

ALERT

VOLUME 42, NUMBER 29 • SEPTEMBER 23, 2016



CalChamber Presents Handy Ballot Guide

Special Report: November Ballot Measures



This edition of *Alert* includes a seven-page special report on the

November ballot measures, including brief summaries of the California Chamber of Commerce reasons for its positions on seven of the 17 ballot measures.

On propositions where the CalChamber has no position, the guide summarizes arguments for and against the measures as presented in the 224-page official voter information guide prepared by the California Secretary of State.

Below is a recap of CalChamber positions on November ballot measures:

SUPPORT

Proposition 51: School Bonds

Proposition 52: State Fees on Hospitals. Federal Medi-Cal Matching Funds

Proposition 54: Legislative Transparency

Proposition 58: English Language Education

OPPOSE

Proposition 53: Revenue Bonds

Proposition 55: Tax Extension on High Wealth Individuals

Proposition 61: Prescription Drug Purchases. Pricing

For more information, see the **special report** inside.

Signed Bills Help Business on Tax, Accessibility Issues



SUPPORT

process, and a third bill that will help businesses assess whether commercial rental property complies with disability access laws.

• **AB 2201 (Brough; R-Dana Point)** maintains fairness with regard to the computation of interest on a late electronic payment to the Board of Equalization (BOE) by reinstating the authority of the BOE to compute interest on a daily basis instead of a monthly basis if listed circumstances are satisfied.

• **AB 2476 (Daly; D-Anaheim)** ensures that a property owner has sufficient time to potentially challenge the parcel tax if necessary by providing notice and information of a parcel tax to a property owner who does not reside within the jurisdiction of the agency or legislative body.

• **AB 2093 (Steinorth; R-Rancho Cucamonga)** ensures that owners and tenants are aware of any construction-

See Signed Bills: Page 4

Tourism Promotion, Governing California Get Closer Look at CalChamber Board Meeting



Caroline Beteta (left), president and CEO of Visit California, recaps for listeners at the CalChamber Board of Directors dinner on September 8 the successes of the program to promote tourism within and to the state, including videos spotlighting restaurants and other travel destinations. Watch the videos on YouTube or at VisitCalifornia.com/dream365tv. Nancy McFadden (right), executive secretary to Governor Edmund G. Brown Jr., explains at the CalChamber Board of Directors meeting on September 9 that the administration takes “very seriously” the business of governing California. The top priority has been keeping the state on fiscal track, she says, and the job of shaping legislation also includes discouraging bad ideas from being turned into bill proposals.

Inside

- **November Ballot Propositions: Pages 7-13**
- **Economic Advisory Council: Pages 14-15**

Labor Law Corner

Premium Pay Applies Just Once Daily Per Missed Break/Meal



Barbara Wilber
HR Adviser

Please explain how the meal and rest break premiums are paid. When an employer fails to provide two rest breaks and two meal breaks in the same day, is an employee entitled to four hours of premium pay?

No, the employee is entitled to only two hours of premium pay.

With a few exceptions, both Labor Code Section 512 and the Industrial

Welfare Commission (IWC) wage orders address an employer's obligation to provide meal periods and rest breaks.

Labor Code Section 226.7 further addresses the requirement to pay a premium of one hour at the employee's regular rate for failure to provide a meal period or rest break required by the IWC orders.

A court decision clarified that there is one violation for a missed meal break and one violation for a missed rest break in a work day.

In answer to your question, only two hours of premium pay is owed because the statute requires payment of the premium for each work day, not each occurrence during a work day.

Division Guidance

Two separate sections of the *Division of Labor Standards Enforcement Policies and Interpretations Manual* provide additional guidance on this issue:

Section 45.2.8: Meal Periods
Premium for Missed Meal Period Is Only Imposed Once Each Day. No matter how many meal periods (rest period

penalties are separate) are missed, only one meal period premium is imposed each day. Thus, if an employer employed an employee for twelve hours in one day without any meal period, the penalty would be only one hour at the employee's regular rate of pay.

Section 45.3.7: Rest Periods
Premium for Failure to Provide Rest Periods is the same as that imposed for failure to provide meal periods. Note that only one hour for failure to provide a rest period may be imposed in each day regardless of the number of rest periods missed.

More Information

For additional information about meal and rest break requirements, visit HRCalifornia.com.

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

POSTMASTER: Send address changes to Alert, 1215 K Street, Suite 1400, Sacramento, CA 95814-3918. Publisher: Allan Zaremborg. Executive Editor: Ann Amioka. Associate Editor: Sara Espinosa. Art Director: Neil Ishikawa. Capitol Correspondent: Christine Haddon.

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

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Home page: www.calchamber.com.

CalChamber-Sponsored Seminars/Trade Shows

More at www.calchamber.com/events.

Labor Law

Leaves of Absence. CalChamber. October 6, Pasadena – SOLD OUT. (800) 331-8877.

Complying with New Federal, State and Local Overtime and Minimum Wage Rules. CalChamber. October 20, Webinar. (800) 331-8877.

HR Boot Camp. December 7, San Francisco. (800) 331-8877.

Business Resources

Air Force Small Business Industry Days. Air Force Space and Missile Systems Center. October 18–20, Los Angeles. (703) 286-0210.

International Trade

2016 Public Forum on "Inclusive Trade." World Trade Organization. September 27–29, Geneva, Switzerland.

Environmental Law and Free Trade in the Americas. World Affairs Council of Northern California. September 29, Sacramento. (415) 293-4601.

Diplomacy Begins Here: Northern California. Northern California World

Trade Center and Global Ties San Francisco. September 30, Oakland. (415) 528-3541.

