leave during the first 90 days of employment.

If you had adopted that provision last July when your paid sick leave policy needed to go into effect, you could make a change in your policy to not include that provision going forward, as it was an option that an employer could adopt.

• Am I required to limit the use of an employee’s paid sick leave to 24 hours or 3 days per year?

The state-mandated minimum amount of paid sick leave that an employer was required to provide to employees was 24 hours or 3 days, whichever was greater. There is nothing in the law that would prevent you from providing more paid sick leave to your employees.

In fact, many cities in California have adopted their own paid sick leave ordinances that require more than the state law required, and in order to meet a local ordinance, an employer would have to provide more. For an overview of the cities that have passed local ordinances and a link to their websites, please visit HRCalifornia.

Caveat

Many of the changes that employers may want to make have not been provided for in the original law or amendment. In addition, many cities in California have passed their own paid sick leave ordinances.

Therefore, any changes that an employer might choose to make to an existing paid sick leave policy should be reviewed with legal counsel.

The Labor Law Helpline is a service to California Chamber of Commerce preferred members, associations, 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.
Signed State Budget Includes Changes to Private Attorneys General Act

Changes to the state’s Private Attorneys General Act (PAGA) are part of the recently signed budget and accompanying trailer bills.

The Labor Code PAGA authorizes aggrieved employees to file lawsuits to recover civil penalties on behalf of themselves, other employees, and the State of California for Labor Code violations.

SB 836 (Committee on Budget and Fiscal Review), which went into effect on June 27, made important changes in PAGA requirements. Except as otherwise noted, these requirements apply prospectively to all pending PAGA cases, as well as new filings.

Requirements

• All new PAGA claim notices must be filed online, with a copy sent by certified mail to the employer.
• All employer cure notices or other responses to a PAGA claim must be filed online, with a copy sent by certified mail to the aggrieved employee or aggrieved employee’s representative.
  • A filing fee of $75 is required for a new PAGA claim notice and any initial employer response [cure or other response] to a new PAGA claim notice. The filing fee may be waived if the party on whose behalf the notice or response is filed lacks the funds to pursue a lawsuit.
  • The time for the Labor and Workforce Development Agency (LWDA) to review a notice under Labor Code Section 2699.3(a) has been extended from 30 days to 60 days.
  • When filing a new PAGA lawsuit in court, a filed-stamped copy of the complaint must be provided to LWDA. (Applies only to cases in which the initial PAGA claim notice was filed on or after July 1, 2016.)
  • Any settlement of a PAGA action must be approved by the court, whether or not the settlement includes an award of PAGA penalties.
  • A copy of a proposed settlement must be provided to LWDA at the same time that it is submitted to the court.
  • A copy of the court’s judgment and any other order that awards or denies PAGA penalties must be provided to LWDA.
  • All items that are required to be provided to the LWDA must be submitted online.

Until Online System Set Up

Pending development of an online filing system, required notices and documents should be scanned and transmitted by email to PAGAfilings@dir.ca.gov.

Pending development of an online payment system, filing fees should be paid by check made out to the LWDA and sent by regular mail, accompanied by a cover letter or memo with enough information to identify the notice or response to which it applies.

More Information

The Labor and Workforce Development Agency has a new webpage that includes initial information on the changes and will be updated as the program evolves. For more information, please visit this page at http://labor.ca.gov/Private_Attorneys_General_Act.htm.

CalChamber-Sponsored Seminars/Trade Shows

More at www.calchamber.com/events.

Labor Law
HR Boot Camp. CalChamber. September 7, San Diego; September 22, Sacramento. (800) 331-8877.

International Trade
TradeX-Trade Connect. Port of Los Angeles and Orange County Small Business Development Center. August 9, Mission Viejo. (310) 732-7765.
California Pavilion Hong Kong Food Expo. Hong Kong Trade Development Council. August 11–13, Hong Kong. (916) 563-3222.
CalChamber Member SearchPros Solutions Is U.S. Chamber’s DREAM BIG Small Firm

California Chamber of Commerce member SearchPros Solutions of Citrus Heights recently was named the 2016 DREAM BIG Small Business of the Year by the U.S. Chamber of Commerce.

The business, which handles workforce management, started in 120 square feet of rental office space. Now it has a corporate-owned headquarters with 30 recruiters placing thousands of employees in 28 states and 8 countries.

SearchPros was announced as the winner among seven regional finalists at a June 14 luncheon that was part of the America’s Small Business Summit, held by the U.S. Chamber in Washington, D.C.

