Opposition Stops Job Killer; 5 Bills Pass to Second House

A wage statement penalty bill opposed by the California Chamber of Commerce as a job killer was stopped in the Assembly last week. June 1 was the deadline for bills to pass the house in which they were introduced. Only five job killer bills subject to the first house deadline have passed to the second house.

Not brought up for a vote was AB 2613 (Reyes; D-Grand Terrace), which would have imposed another layer of Labor Code penalties for wage-and-hour violations in addition to the penalties already available under the Private Attorneys General Act (PAGA).

AB 2613 also would have imposed personal liability onto employees who have no control over the actual payment of wages.

CalChamber opposed this bill as a job killer because the provisions would have significantly increased litigation against California employers and limited their ability to invest in their workforce.

Job Killers in Second House

Moving on to the second house are the following CalChamber-opposed job killer bills:

• AB 2384 (Arambula; D-Kingsburg) Increases Health Care Premiums — Increases health care premiums by mandating medication-assisted treatment for substance disorders and by eliminating all quality control and cost containment mechanisms. To Senate.

See Opposition Stops: Page 4

Voters Agree with CalChamber on Props. 68, 69, 71 and 72; Prop. 70 Trailing

California voters agreed with California Chamber of Commerce positions this week, passing CalChamber-supported Propositions 68, 69, 71 and 72. CalChamber-supported Proposition 70 was behind in the vote count as Alert went to print.

More than 19 million Californians were registered to vote in advance of the Primary Election, according to the final Secretary of State report before June 5. Although 100% of precincts have reported their results, there still are tens of thousands of votes to count. County elections officials plan to complete their work by July 6.

Five counties in Northern California conducted elections under a new model as a result of 2016 legislation allowing voters to choose how, when and where they cast their ballot. The participating counties—Madera, Napa, Nevada, Sacramento and San Mateo—mailed every voter a ballot, expanded in-person early voting, and allowed voters to cast a ballot at any vote center within their county.

Proposition 68

Proposition 68 is passing with 56% support.

Proposition 68 authorizes the issuance of bonds in an amount of $4 billion. The funds for water quality and supply total

See Voters Agree: Page 4

Five Job Creator Bills Advance in Legislature

As of the June 1 deadline for bills to pass the house in which they were introduced, five job creator bills remain alive for further consideration.

Four job creators won approval last week by the Assembly or Senate:

• AB 1734 (Calderon; D-Whittier) Extension of Film Tax Credits — Extends California’s current tax credit for motion picture and television productions, which has a sunset date of July 1, 2020, for an additional five years, continuing the success of this tax credit, which has brought more film and television production jobs to this state and has increased business to California. Passed Assembly on May 30, 74-2.

• AB 1743 (O’Donnell; D-Long Beach) Career Technical Education — Reauthorizes and provides appropriations for the Career Technical Education Incentive Grant program, which provides students with necessary training and education to prepare them for a variety of career options. Passed Assembly on May 30, 78-0.

• SB 951 (Mitchell; D-Los Angeles) Extension of Film Tax Credits — Extends California’s current tax credit for motion picture and television productions, which has a sunset date of July 1, 2020, for an additional five years, continuing the

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Labor Law Corner

How to Pay Employee Who Hasn’t Completed Tax Withholding Forms

An independent contractor relationship is not created simply because an employee works for a short duration and then quits. Your employee cannot be paid as an independent contractor in this situation, and you must prepare his final paycheck within the legally required timeframe even without a completed Form W-4 specifying tax withholding status and allowances.

No Exception to Deadlines

Even though your employee did not complete the Form W-4, California’s final paycheck deadline laws still will apply. Delaying the final paycheck until the employee completes the Form W-4 may result in a violation of California’s Labor Code Section 202.

Since the employee quit without notice, Labor Code Section 202 requires that you cut a final paycheck for all hours worked within 72 hours of the employee quitting, and have it available for the employee to come in and pick up. There is no legal obligation to mail the check unless the employee specifically requests that it be mailed and provides a current mailing address.

Note that if your company policy allows employees to begin accruing vacation from the first day of work, there may be a small amount of vacation wages due as well.