2016 Sima-Sipsa International Ag Expo. U.S.-Algeria Business Council. October 4–7, Algiers, Algeria. (703) 418-4150.

Global Trade Awards Gala. Women in International Trade—Los Angeles. October 6, Long Beach. (213) 545-6479.
Fifth Annual U.S.-China Collaboration Delegation. Bay Area Council.

See CalChamber-Sponsored: Page 6

CalChamber Calendar

Public Affairs Conference:
November 29–30, Huntington Beach

Next Alert: October 7



What California Employers Need to Know About New Federal Overtime Rule

The new federal overtime rule, its effects on how California employers pay their employees, and how employers can prepare for the change are the subject of a free white paper available from the California Chamber of Commerce.

In addition, an upcoming CalChamber webinar examines the new federal overtime rule, along with state and local requirements on overtime and minimum wage.

Until recently, California employers generally were not concerned with federal overtime requirements because California's duties and salary tests for certain key exemptions were more stringent than federal requirements.

That changes as of December 1, when the federal salary requirement for the administrative, executive and professional exemptions will exceed California's salary test.

The new federal minimum salary threshold for an employee to be exempt from overtime will increase to \$913 per week (amounting to \$47,476 annually for a full time employee). The current mini-

mum monthly salary threshold in California is two times the state minimum wage, which amounts to \$41,600 a year for a full time employee.

When state and federal overtime laws apply, employers must follow whichever is more protective of employees.

What does this new law mean for California employers? Do you increase salaries or reclassify employees? The question involves numerous issues, so it's not a clear-cut decision.

White Paper

What California Employers Need to Know About the New Federal Overtime Rule is available for CalChamber members on [HRCalifornia](#). Nonmembers can sign up to download the white paper at calchamber.com/fedovertime.

CalChamber's white paper covers:

- How the new rule affects the federal salary test;
- Whether the federal rule relating to



bonuses, commissions and highly compensated employees applies;

- Steps you can take to prepare; and
- Much more.

Upcoming Webinar

On Thursday, October 20, CalChamber employment law experts will present a webinar on *Complying with New Federal, State and Local Overtime and Minimum Wage Rules*.

For more information or to register, visit calchamberstore.com.

Staff Contact: Gail Cecchettini Whaley

National Perspective on 2016 Presidential, U.S. Senate Races



Eileen Braden, vice president of political affairs for the U.S. Chamber of Commerce, gives the CalChamber Board a rundown on the volatile 2016 presidential campaign and key races in the U.S. Chamber's effort to maintain a pro-business majority in the U.S. Senate. She says the first presidential debate on September 26 may prove to be significant for the 20% of U.S. voters who still were undecided at the beginning of the month.

Lunch Highlights Strong Norway-California Trade/Investment Ties



The numerous areas that affect trade and investment between Norway and California were the subject of a lively exchange at a September 15 luncheon meeting held at the California Chamber of Commerce. International luncheon attendees (from left): Susanne T. Stirling, CalChamber vice president of international affairs; Ingrid Heggø, Labour Party Member of Parliament (MP); Ove Trellevik, Conservative Party MP; Ingunn Foss, Conservative Party MP; Oskar J. Grimstad, Progress Party MP; Sivert Bjørnstad, Progress Party MP; Morten Ørsal Johansen, First Vice Chair and Progress Party MP; California Senator Richard Pan (D-Sacramento); Line Henriette Hjemdal, Christian Democratic Party MP; Pål Farstad, Liberal Party MP; Frank Bakke-Jensen, Conservative Party MP; Knut Storberget, Labour Party MP; Odd Omland, Labour Party MP; Else-May Botten, Labour Party MP; Jock O'Connell, international trade economist, Beacon Economics; Marit Halleraker, Secretary, Parliamentary Standing Committee on Commerce and Industry; Sindre Bornstein, consul, Norwegian Consulate General; Andrew Grant, president and CEO, Northern California World Trade Center; Hilde Janne Skorpen, Consul General of Norway; and Daniel Lopez, chief of staff for Senator Pan. Read full story at www.calchamber.com/norway.

Signed Bills Help Business on Tax, Accessibility Issues

From Page 1

related access violations and therefore have the opportunity to resolve any violation before a lawsuit is filed by requiring clarity in commercial property leases regarding whether the property has been inspected by a Certified Access Specialist (CASP) and any CASp reports. AB 2093 took effect immediately upon being signed by the Governor on September 16.

AB 2201: Tax Administration

Until January 1, 2016, the BOE had the discretion to modify the interest assessed on a late electronic payment to a daily rate instead of a monthly rate. The BOE was allowed to modify this assessment if it determined that the assessment of one month of interest was inequitable as the taxpayer satisfied the following factors:

- the payment was only one day late;
- the taxpayer was granted relief from all penalties; and

- the taxpayer filed for an oral hearing with the BOE.

On January 2, 2016, the discretion of the BOE to modify the interest assessed to avoid an "inequitable" result expired. AB 2201 corrects this by allowing the BOE to utilize its discretion to determine if assessing one month of interest on an electronic payment that is one day late is inequitable.

AB 2476: Parcel Tax Notice

AB 2476 requires a local agency to provide notice to property owners that do not reside within the jurisdiction of a taxing agency, of its vote to place a parcel tax on the ballot as well as information regarding the parcel tax.

Timely notice of a proposed parcel tax to affected property owners is important so that the property owners may voice their concern, inquire into the amount or purpose of the parcel tax, or even prepare for the potential tax increase. AB 2476 requires notice and provides necessary

information to the property owner so the owner may take action, if desired.

AB 2093: CASp Program

California runs a voluntary CASp program that offers access to experienced site inspectors to help small businesses comply with the requirements of the federal Americans with Disabilities Act (ADA). These specialists inspect buildings for compliance with applicable state and federal accessibility laws and regulations.

