

No on Proposition 15

# All Californians Lose If Split Roll Tax Passes



The California Chamber of Commerce and a coalition of business and taxpayer groups are leading a strong effort to defeat the split roll property tax measure, Proposition 15 on the November ballot.

Proposition 15 is an \$12.5 billion a year property tax increase—the largest in state history—that is riddled with flaws which will hurt all Californians. Contrary to what its supporters claim, Proposition

15 will not help local governments and schools recover from the COVID-19 induced economic crisis.

The measure will also hurt the small businesses that employ half of all California employees.

The California Assessors' Association is opposing Proposition 15, stating that it will cost more than \$1 billion to implement in the first three years and would be impossible to administer

Moreover, groups representing two direct beneficiaries of the tax funds are not supporting the measure: the League

See All Californians: Page 7

# Employer Playbook Includes What to Do If COVID-19 Outbreak in Workplace

COVID-19 Employer Playbook For a Safe Reopening Guidance on what to do if there's a COVID-19 outbreak in the workplace and links to the

many state resources for employers have been packaged by the state in a 32-page COVID-19 Employer Playbook For a Safe Reopening.

The playbook was released by Governor Gavin Newsom and the California Department of Public Health (CDPH) on July 24 and updated last week.

The playbook includes guidance on:

- When and how an employer must report that a worker has tested positive for COVID-19 or has symptoms;
- Preventing further spread of the virus in the workplace after a case has been identified:

• Cleaning and disinfecting work areas of infected workers before permitting other workers to enter.

The playbook notes that employers must contact the local health department in any jurisdiction where a COVID-19 employee lives when there is an outbreak—defined as "three or more laboratory-confirmed cases of COVID-19 within a two-week period among employees who live in different households."

### Reopening Reminders

The playbook reminds employers that before reopening, all facilities must:

- Perform a detailed risk assessment and create a worksite-specific COVID-19 prevention plan.
- Train workers on how to limit the spread of COVID-19, including how to See Employer Playbook: Page 7

# Job Killer Bill Update: One Stalled, Others Moving

Legislation that will kill thousands of high-paying jobs narrowly failed to pass a Senate policy committee this week. Last week, the California Chamber of Commerce added two

bills (one a reboot) to the job killer bill list and an Assembly policy committee passed two job killers along for consideration by the fiscal committee.

AB 345 (Muratsuchi; D-Torrance), an unnecessary bill, failed to pass the Senate Natural Resources and Water Committee on August 5 on a vote of 4-5.

The bill is a carryover from 2019 that threatens to eliminate thousands of high-paying jobs, decrease revenues for the state and force California to import even more foreign oil.

By politicizing the ongoing regulatory process that the California Geologic Energy Management Division (CalGEM) was directed to undertake by Governor Newsom, AB 345 arbitrarily predisposes setback requirements and undermines CalGEM's independent process of considering the best available science.

Reconsideration was granted on a vote of 5-3. The committee chair said the committee will meet again on August 12.

### New Job Killers

Added to the job killer bill last week were:

See Job Killer: Page 4

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### Labor Law Corner

# More Localities Adopting COVID-19 Emergency Paid Sick Leave



Bianca Saad Employment Law Counsel/Subject Matter Expert

What are the latest cities/counties that have enacted sick leave ordinances for COVID-19 purposes?

In response to the COVID-19 pandemic, and since the federal Families First Coronavirus Response Act (FFCRA) took effect on April 1, 2020, a number of California cities and counties have passed their own COVID-19-related emergency paid sick leave ordinances—generally aimed at filling the gaps of coverage for individuals employed by larger employers

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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.

Send email address changes to alert@ calchamber.com. Publisher: Allan Zaremberg. Executive Editor: Ann Amioka. Art Director: Neil Ishikawa. Capitol Correspondent: Sara Proffit.

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Email: alert@calchamber.com. Home page: www.calchamber.com. (with 500 or more employees nationally), who are not covered under the FFCRA.