Final Paycheck Tax Withholding

If an employee quits or is terminated before completing a Form W-4, you may follow the guidance from both the Internal Revenue Service and the Employment Development Department for federal and state tax withholding in this situation.

Both agencies specify that if a new employee does not give you a completed Form W-4, withhold tax as if he or she is single with no withholding allowances. Exceptions apply for withholding on wages paid to nonresident aliens.

Contact your tax adviser for further guidance regarding tax withholding concerns.
CalChamber-Backed Bills to Help Ease Housing Crisis Pass

Both houses of the Legislature last week approved California Chamber of Commerce-supported bills that will help ease the state’s housing crisis.

Moving from the Assembly to the Senate on May 31 was a bill to spur housing development, **AB 3194 (Daly; D-Anaheim)**. The bill encourages much-needed residential housing construction in California by closing two loopholes often used by local governments to deny extending the protections of the Housing Accountability Act.

Passing from the Senate to the Assembly on May 30 were:

- **SB 828 (Wiener; D-San Francisco)**, which improves assessment of state housing needs. The bill strengthens the Regional Housing Needs Assessment (RHNA) by increasing state-level oversight over local and regional housing obligations.
- **SB 831 (Wieckowski; D-Fremont)**, streamlining permitting for new accessory dwelling units (ADUs), also known as granny or in-law units. The bill promotes affordable housing by requiring local agencies to waive permitting fees typically charged for new ADUs and streamlines the ADU permitting process by requiring local agencies to decide on any new ADU application within 60 days or else the application is automatically approved.

**Housing Crisis**

California is in the depths of a severe housing crisis both in terms of supply and affordability. The supply/demand imbalance in housing is driving up the cost of housing for every income level. California needs to nearly double the number of units that are being built today—a minimum of 100,000 more new housing units per year—to keep pace with demand and to lower prices.

With the median home price at $529,000 and the average rent for a vacant apartment at $2,426, only 29% of California households earn enough to afford the median-priced single-family home, and more than a quarter of the state’s renters are paying more than 50% of their income on housing needs.

**Increasing Supply**

The primary way to address the housing crisis is by increasing supply, by building housing of every kind throughout the state.

AB 3194 will increase housing supply by reducing the number of housing projects to be rejected for spurious reasons. Currently, local governments find loopholes in law to avoid extending the protections of the Housing Accountability Act to housing projects.

AB 3194 closes two such loopholes—the “health and safety” and “zoning” loopholes. By making it more difficult for local jurisdictions to reject housing projects, AB 3194 will encourage housing production.

By closing loopholes, AB 3194 will help simplify and expedite housing project approvals, eliminating a considerable barrier to housing creation at the local level.

SB 828 is a step forward in dealing with the many years in which California produced less new housing than needed to keep up with demand. Its requirements will allow for a healthy land supply, which ultimately will bring down land costs for homebuilders.

SB 831 is a commonsense approach to incentivize and increase the supply of ADUs across California.

Adding to the supply of housing in the state will have a positive impact on California’s economic growth, productivity and standards of living.

**Staff Contact: Adam Regele**

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**Latest Capitol Insider Blog Post Attempts to Demystify Cal/OSHA**

For most people, the inner workings of the state Division of Occupational Safety and Health (Cal/OSHA) remain a mystery. In the latest Capitol Insider blog post, CalChamber Policy Advocate Marti Fisher explains Cal/OSHA processes, including how an idea becomes a regulation. Read more at capitolinsider.calchamber.com. In this 2016 file photo, Cal/OSHA Standards Board members take the oath of office from former Director of the Department of Industrial Relations Christine Baker.
Opposition Stops Job Killer; 5 Bills Pass to Second House

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• AB 3080 (Gonzalez Fletcher; D-San Diego) Ban on Settlement Agreements and Arbitration Agreements — Significantly expands employment litigation and increases costs for employers and employees by banning settlement agreements for labor and employment claims as well as arbitration agreements made as a condition of employment, which is likely preempted under the Federal Arbitration Act and will only delay the resolution of claims. Banning such agreements benefits the trial attorneys, not the employer or employee. To Senate.