The following is excerpted from the U.S. Chamber’s account:

**Beginnings**

The story of SearchPros started on Christmas Eve 2004, much like a scene from “It’s a Wonderful Life.” Myla Ramos, Heather Kocina and Rayna Pearson were on the job at a staffing agency with a roomful of contractors waiting for their paychecks. Late in the day, however, they learned that checks would not be delivered. Reality soon set in for many—there would be no Christmas.

That’s when the women took out their personal checkbooks and started loaning money to complete strangers. The trio’s next step was even bigger: They created a plan to run a business of their own.

Ramos said: “We made a decision that night to follow our big dream—start and run a business of our own, be the role models we never had, provide a better life for our families, and contribute to our community.”

SearchPros helps a wide variety of charitable causes and is proactive about giving back to the community. The women’s backgrounds have been instrumental in that outreach, as Ramos is a first-generation immigrant and all three are the first to graduate from college in their families.

“This was never just a job; this is our legacy for our family and community,” Ramos said. “We didn’t get a paycheck for the first couple of years. Every dollar we received was reinvested back to SearchPros.”

**Support for Community**

The business supports the PCDH19 Alliance to help families affected by epilepsy; sponsored the 2015 St. Johns Program that offers shelter and self-sustainability readiness for women and children; provided resume workshops for job seekers through the Sacramento Area Human Resources Association; “adopted” a village to support typhoon relief to the Philippines; and raised money for the Women’s Empowerment Shelter.

Climate Change Job Killer Bill Continues to Advance

From Page 1

AB 32 has been in place now for nearly 10 years with little to no oversight or analysis.

**Analysis Is Key**

Although the CalChamber and coalition appreciate the need to address climate change, it is imperative that a cost benefit analysis be used to guide climate policies. The Legislature deserves a robust, meaningful analysis and to be informed before giving the ARB carte blanche authority to move forward.

Before any additional GHG emission reduction targets are set, there must be a credible and independent marginal cost analysis on the strategies adopted thus far in order to educate and guide GHG emission reductions after 2020. This will allow the Legislature to make educated decisions, provide appropriate guidance to regulatory agencies, and effectively oversee agency implementation to ensure that the costs and benefits of policy choices are realized.

**Will Drive Up Housing Costs**

SB 32 could create significant uncertainty for residential construction and all types of development by prematurely enacting increasingly speculative GHG reduction targets without first acknowledging the technological feasibility, the cost implications for housing, and the significant California Environmental Quality Act litigation risks that would be presented for development projects and plans adopted today.

Before extending GHG reduction mandates beyond 2020, the Legislature should independently evaluate the cost and benefit of the state’s current climate change programs to better understand what has and has not worked.

**Key Vote**

SB 32 passed Assembly Natural Resources on June 27, 6-2.

Ayes: C. Garcia (D-Bell Gardens), Gomez (D-Los Angeles), McCarty (D-Sacramento), M. Stone (D-Scotts Valley), Williams (D-Carpinteria), Wood (D-Healdsburg).

Noses: Hadley (R-Torrance), Harper (R-Huntington Beach).

No vote recorded: Jones (R-Santee).

The bill will be considered next by the Assembly Appropriations Committee; no hearing date is set.

**Staff Contact:** Amy Mmagu
Much at Stake in California in Wake of British Vote to Leave European Union

A week after residents of the United Kingdom voted to leave the European Union (EU), the long-term ramifications of that decision continue to be the subject of much analysis and speculation on how the process will actually work.

CalChamber Comment

Allan Zaremberg, president and CEO of the California Chamber of Commerce, identified the issues California faces following the Brexit vote:

“California has a lot at stake,” said Zaremberg. “We are the sixth largest economy in the world and a major trading and investment state, and no one in California can be immune from dramatic changes in the international economic structure.

“In order to mitigate the uncertainty and instability, the exit, which requires approval by Parliament and the EU, must be orderly and consider the global consequences. The Trans-Atlantic relationship is one of the most important in the world, and the United Kingdom is one of the most valued trade and investment partners for our country and state.

“This will probably make America and the dollar safe havens for international investments, which unfortunately could make California exports more expensive. California tourism also could take a hit if less favorable exchange rates cause travelers from the UK or the EU to curtail spending or avoid visiting the state.

“Finally, because of California’s reliance on the income tax, market volatility can put the government’s revenues at risk, and that is one more reason to have an orderly transition.”