The City of Los Angeles started the trend in early April, followed by San Jose, San Francisco, and Unincorporated Los Angeles County in the same month.

In May, we saw similar ordinances take effect in Oakland and Long Beach. The latest localities to join the list are the City of Sacramento, Santa Rosa and Unincorporated San Mateo County.

### City of Sacramento

On June 30, the Sacramento City Council enacted its Worker Protection, Health, and Safety Act, an emergency ordinance that requires employers not already covered by the Emergency Paid Sick Leave Act (EPSLA) under the FFCRA—those with 500 or more employees—to provide up to 80 hours of supplemental paid sick leave for the same reasons covered under the FFCRA.

Additionally, an employee may use supplemental paid sick leave if they're unable to work or telework because that employee chooses to take time off because they're over 65 years old or considered vulnerable due to a compromised immune system.

Sacramento's ordinance also has a unique requirement that employers implement and follow physical distancing, mitigation, and cleaning protocols and practices, including providing face coverings for employees to wear while at the employment site and mandating use of the face coverings when maintaining a six feet minimum physical distance isn't possible.

The ordinance also includes a right for employees to refuse to work if an employer is in violation of the ordinance. The ordinance took effect on July 15.

#### Santa Rosa

On July 7, Santa Rosa's City Council enacted an urgency ordinance imposing

temporary sick leave requirements (up to 80 hours for qualifying reasons), which took effect immediately upon passage.

The ordinance covers all private employers, including those already covered by the federal EPSLA, to the extent that additional benefits are provided.

For example, this ordinance eliminates the two-tier payment schedule, which depends on whether the employee is using the sick leave for their own purposes or to care for another.

Employers must pay an employee for paid sick leave at their regular rate, up to \$511 a day and up to \$5,110 total.

# **Unincorporated San Mateo County**

Also on July 7, the San Mateo County Board of Supervisors adopted an emergency ordinance to establish supplemental paid sick leave for COVID-19-related reasons, which took effect the following day, on July 8.

This ordinance covers both employers with 500 or more employees and employees who have been required to perform work in the county's unincorporated areas since January 1, 2020.

Employers must provide up to 80 hours of supplemental sick leave if an employee is unable to work or telework for the same qualifying reasons under the federal EPSLA.

Currently, all three ordinances will remain in effect through December 31, 2020.

For more details of each ordinance, see the *HRWatchdog* blog at *https://hrwatchdog.calchamber.com*.

Column based on questions asked by callers on the Labor Law Helpline, 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.





### The Workplace

# COVID-19: What Employers Ask – Part 3



In Episode 81 of The Work-place podcast, CalChamber Executive Vice President and General Counsel Erika Frank is joined

by employment law experts Bianca Saad and Matthew Roberts to discuss the most common COVID-19-related questions employers have been asking the CalChamber's Labor Law Helpline, including requiring test results, what to do if an employee doesn't want to return to work, workplace mask obligations, and mental health considerations.

This podcast was recorded on July 20. Listeners should be aware that given the unpredictability of the COVID-19 crisis, government guidance and mandates may be altered at any time. Information presented in this podcast is accurate as of July 20, 2020.

### **Requiring Test Results**

### Time Discussed: 02:00

Many of the questions that come through the Labor Law Helpline, Frank says, deal with COVID-19 testing. Can employers, she asks, require that an employee, who previously tested positive for COVID-19, submit a negative COVID-19 test result before returning to work?

At the moment there is no guidance that allows employers to establish such a requirement, Saad replies. Moreover, employers cannot require employees to submit test results in any capacity—even to prove that the employee is indeed positive for COVID-19.

Per Equal Employment Opportunity Commission (EEOC) guidance, however, employers may ask for a note from a medical professional that clears the employee to return to work, Saad says.

To help determine whether an employee may return to work, employers can refer to the guidance released by the California Department of Public Health (CDPH) on June 16 that outlines virus infection timeframes.