• SB 1121 (Dodd; D-Napa) Increased Consumer Litigation — Removes the requirement of economic injury for standing to bring a claim in California against a company for a data breach, undermining the intent of voters, and drastically increasing liability for companies without providing any corresponding benefit to California consumers. To Assembly.

• SB 1284 (Jackson; D-Santa Barbara) Disclosure of Company Pay Data — Unfairly requires California employers to submit pay data to the Department of Industrial Relations, creating a false impression of wage discrimination or unequal pay where none exists and, therefore, subjecting employers to unfair public criticism, enforcement measures, and significant litigation costs to defend against meritless claims. To Assembly.

• SB 1300 (Jackson; D-Santa Barbara) Removes Legal Standing and Prohibits Release of Claims — Significantly increases litigation by removing the standing requirement for a plaintiff alleging failure to prevent harassment or discrimination when no harassment even occurs, limits the use of severance agreements, and prohibits the use of a general release or nondisparagement clause in employer/employee contracts. To Assembly.

Five Job Creator Bills Advance in Legislature

From Page 1
success of this tax credit, which has brought more film and television production jobs to this state and has increased business to California companies that supply productions with goods and services. Passed Senate on May 31, 37-0.

• SB 1243 (Portantino; D-LA Cañada Flintridge) Career Training Education — Establishes the California State Pathways in Technology (CA-P-TECH) program, to encourage and assist selected schools, in a public-private partnership, to prepare students for high-skilled, high-demand jobs in technology, manufacturing, health care and finance. Passed Senate on May 30, 36-0. See Guest Commentary, Page 5.

Hearing Set
A fifth job creator bill passed the Assembly earlier in May and awaits its first hearing in the Senate—CalChamber-sponsored AB 2770 (Irwin; D-Thousand Oaks).

Voters Agree with CalChamber on Props. 68, 69, 71 and 72

From Page 1
$1.27 billion of the $4 billion (30%). The funds for environmental protection and restoration total $2.83 billion of the $4 billion (70%).

 Proposition 69
With 100% percent of precincts reporting, Proposition 69 is passing overwhelmingly, 80.4% yes to 19.6% no. Proposition 69 is a constitutional amendment to restrict the expenditures of motor vehicle taxes and fees. It is a companion measure to CalChamber-sponsored SB 1 (Chapter 5, Statutes of 2017), which enacted the Road Repair and Accountability Act of 2017. This constitutional amendment will protect funds raised by the Act so that the money can be used only for transportation purposes.

 Proposition 70
Opposition to Proposition 70 is leading in the vote count, 63.6% to 36.4%.

 Proposition 70 requires a one-time legislative supermajority approval of the cap-and-trade expenditure plan before the funds can be returned to the Greenhouse Gas Reduction Reserve Fund to be appropriated. Upon the effective date of the two-thirds vote appropriation, monies from the sale of cap-and-trade allowances will return to being subject to a majority vote of the Legislature.

 The CalChamber supports Proposition 70 because the measure encourages bipartisan support for an expenditure plan and allows for a process to negotiate expenditures that furthers the goals of the Legislature as a whole. The pause on expenditures will allow time to evaluate the efficacy of programs that are being continuously funded.

 Proposition 71
Voters agree with CalChamber, supporting Proposition 71, 76.8% to 23.2%. The measure will clarify that an initiative statute, referendum, or constitutional amendment or revision shall take effect on the fifth day after the Secretary of State files the statement of vote, unless the measure provides a later operative date that is after this effective date.

 Proposition 72
Proposition 72 is passing with 83.3% of the vote, meaning homeowners can install rainwater capture systems on their property without triggering the definition of “newly constructed” for property tax reassessment purposes.

 The CalChamber Board voted to support Proposition 72 because rainwater recapture systems are an effective means of conserving water that should be encouraged.

More Information
The latest election results are available at the website of the Secretary of State at www.sos.ca.gov.
Businesses Can Help California Schools Train Students for ‘New Collar’ Jobs

The key to California’s long-term economic growth can be found in the classroom. Job growth in California has been robust since the last recession. But recently that growth has slowed because of the lack of employable workers. The projected shortage of skilled workers in the state through 2030 is more than a million graduates with bachelor’s degrees as well as hundreds of thousands of workers with two-year associate’s degrees and certificates. Only 39% of the state’s workers are trained to the “middle-skill” level, according to an analysis of the U.S. Bureau of Labor Statistics.