The Vote

BBC News reported that the June 23 referendum on whether the UK should leave or stay in the EU resulted in a 52% to 48% vote in favor of leaving. The turnout was 71.8% with more than 30 million people voting, the highest turnout in a UK-wide vote since the 1992 general election, according to BBC.

Within the UK, there was division: England voted 53.4% to 46.6% for Brexit. Wales also favored leaving, 52.5% to 47.5%.

Scotland and Northern Ireland both voted in favor of remaining in the EU—62% to 38% in Scotland and 55.8% to 44.2% in Northern Ireland.

To begin the legal process of leaving the EU, British Prime Minister David Cameron or his successor (Cameron said he will resign in the fall) must invoke Article 50 of the Lisbon Treaty of 2007. The UK will have two years to negotiate the terms of its withdrawal.

UK Trade Stats

Two-way trade between the United States and the United Kingdom was $114 billion in 2015, and the UK was the fifth largest importer of U.S. goods with a total value of $56.3 billion, according to the U.S. Department of Commerce.

The United Kingdom is California’s 10th largest export destination, with more than $5 billion in exports in 2015. Computers, electronics products accounted for approximately 26.5% of exports—more than $1.3 billion. Transportation equipment brought in $667 million, or 13%, while both chemicals and nonelectrical machinery each accounted for approximately 8.5% of the total, with more than $436 million in exports each.

In 2015, California imports from the United Kingdom were approximately $4.5 billion, with top categories being transportation and computers.

European Union Trade Stats

The UK is the entry market into the European market for more than 41,000 U.S. exporters.

Total bilateral trade between the European Union and the United States was $698.7 billion in 2015, with the United States exporting $272 billion worth of goods to the 28 EU member nations.

California exports to the European Union totaled $29.2 billion in 2015. California is the top exporting state to Europe. Computers, electronic products, chemicals, miscellaneous manufactured commodities, and transportation equipment are the state’s leading export sectors to the region. European Union countries purchase 17.6% of all California exports.

Investment

According to the U.S. Department of Commerce, the U.S.-UK investment relationship is the largest in the world, valued at more than $1 trillion in 2014 and creating more than 2 million jobs, about 1 million in each country. British investment is specifically vast in California, where it supports approximately 90,000 jobs in the state, according to the British Consulate General.

The CalChamber supports 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.

Tourism

According to an October 2015 report by Visit California, 686,000 people visited California from the UK (California’s second largest overseas market) in 2014, spending $905 million.

UK visitors to California during 2014 reported spending $121 per day during a 10.9 night average stay or approximately $1,319 per visitor. The average spending for all overseas visitors to California was about $1,872 ($153 per day; 12.2 nights in California).

France and Germany are California’s fifth and sixth largest source of overseas visitors. In 2014, 445,000 French travelers and 439,000 German travelers came to California, accounting for $786 million and $720 million in spending, respectively.

The average spending per trip was $1,765 for the French travelers and $1,641 for the German visitors.

Staff Contact: Susanne T. Stirling
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.

Innovation Centers Get Committee Nod

A California Chamber of Commerce-supported job creator bill that promotes increased innovation and entrepreneurship won approval from the Senate Education Committee this week.

**AB 2664 (Irwin; D-Thousand Oaks)** makes it easier to establish a business by requiring the University of California (UC) and Berkeley National Laboratory to expand their capacity and increase access to their innovation and entrepreneurship centers.

The UC’s innovation and entrepreneurship centers provide incubator space, legal services, entrepreneurial training and more for researchers and other individuals looking to establish new businesses and develop innovative products and solutions that benefit Californians.

The centers have a proven track record for helping to turn ideas into companies that provide jobs for Californians and help drive the state’s economy.

AB 2664 will help the centers expand to keep up with the growing need for workspace and training for start-ups, and help attract private sector investors. In exchange, the state will benefit from increased economic activity and job growth, as well as from the innovative solutions new companies are able to bring to market due to the help they receive from the UC system.

AB 2664 passed Senate Education with unanimous support and will be considered next by the Senate Appropriations Committee.

Staff Contact: Marti Fisher

Career Technical Education Bill Moves in Assembly

A California Chamber of Commerce-supported bill that will help the state meet future workforce needs passed an Assembly policy committee this week with unanimous support.

**SB 66 (Leyva; D-Chino)** will help improve the relevance of Career Technical Education (CTE) courses offered by the state’s community colleges by giving the colleges more information about former students to help guide future workforce development policies.

SB 66 will allow the community colleges to use state licensing data to track the success of students once they leave school and enter the workforce. The guidance will help ensure more Californians have the training they need to find good jobs.