After this podcast was recorded, the state released a COVID-19 Employer Playbook For a Safe Reopening. (See Alert story on Page 1.)

For example, Saad explains, an employee may return to work if "...three days...have passed since there have been any symptoms and a minimum of 10 days...have passed since the date of their first COVID-19 test or from the time they have had symptoms."

What is important, she stresses, is that employers continuously check back to the Centers for Disease Control and Prevention website, and their local health departments for updates.

The CalChamber COVID-19 resource page features links to important government guidance and information, including the June 16 CDPH guidance. Visit: www.calchamber.com/coronavirus.

### **Refusing to Return to Work**

#### Time Discussed: 06:00

Another question that many employers are asking is what to do if any employee does not want to return to work.

Roberts says it's very important that employers begin an interactive process and ask "Why?" Perhaps the employee cannot return to work because they've been ordered by their county to self-quarantine. Perhaps they have recently traveled outside the country. Or perhaps the employee has an underlying medical condition that places them at higher risk to COVID-19 complications.

It is important that employers determine why the employee is not returning to work because the reasoning the employee gives will determine the employer's obligations. For example, Roberts explains, if an employee is caring for someone who is positive for COVID-19, they may be entitled to leave under the Families First Coronavirus Response Act (FFCRA).

If none of the above scenarios apply, then it is up to the employer's discretion to decide what to do, Roberts says, "but there is a lot of information gathering that employers need to go through first before they reach that step."

### **Workplace Face Coverings**

### Time Discussed: 09:58

Now that California mandates that face coverings be worn to slow the spread of COVID-19, many employers want to know what their obligations are and what to do if an employee refuses to wear a mask at work, Frank says.

Saad says employers should refer to the June 18 CDPH guidance as it addresses a variety of scenarios that require face coverings in the workplace, such as when an employee is engaging with members of the public, working in an area where food is prepared, or when working or walking in common areas like hallways, stairways, elevators or parking facilities.

She stresses that establishing a face covering policy is important, especially since the mask mandate is enforceable through Division of Occupational Safety and Health (Cal/OSHA) fines.

Lastly, she says, employers should check their local orders, as some localities, such as Sacramento, have ordered employers to provide face coverings to their employees.

Frank recommends that businesses establish a mask policy within their dress code policy and enforce the mask policy the way they would normally enforce the dress code policy.

### **Mental Health Concerns**

#### Time Discussed: 15:00

Whether it is the lack of social interaction or concern for one's health or caring for children while working at the same time, employees may be impacted by the stress of the pandemic and performance may suffer, Frank says. Can this stress, she asks, turn into a serious condition protected by law?

Roberts replies that mental health issues can trigger disability protections. Past conditions may be exacerbated by this stress or sometimes new conditions may arise, he says, and these issues may manifest in performance issues or excessively calling out.

Roberts suggests that employers have a good faith interactive process. Employers should try to figure out how to help the employee perform their job duties—whether that means a modified schedule or removing the more tangential job duties they have.

If the company has one, employers should provide the employee with information about the Employee Assistance Program. If recommended by a medical provider, leave may be offered. However, because COVID-19 has burdened the health care industry, Roberts says, *See COVID-19: What Employers Ask: Page 5* 



### Job Killer Bill Update: One Stalled, Others Moving

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• SB 55 (Jackson; D-Santa Barbara), a job killer that expands existing requirements of the California Environmental Quality Act (CEQA).

It adds substantial time and costs to the CEQA process and provides project opponents with new legal arguments to delay or block housing and other projects. SB 55 is almost identical to job killer SB 950 (Jackson; D-Santa Barbara), which failed to pass the Senate Environmental Quality Committee earlier this year.

• AB 1253 (Santiago; D-Los Angeles), a massive retroactive tax increase. The bill seeks to increase California's personal income tax rate, already the highest in the country, for struggling small businesses and high-income earners, which will result in a recently reported \$6.8 billion in increased taxes.