Filling that talent pipeline will be a challenge unless we can better prepare students for 21st century jobs. The goal is to get students to a degree that has weight in the 21st century economy. Providing the P-Tech pathway, along with programs such as Linked Learning, will offer California’s students a new, debt-free pathway to ensuring their white and Asian American peers.

State Pathways Partnership

A promising public-private partnership is taking shape in the Legislature that focuses on high school and college completion, along with meaningful workplace experiences. State Senator Anthony Portantino (D-La Cañada Flintridge) is sponsoring legislation to create the California State Pathways in Technology. If successful, this legislation would provide state funding for a proven educational program already delivering results in 90 schools in seven states.

P-Tech schools would address the educational achievement challenge in California through an innovative model for grades 9 through 14 that encompasses high school, college and industry. In addition to their high school diplomas, P-Tech students earn a two-year associate’s degree at no cost and develop the workplace skills necessary for employment in the 21st century “new collar” workforce.

Higher Graduation Rate

After completing the first full six years of the model last spring, the inaugural cohort of students at P-Tech in Brooklyn, New York, had a graduation rate four times the national community college graduation rate and five times the rate for low-income students.

Many of these graduates have gone on to complete their bachelor’s degrees, while others have joined the new-collar workforce at IBM, which designed — and continues to steward — the model.

Working within Budgets

Importantly, whether urban, suburban or rural, P-Tech schools work within existing state budgets and offer open admissions without pretesting. P-Tech schools don’t require or receive special resources. All partnerships benefit from IBM’s “playbook,” which helps ensure each school has the information to implement the model successfully.

The goal is to get students to a degree that has weight in the 21st century economy. Providing the P-Tech pathway, along with programs such as Linked Learning, will offer California’s students a new, debt-free pathway to ensuring their career success, and our state’s long-term economic growth.

Loren Kaye is president of the California Foundation for Commerce and Education, a think tank affiliated with the California Chamber of Commerce. Jennifer Ryan Crozier is president of the IBM Foundation. This opinion piece originally appeared in the San Francisco Chronicle.
CalChamber Opposition Stops Mandate on Beverage Container Caps

Strong opposition from the California Chamber of Commerce and a large coalition of employer groups, industry associations and local chambers of commerce stopped a burdensome mandate on beverage containers in the Assembly this week. AB 2779 (M. Stone; D-Scotts Valley) was placed on the Assembly Inactive File on June 4 at the author’s request.

The bill would have driven up the cost of beverages, imposed impractical technology requirements, and reversed a decade-long trend of reducing the amount of plastic in PET bottles by requiring that the cap of any single-use plastic beverage container be tethered to the container.

The author had amended the bill on May 25 to reduce its scope to single-use plastic beverage containers containing water, but the coalition remained firm in its opposition.

In a letter to Assembly members, the CalChamber and coalition outlined the challenges that a tethered cap requirement would create for the state’s recycling goals and efforts.

Current single-use bottles are 100% recyclable and move easily through the recycling chain. Moreover, CalRecycle recently updated its guidelines to state explicitly: “when recycling, we suggest you empty your bottles and put the caps back on the bottles.”

CalRecycle data indicates that 87% of plastic beverage containers are returned with caps on.

Lightweight bottles require fewer raw materials, which decreases the energy required for production and reduces greenhouse gas emissions. Mandatory tethered caps—even if applied only to bottled water—would increase the amount of plastic in PET bottles, thereby undermining the efforts that have led to a 10-year downward trend in plastic use.

Retailers across the state offer for sale a multitude of beverages in plastic containers. The packaging that surrounds beverage products must be strong, reliable and safe. It also must be consumer- and user-friendly. If AB 2779 were to become law, it would have a negative impact on tens of thousands of manufacturers and retailers that do business with California.

Furthermore, the amended bill in effect discourages water consumption and would be a logistics and distribution nightmare for companies that distribute products to multiple states and regions.