AB 2093 mandates that tenants receive copies of any relevant CASp inspection reports that have been completed for a property, so that all parties are aware if ADA violations have been identified. The bill provides transparency to give businesses the opportunity to correct violations and avoid costly litigation.

For more information on CASp, visit dgs.ca.gov/dsa/Programs/programCert/casp.aspx.

Staff Contact: Jennifer Barrera

‘Europe Matters’ German Marshall Fund President Emphasizes



Europe’s importance to both the United States and California was the focus of a recent California Chamber of

Commerce international breakfast.

Featured speaker Dr. Karen Donfried, president of the German Marshall Fund of the United States, emphasized to breakfast attendees the need to “double down” on the transatlantic relationship “because it really matters to us. It’s critical that we as the United States continue to be the leader in this relationship.”

Strong Economic Connection

She reminded attendees that the U.S.-European Union economic relationship remains the world’s largest, accounting for a third of total trade in goods and services, nearly half of global output with transactions of \$2.7 billion daily. Transatlantic trade and investment, she said, is directly responsible for 6.8 million jobs, promoting economic prosperity on both sides of the Atlantic Ocean.

Europe matters to California, as well, she noted. EU nations are the destination for 17.6% of California exports (more than \$29 billion in 2015), she said. Among the states, California ranks No. 1 in jobs provided by European affiliates, with investment generating 378,000 jobs, and 33,000 of the new jobs between 2006 and 2015.

Europe Under Stress

Europe today is under stress due to a confluence of crises that have yet to be resolved, Donfried said, including:

- The Eurozone crisis, sparked by the financial crisis in 2008. Although 19 of the 28 EU member states have the euro as a common currency, Donfried said, there

always was speculation that having a monetary union without a common fiscal policy might be problematic. The multiple bailouts for Greece are one symptom of the Eurozone difficulties, she commented.

- Russia’s change in its approach to Europe, marked by its “illegal annexation” of Crimea. Moreover, the refugee and migration crisis exacerbated by the



Dr. Karen Donfried

civil war in Syria, has led to tension because not all EU nations are willing to accept refugees.

- The threat of terrorism on the European continent, exemplified by the tragic attacks in France and Belgium, has generated fear fueling the growth of populism across Europe.

- Brexit: Because the United Kingdom is the second largest economy in Europe, the British public referendum on June 23 with 52% expressing a preference to leave the EU was a serious blow to the European Union.

Transatlantic Relations

Because of the confluence of crises in Europe, transatlantic relations matter

even more today, Donfried said, describing the Transatlantic Trade and Investment Partnership (TTIP) as the one proactive transatlantic project.

TTIP would boost both U.S. and European growth, she said, but there are barriers to moving forward.

- During the U.S. presidential campaign, both major party candidates have voiced opposition to another trade agreement, the Trans-Pacific Partnership (TPP), and a key congressional leader has said the TPP will not be taken up this session. With TPP being the first agreement to be signed, it might be difficult for TTIP to leapfrog ahead, Donfried said.

On the other hand, labor and environmental issues—frequently the focus of Democratic opposition to trade agreements—don’t exist with TTIP because European standards are higher than U.S. ones, she commented.

- But European politics on TTIP have gotten more complicated, according to Donfried. When the first of the 14 rounds of TTIP negotiations began in 2013, the UK and Germany were the two key champions of the agreement.

France had traditionally been more protectionist, she said, and it was hoped that Germany could bring France along.

Now, anti-globalization, anti-European Union and anti-American forces have combined to produce loud public opposition to the TTIP in Germany, said Donfried.

With the UK working on leaving the EU following the Brexit vote, lots of questions remain about the nation’s trade agenda. Although there were hopes that the British could negotiate a separate UK-U.S. trade deal, she said, President Barack Obama was just the latest person to say such an agreement is not likely to happen in the short-term.

Staff Contact: Susanne T. Stirling

Multiple Channels for Information Business Leaders Need

Information about subjects of interest and concern to the business community are available in multiple formats from the California Chamber of Commerce.

• **CalChamber Alert app:** For easy viewing of **Alert** articles on smartphones or tablets, download the app at calchamberalert.com/app. The app also offers news updates between regularly scheduled editions of the print **Alert**.

• **The free weekly Trade Update e-newsletter** keeps readers in touch with the latest international issues, offering international headlines, trade policy updates, a calendar of events and links to stories about CalChamber members. Sign up at calchamber.com/newsletters.

• **Daily Headlines:** This free email offers convenient links each workday to the CalChamber top story of the day, as well as a selection of news clippings from major newspapers throughout the state. The top story presents readers with the latest developments on legislation, regulations, court cases and other activities affecting businesses in California. Sign up at calchamber.com/newsletters.

• **Inside the Capitol:** Distributed each week during the most active periods of the legislative session (generally March through September), this e-newsletter

reports on upcoming hearings or votes on priority business legislation. Sign up at calchamber.com/newsletters.

• **HRWatchdog blog:** Shares insights several times a week from CalChamber experts on federal and state legislation, court cases and governmental agency actions that affect employment law. Visit

calchamber.com/hrwatchdog to receive updates via the blog app or email.

• **HRCalifornia Extra e-newsletter:** Presents twice monthly reports on the latest labor news and court cases and how these developments could affect employers. Sign up at calchamber.com/newsletters.



CalChamber-Sponsored Seminars/Trade Shows

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October 10–14, Shanghai, Hangzhou, Beijing, China. (415) 946-8777.
Think Canada Global Business Summit. Think Canada. October 19–20, Niagara Falls, Canada.
GetGlobal. Geoskope. October 20–21, Los Angeles.