Millions of California small businesses pay the personal income tax, and will soon face higher pandemic-related unemployment insurance taxes, workers' compensation rates, and other state-mandated costs of doing business. Imposing a punitive new tax on these businesses is exactly the opposite approach to saving jobs and restoring the state's battered economy.

The Senate Governance and Finance Committee heard testimony on AB 1253 on August 3 but did not vote.

### **Moving**

Passed by the Assembly Labor and Employment Committee on July 29 for consideration next by the Assembly Appropriations Committee were two job killers that will increase labor costs:

- SB 1383 (Jackson; D-Santa Barbara), dealing with time off for employees. The bill significantly burdens small employers by requiring employers with only five employees to provide eligible employees with 12 weeks of mandatory family leave, which can be taken in increments of 1-2 hours, and threatens these small employers with costly litigation if they make any mistake in implementing this leave.
- SB 1399 (Durazo; D-Los Angeles). increasing cost and liability on employers. The bill significantly increases the burden on non-unionized employers in the garment manufacturing industry in California by eliminating piece rate as a method of payment even though it can benefit the employee, creating joint and several liability for contractors for any wage violations or the employer, and shifting the evidentiary standards in a Labor Commissioner hearing to limit the ability for an employer to defend against an alleged wage violation. These additional requirements will encourage companies to contract with manufacturers outside of California, thereby limiting the

demand and workforce of garment manufacturers in California.

### **Key Votes**

• **AB 345** failed to pass Senate Natural Resources and Water on August 5, 4-5:

Ayes: Monning (D-Carmel), Allen (D-Santa Monica), Jackson (D-Santa Barbara), Stern (D-Canoga Park).

Noes: Jones (R-Santee), Borgeas (R-Fresno), Caballero (D-Salinas), Hertzberg (D-Van Nuys), Hueso (D-San Diego).

• **SB 1383** passed Assembly Labor and Employment, 5-2:

Ayes: Carrillo (D-Los Angeles), Lorena Gonzalez (D-San Diego), Jones-Sawyer (D-South Los Angeles), Kalra (D-San Jose), Luz Rivas (D-Arleta).

Noes: Diep (R-Westminster), Flora (R-Ripon).

• SB 1399 passed Assembly Labor and Employment, 5-1:

Ayes: Carrillo (D-Los Angeles), Lorena Gonzalez (D-San Diego), Jones-Sawyer (D-South Los Angeles), Kalra (D-San Jose), Luz Rivas (D-Arleta).

Noes: Flora (R-Ripon).
No vote recorded: Diep (R-Westminster).

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# How to Sabotage a Recovery: Raise Taxes



Loren Kaye

Even before COVID-19, many Californians were struggling with the high cost of living here. The long-time willingness of many Californians to pay the "sunshine tax" premium

for living in a state with great weather, universities, entrepreneurial culture, and lifestyle has eroded in the face of high costs of daily life.

Things have gone from bad to worse during the pandemic crisis. The Sacramento response to the economic and jobs calamity has been not to cut costs, but instead propose more taxes—higher property taxes on commercial, industrial and agriculture property; a new sales tax on services; a new tax on jobs; and most recently another hike in income taxes for families and small businesses that make more than \$1 million a year.

### **Perception Gap**

These tax proposals each present a host of policy problems, but more broadly they reveal a massive gap between the lawmakers making decisions in Sacramento and the views and needs of average Californians trying to get ahead and take care of their families.

Sacramento politicians hear "tax" and envision billions of dollars in additional revenue to fix all those basic problems they haven't solved to date—worsening schools, deteriorating infrastructure, homelessness, economic disparities—despite having spent a trillion dollars in the last five years to address these problems.

California voters hear "tax" and think about the dollars coming out of their pockets, and wonder if they'll ever see much benefit from government spending their money.