The desire to reduce plastic waste is understandable, but AB 2779 will not solve the problem. Tethered lids still can be unscrewed from the bottle, and often are sealed with a removable plastic closure.

A more effective approach to reducing plastic waste would be to educate consumers about recycling the lids with the bottles. In fact, the industry launched a campaign this year to encourage consumers to leave the caps on when recycling plastic beverage containers.

Staff Contact: Adam Regele

Costly Labeling Mandate for Microfiber Products Fails to Move

Opposition from the California Chamber of Commerce and industry groups has stopped an attempt to impose new and costly labeling requirements on polyester microfiber products.

Sent to the Assembly Inactive File on June 4 at the author’s request was AB 2379 (Bloom; D-Santa Monica), which sought to prematurely impose the labeling requirement when scientific and academic research on the root cause of emissions from non-apparel textile sources is uncertain.

AB 2379 also placed enormous liability on retailers, who would have been required to ensure that every piece of clothing sold into the California market that contains 50% synthetic material include the California-only labels in two places.

The bill would have created a meaningless label and lots of liability without any measurable public or environmental benefit.

In an opposition letter to Assembly members, the CalChamber and coalition outlined problems with AB 2379:

- **Confusion for Consumers**. The label mandated by AB 2379 must say “This garment sheds plastic microfibers when washed, which contributes to marine plastic pollution.” This will serve only to confuse consumers. Assuming they read the label, they will not know what to do with the information and their choices are limited if they choose to act: Should they hand wash their clothes, which will require more water and may not be the best care option? Should they buy more expensive silk, cotton or wool items, which may not make sense for working families?

- **Liability for Retailers**. AB 2379’s labeling requirement can be enforced by city attorneys and district attorneys around the state. For a small sporting goods store or a large retailer, if items are mislabeled, the liability could be enormous.

- **Environmental Tradeoffs**. Every manufactured product has pros and cons. Cotton requires use of farmland and extensive irrigation. Polyester can be made from recycled plastic bottles, and 45 major companies have signed onto Textile Exchange’s Recycled Polyester Challenge and committed to use 25% or more recycled polyester by 2020. The labels or stickers required by AB 2379 will add to the waste stream.

- **Liability Ahead of Science**. Although the issue of microfiber in water is important, the sources and solutions are still being studied. The Bren School of Environmental Science and Management at the University of California, Santa Barbara convened a microfiber summit which identified knowledge gaps that must be filled before a solution can be recommended.

Staff Contact: Adam Regele
Opposition Stops Retroactive Liability for Product Manufacturers, Distributors

A coalition led by the California Chamber of Commerce has stopped legislation that would have created an extraordinary new scheme of product liability resulting in thousands of new lawsuits holding entities retroactively liable for alleged harms those entities did not cause.

Rejected in an Assembly vote last week was AB 2995 (Carrillo; D-Los Angeles), which sought to significantly expand tort liability for lead paint by stating that any amount of lead paint on the interior or exterior of the home is an injury to the property for which damages can be recovered.

Placed on the Assembly Inactive File at the author’s request this week was AB 2995 (Carrillo; D-Los Angeles), which sought to significantly expand tort liability for lead paint by stating that any amount of lead paint on the interior or exterior of the home is an injury to the property for which damages can be recovered.

AB 2074 (Bonta; D-Oakland). It would have created an unprecedented basis for tort liability in California by imposing joint and several liability on any company in the stream of commerce for injury caused by a product, even though the company did not create the product, know of the harm it posed, or cause the harm suffered.

‘Injury to Property’

AB 2995 would have defined the mere presence of lead-based paint on a property as an “injury,” automatically defining every home in California with a drop of lead-based paint as an injured property, regardless of whether actual lead-based paint risks existed.

AB 2995 would have established the “injury to property” that permitted the absolute liability provisions in AB 2074 to apply.

Fundamental Concerns

Amendments to AB 2074 did not address the fundamental concerns with the bill. Under AB 2074 as amended, a company still could be held 100% liable for harm from lead-based paint inside California homes, even though the company did not make, distribute or sell the lead pigment or lead-based paint that caused injury.