The bill also eases administrative burdens for the community colleges by streamlining their reporting and accountability metrics related to workforce and economic development, and by aligning those elements to the ones required by the federal Workforce Innovation and Opportunity Act.

The next hearing for SB 66 will be in the Assembly Appropriations Committee.

Staff Contact: Marti Fisher

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**CalChamber members:**

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Expanded Panama Canal Opens to Transit

The $5.2 billion Panama Canal Expansion has opened to transit and will double the waterway’s cargo capacity, enhancing the canal’s efficiency, reliability and customer service. The new waterway will provide greater economies of scale to global commerce. The expanded Panama Canal will now allow for Neopanamax ships, vessels holding 5,000 to 14,000 containers, to pass through its channel. Previously, only smaller cargo ships could squeeze through the narrow passage, making high-volume Asian shipments to the East Coast difficult. A California legislative delegation was in attendance at the canal opening and included Assembly Speaker Anthony Rendon, (D-Paramount), Assembly Speaker Emeritus Toni Atkins (D-San Diego), and Assemblymen Tony Thurmond (D-Richmond) and Jose Medina (D-Riverside).

First Vessel

Early on June 26, the inaugural transit of the Panama Canal Expansion began with the transit of Neopanamax vessel COSCO Shipping Panama through the new Atlantic-facing Agua Clara Locks. Originally named Andronikos, the vessel was renamed to honor and pay respect to the country of Panama and the canal. Panamanian President Juan Carlos Varela and Panama Canal Administrator and CEO Jorge L. Quijano honored the almost 40,000 workers—who made the expansion a reality—with a message of pride, accomplishment, hope and opportunity. COSCO Shipping Panama set sail June 11 from the Greek Port of Piraeus carrying 9,472 twenty-foot equivalent units (TEUs) and measuring 299.98 meters in length and 48.25 meters in beam.

Transfer of Control

The canal was under U.S. control until a 1977 agreement between U.S. President Jimmy Carter and Panamanian Commander Omar Torrijos paved the way for its transfer to Panama on December 31, 1999. Canal authorities say it generated $10 billion in direct income for the Panamanian state through 2015. With related economic activity, the canal is responsible for about 40% of Panama’s gross domestic product (GDP). On average, 35 to 40 ships transit the waterway each day, and the canal is estimated to handle 6% of world maritime commerce.

Expansion Project

Work to expand the Panama Canal officially began in September 2007. The program consists of several components:
- New Locks (Third Set of Locks);
- Pacific Access Channel;
- Improvement of Navigational Channels (Dredging);
- Improvements to Water Supply.

The Panama Canal expansion is based on six years of research, which included more than 100 studies on the economic feasibility, market demand, environmental impact and other technical engineering aspects.

The expansion program is the canal’s largest enhancement project. In 2006, more than 75% of Panamanians approved the project in a nationwide referendum. Construction of the $5.25 billion project began in 2007. It included the construction of a new set of locks on the Atlantic and Pacific sides of the waterway and the excavation of more than 150 million cubic meters of material, creating a second lane of traffic and doubling the cargo capacity of the waterway.

In 2015, the original canal set a tonnage record, transiting 340.8 million PC/UMS (Panama Canal/Universal Measurement System; 1 PC/UMS net ton equals 100 cubic feet of capacity).

The original canal will continue to operate, transiting Panamax-sized vessels, which can hold up to 5,000 containers of products or smaller. Although the expansion’s locks are 70 feet wider and 18 feet deeper than those in the original canal, they use less water due to water-savings basins that recycle 60% of the water used per transit.

Completion of the expansion is expected to lead to the introduction of new routes, liner services, and segments (such as liquefied natural gas).

Staff Contact: Susanne T. Stirling
Employees in San Francisco? July 1 Update to Required Posting

As one of the scheduled increases from Proposition J, San Francisco’s $13.00-per-hour minimum wage becomes effective July 1, 2016. San Francisco employers must replace their existing required posting with the new minimum wage notice reflecting the new rate.

CalChamber’s updated 26.5”x40” San Francisco Labor Laws poster (in the six required languages) has the most current San Francisco employment notices required by San Francisco ordinances:

- San Francisco Minimum Wage notice with new $13.00-per-hour minimum wage
- San Francisco Paid Sick Leave notice
- San Francisco Health Care Security Ordinance (HCSO) notice with rate increases for 2016
- San Francisco Family Friendly Workplace Notice

PURCHASE at calchamber.com/sfjuly1 or call (800) 331-8877