Milken Institute California Summit. Milken Institute. October 25, Los Angeles. (310) 570-4600.
California-China Clean Tech Trade Mission. CalAsian Chamber. October 26–November 5, Beijing, Guangzhou, Shenzhen, Nanjing, and Shanghai, China. (916) 446-7883.

Exporting Best Practices. California Centers for International Trade Development. November 8, Clovis. (559) 324-6401.
Business H2O Summit—Water Management Best Practices from the U.S. and Israel. U.S. Chamber. December 12, Las Vegas. (202) 463-5875.



2016 CalChamber Public Affairs Conference

November 29-30, 2016 ★ Hyatt Regency Huntington Beach, California



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Overview of November Ballot Measures

Following are brief summaries of the measures that will appear on the November 8 General Election ballot. When the California Chamber of Commerce has taken a position, the reasons for that position are summarized.

The CalChamber encourages employers to share this information with their employees. Businesses are within their rights to do so—just remember: NO

PAYCHECK STUFFERS, no coercion, no rewarding or punishing employees (or threatening to do so) for their political activities or beliefs.

For more guidelines on political communications to employees, see the [August 12 Alert story](#) or the brochure at www.calchamber.com/guidelines. Note the distinction between *internal* communications (to employees, stockholders,

and their families) and communications to *external* audiences (such as nonstockholder retirees, outside vendors, customers and passersby).

For more information on the ballot measures, see the links listed below or visit the website of the Secretary of State at www.sos.ca.gov.

Proposition 51



School Bonds. Funding for K–12 School and Community College Facilities. Initiative Statute.

Authorizes \$9 billion in general obligation bonds for new construction and modernizing K–12 public school, charter schools and vocational education, and California Community Colleges facilities.

Placed on Ballot by: Petition signatures.

CalChamber Position: Support

Reasons for Position

The state should continue the School Facility Program and its use of general obligation bonds to support school facilities because the alternative—forcing local governments to raise property tax rates significantly and levy much higher developer fees—will limit the development of new affordable housing. CalChamber has supported all 41 education facilities bond measures placed on the ballot since 1949.

More Information:

www.yeson51.com

Proposition 52



Medi-Cal Hospital Fee Program. Initiative Constitutional Amendment and Statute.

Extends indefinitely the existing law imposing fees on hospitals to fund Medi-Cal health care services, care for uninsured patients and children's health coverage.

Placed on Ballot by: Petition signatures.

CalChamber Position: Support

Reasons for Position

Extending the current fee program provides certainty about the availability of federal matching funds (more than \$3 billion a year) for hospitals and health care services for children, seniors and low-income families. By requiring a two-thirds vote, the proposition increases the difficulty for the Legislature to make any changes. The measure also prohibits the Legislature from diverting the money for other purposes without voter approval.

More Information: www.yesprop52.org

Proposition 53



Revenue Bonds. Statewide Voter Approval. Initiative Constitutional Amendment.

Requires statewide voter approval before any revenue bonds can be issued or sold by the state for projects that are financed, owned, operated or managed by the state or any joint agency created by or including the state, if the bond amount exceeds \$2 billion.

Placed on Ballot by: Petition signatures.

CalChamber Position: Oppose

Reasons for Position

Will stop or delay vital public works construction projects, including those involving water security and highway

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Proposition 53

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improvements, by adding an unnecessary level of cost, bureaucracy and delay to a process already bogged down. Will take a widely used and fiscally responsible financing mechanism off the table. Also would encourage litigation and increase the ability of special interests to leverage

major infrastructure projects for their own purposes. Will impede the ability for emergency repairs to be made after a natural disaster.

More Information: NoProp53.com

Proposition 54



Legislature. Legislation and Proceedings. Initiative Constitutional Amendment and Statute.

Prohibits the Legislature from passing any bill unless published on the Internet for 72 hours before vote. Requires Legislature to record its proceedings and post on Internet.

Placed on Ballot by: Petition signatures.

CalChamber Position: Support
CalChamber President and CEO Allan Zaremberg signed ballot arguments in support of the measure.

Reasons for Position
Requiring the Legislature to post each

bill online, in its final form, for at least 72 hours before voting on it would give the legislators time to review the legislation, hear from their constituents, and be held accountable for the laws they pass. In addition, requiring the Legislature to post online a complete video record of every legislative meeting that is supposed to be open to the public would allow citizens to watch legislative proceedings and keep informed. By ensuring the video records would be kept online, freely available for public viewing, for at least 20 years, the act will provide a valuable resource for the public, the press, and the academic community.

More Information: www.YesProp54.org

Proposition 55



Tax Extension to Fund Education and Healthcare. Initiative Constitutional Amendment.

Extends by 12 years the temporary personal income tax increases enacted in 2012 on earnings over \$250,000, with revenues allocated to K–12 schools, community colleges, and, in certain years, healthcare.

Placed on Ballot by: Petition signatures.

CalChamber Position: Oppose

Reasons for Position
CalChamber did not oppose the original Proposition 30 tax increase in 2012 because the measure was supposed to be temporary and the state was in the midst

of a dire financial situation. An extension of Proposition 30 would make the tax virtually permanent, even when the state's budget is balanced.

The state currently has in excess of \$3 billion in reserves and has a balanced budget that pays down debt and saves even more for future economic downturns. Also, revenue from the personal income tax is highly volatile and any anticipated revenue from Proposition 55 might be significantly reduced when California is faced with future recessions.

Passing an extension now is premature, because Proposition 30 taxes do not expire until the end of 2018.

More Information: www.hjta.org

Proposition 56

NO POSITION

Cigarette Tax to Fund Healthcare, Tobacco Use Prevention, Research, and Law Enforcement. Initiative Constitutional Amendment and Statute.

Increases cigarette tax by \$2 per pack, with equivalent increase on other tobacco products and electronic cigarettes containing nicotine.