### Guest Commentary By Loren Kaye

### **Problems with Tax Proposals**

But beyond the politics, these measures have profound policy problems.

- Hiking taxes on the wealthy will send a message to the very people who together provide 40% of personal income tax revenue: is it worth it to you to keep California as your home and business location? One take-away from the recent catastrophe is that skilled individuals can work at or start a business from almost anywhere. And even higher income taxes will exacerbate the state's budget volatility.
- Creating a new tax on services will drive up the costs of nearly every good and service in the state, hamper our efforts to build affordable housing and infrastructure, and punish small businesses.
- Proposition 15 claims to target just big commercial and industrial owners, but it also taxes farmers and ranchers, driving up food costs, hikes costs on small businesses who lease their space, and eventually winds up being paid by consumers.
- A tax on jobs created by large employers will have the predictable effect: fewer jobs created by these employers—at least in California.

### **Trend in Voter Views**

A recent poll of California voters by EMC Research for the California Tax &

Budget Research Project revealed some trends long felt by California voters and long understood by those who actually listen to them:

- 66% of likely voters at the November election said they agree that California taxes are out of control and they would oppose any tax increase.
- 77% of these voters said they agree taxes on corporations and businesses just get passed on to consumers in the form of higher costs.

COVID-19 and the resulting impacts on the state budget don't change this foundational reluctance toward taxes.

When asked about the \$54 billion budget deficit due to the pandemic, by a 2 to 1 margin voters said California is too expensive and highly taxed already, and would oppose any tax increases because they would make a bad economy worse and raise costs for consumers. They soundly rejected the position that the state needs to consider increasing taxes to fund schools, health care and COVID-related services.

Put simply, voters have had enough. They're wise to the shell game pretending taxes on someone else won't get passed on to all residents.

Nobody in California is immune to the havoc wreaked by the COVID-19 pandemic—a health crisis compounded by an economic collapse which is eroding our social cohesion. We've seen how an economic recovery can be thwarted by new virus outbreaks. Our elected leaders should similarly resist public policies that would prevent a healthy restoration of jobs and the economy.

Loren Kaye is the president of the California Foundation for Commerce and Education, a think tank affiliated with the California Chamber of Commerce.

### COVID-19: What Employers Ask – Part 3

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employers should keep in mind that it may take longer to get the ordinary medical certifications that the employer would normally get before the COVID-19 pandemic.

Ultimately, he says, employers should try to be flexible and be creative as to

how they can help their employees meet their job duties.

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# Governor Declines to Delay Minimum Wage Hike Scheduled for 2021



Last week, Governor Gavin Newsom announced that he won't delay the

minimum wage increase scheduled to begin on January 1, 2021.

While acknowledging that current economic conditions give him the authority to suspend the scheduled minimum wage hike, the Governor said "Not allowing this increase to go forward will only make life harder for those Californians who have already borne a disproportionate share of the economic hardship caused by this pandemic. Many of them are on the front lines of the pandemic, providing child care, working in our hospitals and nursing facilities and making sure there's food on grocery store shelves."

As outlined in SB 3 (Leno; D-San Francisco), the 2016 legislation setting up the schedule to increase the minimum wage, the minimum wage will increase on January 1, 2021 to \$13.00 per hour for businesses with 25 or fewer employees, and to \$14.00 per hour for businesses with more than 25 employees.

The required California minimum

wage notice is included in the all-inone California and Federal Labor Law poster from the California Chamber of Commerce. The poster contains the 18 state and federal employment notices every California employer must display in each business location. The 2021 California and Federal Labor Law Posters, available for preorder starting October 1, 2020, will show the January 1, 2021 wage rate increases.

For more information, visit the CalChamber Store at *store.calchamber. com.* Also available are posters for localities that have established different minimum wages.

### Annual Proposition 65 Conference to Highlight Acrylamide Notices



Proposition 65 notices and lawsuits targeting companies whose food products may contain acrylamide will be on the agenda at the Prop. 65 Clearinghouse Conference.