In fact, a company whose lead pigment never made its way into a single can of house paint in California could be held 100% liable to abate lead paint in houses across the state.

AB 2074 would have permitted a plaintiff to establish a prima facie case if it proved a “lead paint pigment manufacturer” sold, distributed or promoted either “the type of lead paint pigment” or “a product containing the type of lead paint pigment” that caused the injury.

Problematic Amendments

The amendments to AB 2074 were problematic for several reasons:

• It was unclear what the term “lead paint pigment” means.

• The amendments omitted a significant factor—that companies manufactured, distributed, sold or promoted either lead pigment or lead paint for a particular purpose with either actual or constructive knowledge that the product would cause an injury.

• AB 2074 still imposed liability on the named entity unless it could prove a near-impossible defense—that it never manufactured, sold, distributed or promoted the product in the “geographical area” or during the “relevant time period,” both of which were undefined.

• Liability under AB 2074 remained “joint and several,” meaning an entity that did not manufacture, distribute, sell, market or promote lead paint for use inside a home in California could be 100% liable for all damages in California, even though the entity had no connection to the alleged harm.

• Imposing absolute liability on entities that are not responsible for the alleged harm—in any context—would have been unprecedented and would have set a troubling precedent for all types of consumer products sold in California.

Key Vote

AB 2995 failed to pass the Assembly on May 31 on a vote of 30-35.

Ayes: Arambula (D-Kingsburg), Berman (D-Palo Alto), Bloom (D-Santa Monica), Bonta (D-Oakland), Carrillo (D-Los Angeles), Chau (D-Monterey Park), Chiu (D-San Francisco), Chu (D-San Jose), Friedman (D-Glendale), Gloria (D-San Diego), Gonzalez Fletcher (D-San Diego), Jones-Sawyer (D-South Los Angeles), Kalra (D-San Jose), Kam-lager-Dove (D-Los Angeles), Levine (D-San Rafael), Limón (D-Goleta), Low (D-Campbell), McCarty (D-Sacramento), Mullin (D-South San Francisco), Muratsuchi (D-Torrance), Nazarian (D-Sherman Oaks), Quirk (D-Hayward), Rendon (D-Lakewood), Reyes (D-Grand Terrace), Santiago (D-Los Angeles), Stone (D-Scotts Valley), Thurmond (D-Richmond), Ting (D-San Francisco), Weber (D-San Diego), Wood (D-Healdsburg).

Noes: Acosta (R-Santa Clarita), T. Allen (R-Huntington Beach), Baker (R-San Ramon), Bigelow (R-O’Neals), Brough (R-Dana Point), Caballero (D-Salinas), Cervantes (D-Riverside), Chávez (R-Oceanside), Chen (R-Walnut), Choi (R-Irvine), Cooley (D-Stockton), Cunningham (R-Templeton), Dahle (R-Bieber), Eggman (R-Stockton), Flora (R-Ripon), Fong (R-Bakersfield), Frazier (D-Dalton), Gallagher (R-Yuba City), Gray (D-Merced), Grayson (D-Concord), Harper (R-Huntington Beach), Kiley (R-Granite Bay), Lackey (R-Palmdale), Maienschein (R-San Diego), Mathis (R-Visalia), Mayes (R-Yucca Valley), Medina (D-Riverside), Melendez (R-Lake Elsinore), Obernolte (R-Big Bear Lake), Patterson (R-Fresno), Quirk-Silva (D-Fullerton), Salas (D-Bakersfield), Steinorth (R-Rancho Cucamonga), Voepel (R-Santee), Waldron (R-Escondido).

No votes recorded: Aguiar-Curry (D-Winters), Burke (D-Inglewood), Calderon (D-Whittier), Cooper (D-Elk Grove), Daly (D-Anaheim), C. Garcia (D-Bell Gardens), E. Garcia (D-Coachella), Gipson (D-Carson), Holden (D-Pasadena), Irwin (D-Thousand Oaks), O’Donnell (D-Long Beach), Rodriguez (D-Pomona), Rubio (D-Baldwin Park).

Staff Contact: Jennifer Barrera
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