Placed on Ballot by: Petition signatures.

CalChamber Position: No Position

Ballot Arguments For
Proponents say Proposition 56 works like a user fee, taxing tobacco to help pay for
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Proposition 56

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smoking prevention and health care so smokers pay their fair share for costs. The American Cancer Society Cancer Action Network sponsored Proposition 56 to prevent kids from smoking and save lives.

More Information: YesOn56.org

Ballot Arguments Against

Opponents say this \$1.6 billion tax increase gives \$1 billion to special interests. Only 13% of the revenue goes for smoking prevention and the rest goes to Med-Cal provider rate increases.

More Information:
www.NoOnProposition56.com

Proposition 57

NO POSITION

Criminal Sentences. Parole. Juvenile Criminal Proceedings and Sentencing. Initiative Constitutional Amendment and Statute.

Allows parole consideration for nonviolent felons. Authorizes sentence credits for rehabilitation, good behavior and education. Provides juvenile court judge decides whether juvenile will be prosecuted as adult.

Placed on Ballot by: Petition signatures.

CalChamber Position: No Position

Ballot Arguments For

Proponents point out that California public safety leaders and victims of crime support Proposition 57—the Public Safety and Rehabilitation Act of 2016—because it focuses resources on keeping dangerous criminals behind bars, while

rehabilitating juvenile and adult inmates and saving tens of millions of taxpayer dollars. Governor Edmund G. Brown Jr. signed the ballot arguments in support of the measure.

More Information: Vote4Prop57.com

Ballot Arguments Against

Opponents say the proposition authorizes early release of violent criminals, including those who rape unconscious victims; authorizes immediate release for 16,000 dangerous criminals, even convicted murderers; amends the California Constitution; takes rights away from victims; and grants more rights to criminals.

More Information:
www.StopEarlyRelease.com

Proposition 58



English Proficiency. Multilingual Education. Initiative Statute.

Amends and repeals portions of Proposition 227, the initiative approved by voters in June 1998 to mandate that all children in California public schools be taught English by being taught in English unless parents have gone through a waiver process. Repeals existing law giving parents/guardians standing to sue for enforcement and making public school administrators and teachers personally liable for failing to provide an English-only curriculum.

Placed on Ballot by: SB 1174 (Lara; D-Bell Gardens), Chapter 753, Statutes of 2014.

CalChamber Position: Support

Reasons for Position

California's economic success depends

on its ability to prepare a workforce educated to compete in a global economy. Top education systems in the world all require students to learn multiple languages. Yet California, with its natural reserve of diverse linguistic resources has failed to develop a multilingual workforce. The right to sue has had the effect of doing away with most bilingual programs/classes.

Sixty-six percent of people around the world speak more than one language while only 20% of people in the U.S. speak multiple languages. Students with a strong proficiency in English who also speak another language are better equipped to compete in the global workforce and offer California employers a more prepared and educated workforce.

More Information:
www.SupportProp58.com

Proposition 59

NO POSITION

Corporations. Political Spending. Federal Constitutional Protections. Legislative Advisory Question.

Asks whether California's elected officials should use their authority to propose and ratify an amendment to the federal Constitution overturning the U.S. Supreme Court decision in *Citizens United v. Federal Election Commission*. The decision ruled that laws placing certain limits on political spending by corporations and unions are unconstitutional.

Placed on Ballot by: SB 254 (B. Allen; D-Santa Monica), Chapter 20, Statutes of 2016.

CalChamber Position: No Position

Ballot Arguments For

Proponents say vote "yes" to send a

message to Congress to get big money out of politics and to overturn misguided Supreme Court ruling saying unlimited campaign spending is free speech and that corporations have the same constitutional rights as people.

More Information:

www.yesonCAProp59.com

Ballot Arguments Against

Opponents say the Legislature should stop wasting taxpayer dollars by putting do-nothing measures on the ballot that ask Congress to overturn the Supreme Court. Instead, politicians in Sacramento should focus on transparency and bringing jobs to California.

More Information:

info@gbacampaigns.com

Proposition 60

NO POSITION

Adult Films. Condoms. Health Requirements. Initiative Statute.

Requires adult film performers to use condoms during filming of sexual intercourse. Requires producers to pay for performer vaccinations, testing, and medical examinations. Requires producers to post condom requirement at film sites.

Placed on Ballot by: Petition signatures.

CalChamber Position: No Position

Ballot Arguments For

Proponents say Proposition 60 protects California adult film workers from disease. Porn producers refuse to provide a safe workplace for their performers. As a result, thousands of workers have been exposed to serious and life-threatening diseases. It is time to hold the pornogra-

phers accountable for worker safety and health in California's adult film industry.

More Information: VoteYesProp60.com

Ballot Arguments Against

Opponents say Proposition 60 is a 13-page measure that is so poorly drafted that it is the only initiative opposed by the California Democratic Party and the California Republican Party. The proponent wants you to believe this is about worker safety, but this disguises the real impact of the measure: the creation of an unprecedented lawsuit bonanza that will cost taxpayers "tens of millions of dollars" and threatens the safety of performers.

More Information: DontHarassCa.com

Proposition 61



State Prescription Drug Purchases. Pricing Standards. Initiative Statute.

Prohibits state from buying any prescription drug from a drug manufacturer at price over lowest price paid for the drug by U.S. Department of Veterans Affairs (USDVA). Exempts managed care programs funded through Medi-Cal.

Placed on Ballot by: Petition signatures.

CalChamber Position: Oppose

Reasons for Position

The CalChamber opposes this measure because it will increase what most Californians must pay for health care

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Proposition 61

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premiums and out-of-pocket health care costs by shifting the cost of prescription drugs from government purchasers to private payers, including employers. The initiative ignores why the USDVA is able to negotiate lower drug prices and instead

uses the discounts to establish an artificial market cap for one group of purchasers. The approach will simply shift costs to other payers in the system.