The annual conference, which will be virtual this year due to COVID-19, is scheduled for September 21, 7:30 a.m.–5 p.m.

Prop. 65 notices have been sent to companies making products ranging from ice cream cones to corn nuts. The conference will examine who is sending the notices, what state regulators can do, and possible ways to reduce acrylamide levels in food.

Other agenda subjects include:

- Experts and regulators discussing the impact of new amendments to the warning regulations;
- What businesses need to know about trends in Prop. 65 litigation;
  - How Prop. 65 allocates responsibil-

ity in the distribution chain and how that can affect businesses; and

• New Prop. 65 hurdles facing the marijuana industry.

The conference will be chaired by longtime Prop. 65 practitioner Robert Falk, partner at Morrison & Foerster.

### Registration

To register or for more information on the full agenda, visit https://prop65conference.vfairs.com.





## All Californians Lose If Split Roll Tax Passes

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of California Cities refused to support Proposition 15, while the California School Boards Association voted to remain neutral.

### **Broad Opposition**

In addition to the CalChamber, the Californians to Save Prop 13 and Stop Higher Property Taxes coalition leading the campaign against Proposition 15 includes the California Taxpayers Association, California Business Roundtable, Howard Jarvis Taxpayers Association and California Business Properties Association.

The bipartisan coalition opposing Proposition 15 consists of more than 1,500 organizations, businesses, elected officials and individuals, and a growing list of more than 200,000 advocates in support of Proposition 13.

### **Proposition 15 Fallout**

Among the many problems with Proposition 15 that the campaign has identified are:

• Hurts small businesses. Most small businesses rent the property on which they operate and have a "triple net lease" under which they are responsible for paying property taxes, insurance and maintenance costs. Small businesses—such as restaurants, gyms, barber shops, daycare centers, grocery stores, nail salons—will pay higher rents if Proposition 15 passes.

- Harms female- and minority-owned businesses. Numerous studies show that increasing property taxes on small businesses will have a disproportionate negative impact on businesses owned by women and minorities.
- Lacks accountability and transparency. Flimsy reporting requirements in Proposition 15 will enable government agencies to hide where they are spending the new tax dollars. There is no independent oversight.
- Leads to higher grocery bills. By removing Proposition 13 protections for California farmers and ranchers, Proposition 15 will trigger higher property taxes for agriculture-related improvements. Among those affected will be dairies, processing plants, fruit and nut growers, wineries and vineyards. Most food items will face higher property taxes several times in the journey from farm to processing, packaging, distribution and the grocery store.
- Makes housing crisis worse. The increased property tax on industrial and commercial developments will ultimately

discourage new home construction, leading to higher rents and home prices.

• Increases energy costs. Voterapproved property tax protections for solar energy systems will give way to higher property taxes for all active solar energy systems, including solar energy facilities selling renewable energy to California utilities, starting in 2022.

### **Support No on Prop 15**

The California Chamber of Commerce is urging members to provide financial support to help spread the word to voters that the split roll property tax hike will lead to a higher cost of living.

The CalChamber issues political action committee, CalBusPac, may accept contributions in any amount, but the funds may not be earmarked. Defeat of the split roll measure is a high priority for CalBusPac. Contributions may be sent to CalBusPac (ID #761010), P.O. Box 1736, Sacramento, CA 95812-1736; or contact the CalChamber Public Affairs Department, c/o linda.wallace@calchamber.com.

Contributions directly to the No on Prop 15 campaign may be made online at https://noonprop15.org/donation/.

# Employer Playbook Covers What to Do If COVID-19 Outbreak in Workplace

From Page 1 screen for symptoms and when to stay home.

- Set up individual control measures and screenings.
  - Put disinfection protocols in place.
- Establish physical distancing guidelines.
- Establish universal face covering requirements (with allowed exceptions) in accordance with CDPH guidelines.