More Information: NoProp61.com

Proposition 62

NO POSITION

Death Penalty. Initiative Statute.

Repeals the death penalty and replaces it with life imprisonment without possibility of parole. Applies retroactively to existing death sentences. Increases the portion of life inmates' wages that may be applied to victim restitution.

Placed on Ballot by: Petition signatures.

CalChamber Position: No Position

Ballot Arguments For

Proponents say California's death penalty system has failed. Taxpayers have spent more than \$5 billion since 1978 to carry out 13 executions—a cost of \$384 million per execution. Proposition 62 replaces a costly failed system with a strict life sentence and zero chance of parole. Instead of being housed in expensive private cells on death row, murderers will

be kept with other maximum-security inmates.

More Information: Yeson62.com

Ballot Arguments Against

Opponents say we all know California's death penalty system is broken. Death row inmates are now able to file one frivolous appeal after another, denying justice. The answer is to mend, not end California's death penalty laws. Prosecutors, law enforcement, and the families of murder victims oppose Proposition 62 because it jeopardizes public safety, denies justice and closure to victims' families, and rewards the most horrible killers.

More Information:
noprop62yesprop66.com

Proposition 63

NO POSITION

Firearms. Ammunition Sales. Initiative Statute.

Requires background check and Department of Justice authorization to purchase ammunition. Prohibits possession of large-capacity ammunition magazines. Establishes procedures for enforcing laws prohibiting firearm possession by specified persons. Requires Department of Justice participation in federal National Instant Criminal Background Check System.

Placed on Ballot by: Petition signatures.

CalChamber Position: No Position

Ballot Arguments For

Proponents say more than 300 Americans are shot each day, more than 80 of them fatally. Proposition 63 will save lives by closing loopholes to prevent dangerous criminals, domestic abusers, and the dangerously mentally ill from obtaining and using deadly weapons. The measure keeps guns and ammo out of the wrong hands, while protecting the rights of

law-abiding Californians to own guns for self-defense, hunting, and recreation.

More Information: safetyforall.com

Ballot Arguments Against

Opponents say Proposition 63 is overwhelmingly opposed by the law enforcement community and civil rights groups because it will burden law-abiding citizens without keeping violent criminals and terrorists from accessing firearms and ammunition. The measure would divert scarce law enforcement resources away from local law enforcement and overburden an already-overcrowded court system with the enforcement of flawed laws that will turn harmless, law-abiding citizens into criminals. In fact, New York recently abandoned its enforcement of a similar proposal after it was passed, finding that it was impossible to implement and effectively maintain.

More Information: stoptheammograb.com

Proposition 64

NO POSITION

Marijuana Legalization. Initiative Statute.

Legalizes marijuana under state law, for use by adults 21 or older. Imposes state taxes on sales and cultivation. Provides for industry licensing and establishes standards for marijuana products. Allows local regulation and taxation. Provides that employers will be able to continue to require a drug-free workplace.

Placed on Ballot by: Petition signatures.

CalChamber Position: No Position

Ballot Arguments For

Proponents say it's time to implement proven reforms so marijuana will be safe, controlled and taxed. The measure incorporates best practices from states that already legalized adult marijuana use, and adheres closely to the recommendations of California's Blue Ribbon Commission on Marijuana Policy, which included law enforcement and public health experts. By collecting unpaid taxes from marijuana, Proposition 64 will bring in more than \$1 billion of revenue every

year to help California. And it could save tens of millions of dollars annually in reduced law enforcement costs. Together, that is a benefit of \$11 billion over the next decade.

More Information: yeson64.org

Ballot Arguments Against

Opponents say Proposition 64 has five huge flaws that affect Californians: doubles highway fatalities; allows marijuana growing near schools and parks; increases black market and drug cartel activity; could roll back the total prohibition of smoking ads on TV; and is an all-out assault on underprivileged neighborhoods already reeling from alcohol and drug addiction problems. The measure is radically different from legalization measures in other states, and may weaken countless consumer protections just passed last year and signed into law by Governor Brown.

More Information: NoOn64.net

Proposition 65

NO POSITION

Carryout Bags. Charges. Initiative Statute.

Redirects money collected by grocery and certain other retail stores through mandated sale of carryout bags. Requires stores to deposit bag sale proceeds into a special fund to support specified environmental projects.

Placed on Ballot by: Petition signatures.

CalChamber Position: No Position

Ballot Arguments For

Proponents say Proposition 65 is needed to stop grocery stores from keeping all the money collected from carryout bag taxes as profit instead of helping the environment. Grocery stores stand to gain up to \$300 million in added profits each

and every year unless voters say yes on Proposition 65. That money should be dedicated to the environment, not more profits for corporate grocery chains.

More Information: SayYesOn65.com

Ballot Arguments Against

Opponents say Proposition 65 is without real significance, designed to distract from the issue at hand: phasing out plastic shopping bags. All 65 would do is direct funding from the sale of paper bags (an option under the plastic bag ban) to a new state fund. The money for this fund is a drop in the bucket and will shrink over time as people adjust to bringing reusable bags.

More Information: cawrecycles.org

Proposition 66

NO POSITION

Death Penalty. Procedures. Initiative Statute.

Changes procedures governing state court challenges to death sentences. Designates superior court for initial petitions and limits successive petitions. Requires appointed attorneys who take noncapital appeals to accept death penalty appeals. Exempts prison officials from existing regulation process for developing execution methods.

Placed on Ballot by: Petition signatures.

CalChamber Position: No Position

Ballot Arguments For

Proponents say Proposition 66 was written by frontline death penalty prosecutors who know the system inside and out. They know how the system is broken, and they know how to fix it. Proposition 66 was written to speed up the death penalty appeals system while ensuring that no innocent person is ever executed. Proposition 66 means the worst killers receive the strongest sentence. The measure would bring closure to victims' families, protect public safety, and save

taxpayers money because heinous criminals will no longer be sitting on death row at taxpayer expense for 30+ years.

More Information:
noprop62yesprop66.com

Ballot Arguments Against

Opponents say Proposition 66 is a poorly written initiative that will add more layers of government bureaucracy, causing more delays, cost taxpayers money, and increase California's risk of executing an innocent person. Evidence shows more than 150 innocent people have been sentenced to death, and some have been executed because of poorly written laws like this one. According to nonpartisan analysis, Proposition 66 could cost "tens of millions of dollars annually" with "unknown" costs beyond that. Instead of adding new layers of government bureaucracy and increasing costs, we deserve real reform of our justice system. Proposition 66 is not the answer.

More Information: NoonCAProp66.org

Proposition 67

NO POSITION

Ban on Single-Use Plastic Bags. Referendum.

A "Yes" vote approves, and a "No" vote rejects, a statute that prohibits grocery and other stores from providing customers single-use plastic or paper carryout bags, but permits sale of recycled paper bags and reusable bags.

Placed on Ballot by: Petition signatures.

CalChamber Position: No Position

Ballot Arguments For

Proponents say this measure will help keep discarded plastic bags out of the mountains, valleys, beaches and communities, and keep them beautiful. The law also will save the state and local communities tens of millions of dollars in litter clean-up costs. Nearly 150 local cities and counties have banned single-use

plastic bags. These laws have already been a success; some communities have seen a nearly 90% reduction in single-use bags, as well as strong support from consumers.

More Information: cayeson67.com

Ballot Arguments Against

Opponents say Proposition 67 is a \$300 million per year hidden tax increase on California consumers who will be forced to pay a minimum 10 cents for every paper and thick plastic grocery bag they are given at the checkout. Not one penny goes to the environment. Instead, the Legislature gave all \$300 million in new tax revenue to grocers as extra profit.

More Information: No website listed.

Economy Pushes Through Global Turbulence; State Still Among Fastest Growing in U.S.

National Economy

U.S. economic output has slowed to a crawl over the last three quarters—averaging less than a 1% pace of growth compared to 3% in the previous six quarters. Despite these disappointing results, prognosticators of the economy have, for the most part, not reduced their growth outlook for the nation by much. Most are still looking for rates in the 2% to 2.5% range.

The reason for the relative optimism is that the headwinds which have slowed the U.S. economy in recent months have come largely from external sources—the global commodity glut, the slowing of the Chinese economy, political turmoil in the Middle East and Europe, and wild gyrations in equity markets driven by fears over all these issues. These problems have stalled U.S. exports and industrial production, and led to a decline in business investment—in particular a big runoff of business inventories.

In contrast, domestic demand has remained quite strong. Consumer spending added almost 3% to growth in the second quarter, more than enough to offset declines in business investment. Consumers are also increasing their spending for the right reason—they are earning more.

The U.S. labor markets continue to expand, adding 275,000 jobs per month in June and July after a weak spring. The construction, health care, professional services, and hospitality sectors have all been growing at a faster-than-average rate.

Also helping is weak inflation driven by low commodity prices and low unemployment rates that have finally shifted the economic balance toward labor to

some small degree. Median real wages for a full-time worker have grown 4% over the past two years, still modest but better than the previous eight years when real earnings didn't grow at all.

Positive Indicators

More importantly, there are a number of indicators that suggest the business spending pullback is ending and that

ongoing low interest rates will lead to a faster pace of construction in the second half of the year.

Poor Global Outlook

As positive as all these signs are, the United States is unlikely to return to an average pace of growth within the next year or more. While the nation has muscled through the turbulence so far, the global outlook remains poor. The Chinese economy is still weak despite various policy measures put into place over the last year. Europe is growing again, but is dealing with issues surrounding deflation and the Brexit. And the commodity glut—while good for American consumers—continues to hurt growth prospects for many developing economies. As such, the overall outlook for U.S. growth remains much as it did last year at this time.

The only major change in expectations is in regard to interest rates and Federal Reserve policy. Given the recent weak U.S. growth data and the decline in interest rates driven by nervous investors seeking safety in U.S. markets following the Brexit, there is a mounting realization that low interest rates are going to be with us for some time.

California Outlook

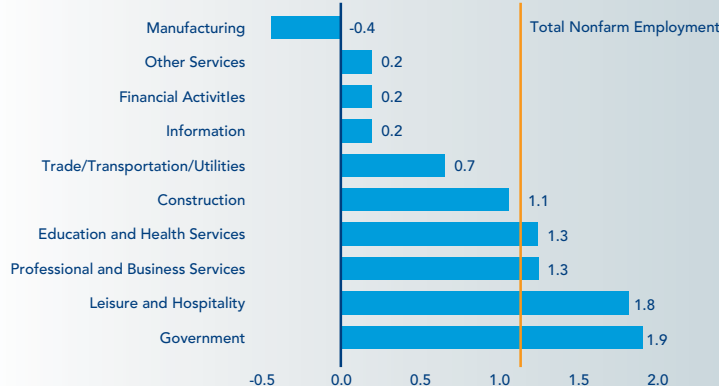
The California economy, like the nation overall, slowed its pace of growth over the past year. Still, the state remains one of the fastest growing economies in the nation.

Payroll employment growth has been above 2.5% over the last year—almost a full percentage point higher than the national average. California's unemployment rate in July was 5.4%, still above the national average but by the smallest

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California Outpaces U.S. Job Growth

Difference in Year over Year change, June 2016



Sources: Fermanian Business and Economic Institute, Employment Development Department

overall investment trends will begin to turn positive again soon. In April, the Institute for Supply Management Purchasing Managers Index for Manufacturing climbed above 50, and in June the Industrial Production Index also started rising again with the best pace of growth since late 2014. Inventory to sales ratios are currently the lowest they have been since 2003—suggesting that businesses will need to start stocking up soon.

The housing market has also shown stronger signs of life recently. Sales of new and existing homes, while still far below long-run sustainable levels, have hit post-Great Recession highs in recent months. While tight credit remains a major impediment to full recovery, the improved financial situation of the average American household combined with

Economy Pushes Through Global Turbulence; State Among Fastest Growing

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margin since before the Great Recession began.

Output growth also has been higher than the national average. According to data from the U.S. Bureau of Economic Analysis, California's gross state product (GSP) grew 3.1% from the first quarter of 2015 to the first quarter of 2016, compared to 2.1% in the nation overall. This is the fourth straight year that California has outgrown the United States as a whole.

Moreover, the gains in the state are not being driven by one industry or by one region. The tech sector is hot, but so too are the tourism, logistics, entertainment, and more traditional professional services sectors. Better incomes are driving demand for local services—and the health care, retail and construction sectors have all seen large jumps. The expansion is also largely statewide, with many regions seeing high rates of job growth.

California's share of national employment recently returned to 12%, tied for the best ever with a record set back in 1990 before the onset of the early 1990s downturn. The state's share of personal income is also currently at a record high level. Overall, California has clearly been an economic success story in otherwise difficult times.

Hurdles

This isn't to say that the state's complex regulatory system and high tax rates haven't been issues—California would likely be doing even better in the absence of those hurdles. But the state's other advantages in location, industry, and climate have, so far, persevered.

Taking a closer look at the numbers indicates that, much like the United States overall, the slowing of job growth in California is related to trade and investment. The state lost manufacturing jobs over the last year—after the previous

year saw solid growth in these positions. Logistics, information and construction employment also slowed sharply. Recent data on industrial production, and the rebound in equity prices, suggest the second half of the year will look much better.

Regional Impacts

Regionally, the slowing of business investment and the cooling of the tech sector has affected San Francisco and San Jose. Still, both locations hold some of the top spots for overall job growth with

rate in the state. Job growth has outpaced labor force growth by a factor of two over the last four years. With labor markets reaching full employment, high job growth rates can be sustained only by bringing workers into the state from other places.

Unfortunately, California is unlikely to attract such workers given the rapidly growing cost of housing. Median home prices in the state recently crossed the \$400,000 mark while in the red hot Bay Area, median prices can reach well over \$1 million (in San Francisco). Inventories are very tight, with most major economies having between two and three months' supply of homes on the market—on par with the peak of the housing market bubble.

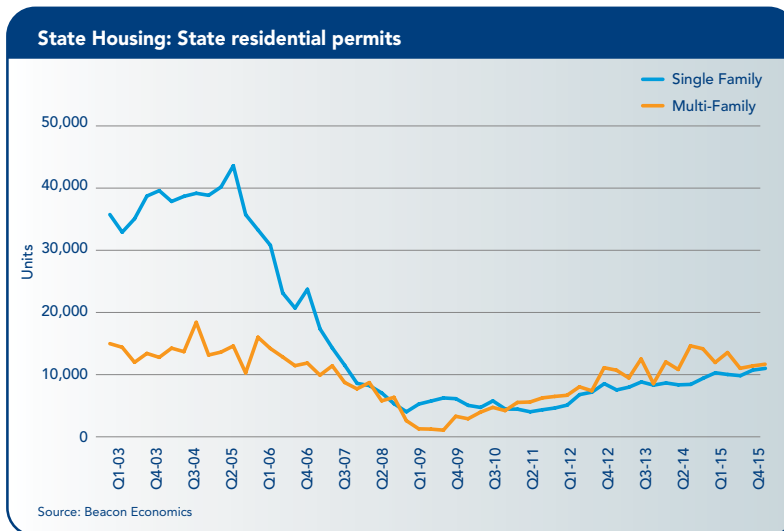
But this is not like the last cycle because high demand has not been met with new supply. Single-family building permits are roughly one-quarter of what they were a decade ago.

The only bright part of new housing supply—multifamily units—is also below that pace. And the pushback against even

modest development, particularly in the dense coastal regions, is heating up.

The problem is being widely discussed, but there is little consensus among political leaders as to how to deal with the mounting problem.

Staff Contact: Dave Kilby



year-over-year growth rates of 3% and higher.

Other rapidly growing economies were mainly in the central portions of the state—including Stockton, Fresno, and the Inland Empire. Bakersfield and Ventura both saw increases in the pace of employment growth after a weak previous year.

Housing Situation

As good as the employment and income numbers have been (until recently), the CalChamber Economic Advisory Council almost universally agrees that the state will likely lose some of its steam in the next two years.

The high pace of job growth has been fed mainly by a supply of excess labor—in other words, the high unemployment



The California Chamber of Commerce Economic Advisory Council, made up of leading economists from the private and public sectors, presents a report each quarter to the CalChamber Board of Directors. This report was

prepared by council chair Christopher Thornberg, Ph.D., founding partner of Beacon Economics, LLC.

ALERT

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Complying with New Federal, State and Local Overtime and Minimum Wage Rules

Until recently, most California employers only needed to adjust their payroll systems and overtime rates when California's minimum wage rates increased.

But that's all changing. Employers must now consider federal and local wage requirements in addition to California's minimum wage rates, not to mention gradual increases over time.

Join CalChamber's employment law experts as they review what you need to know now, including the **new federal overtime rule effective December 1, 2016**.

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