CDPH and Cal/OSHA have issued statewide industry-specific guidelines and checklists to help employers.

### **Checklists and Links**

Tables in the playbook serve as checklists on steps employers should take on:

- Outbreak identification preparedness;
- Communicating identified cases of COVID-19 to the local health department;
- Communicating identified COVID-19 cases to workers;
- Preventing further spread of COVID-19 in the workplace;
- Deciding whether to suspend operations temporarily due to a COVID-19 infection.

Employers are advised to consult with the local health department and Centers for Disease Control and Prevention (CDC) guidance on when a worker confirmed to have COVID-19 may return to work. As reference, the playbook includes a table outlining the CDC's minimum criteria (as of July 28, 2020) for when an infected worker may return to work.

The playbook contains links to many of the referenced resources at Cal/OSHA, the CDC and other government entities, as well as a list of enforcement and compliance contacts and case studies of how a packaged food company and supermarket chain are dealing with COVID-19.

### **Playbook**

The playbook is available as a link under the Industry Guidance button on the state website at *covid19.ca.gov*.



### A View from Canada

# Friendship with California More Important than Ever in Global Pandemic Fallout



The following answers to questions posed by the California Chamber of Commerce are from Rana

Sarkar, consul general of Canada, Northern California.

### Free Trade Agreement

What does the newly implemented U.S.-Mexico-Canada Free Trade Agreement mean for Canada?

The newly implemented agreement underscores a renewed understanding between the U.S.-Mexico-Canada Agreement (USMCA) parties on the importance of our mutual trading relationship and marks an important milestone in Canada's economic relationship with the U.S. and Mexico.

Canada is pleased the final outcome preserves key elements of the North American Free Trade Agreement (NAFTA), modernizes provisions to address 21st century trade challenges, reduces red tape at the border, and provides enhanced

predictability and stability for workers and businesses across the integrated North American market.

The USMCA includes updates in key areas, including rules of origin for automotive manufacturing, agriculture, labor, intellectual property rights, culture, and dispute settlement, all of which were extremely important to Canada.

The agreement also means that North American supply chains are strengthened and enables Canada, along with the U.S. and Mexico, to compete as a regional bloc against international competitors.

In some areas—notably in the auto sector—we have strengthened rules of

origin and provided added certainty for continued market access should Section 232 measures be taken—which will help incentivize North American production and sourcing and create well-paying middle-class jobs in our countries.

The agreement includes robust chapters on labor and the environment—both of which are top priorities for the government of Canada. In these chapters and throughout the USMCA, updates to the agreement will help create incentives for higher wages and better working conditions in all three countries.

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Rana Sarkar, consul general of Canada, Northern California

Lastly, the new agreement means Canada will likely remain the United States' largest customer; and ensures the billions of dollars in goods and services that cross the Canada/U.S. border every day will continue to do so in a time when stability and economic recovery are of the utmost importance.

### **COVID-19 Impact on Canada**

As countries all over the world feel the pandemic, what is the economic impact of COVID-19 on Canada?

Canada, like the U.S. and rest of the world, has seen devastating economic impacts to the economy as a result of

the COVID-19 outbreak. In April 2020, Canada's gross domestic product (GDP) dropped by 11.6%, the single largest drop in history.

Canada's unemployment rate remains at an unprecedented 13.7%, despite an increase of 290,000 jobs in May from recent public health restriction easing in Canada.

In response to the economic downturn, the government of Canada has implemented unprecedented economic support measures to ensure all Canadian citizens and business have the federal

support they need.

Canada's economic response to COVID-19 includes direct financial support for families, workers and employers. To help meet the cash needs of Canadian businesses and households, liquidity relief is provided through tax and other payment deferrals.

Further credit and liquidity supports are provided through Business Development Canada, Export Development Canada and Farm Credit Canada, as well as the Bank of Canada and the financial regulators.

Taken together, the Government of Canada's COVID-19 Economic Response Plan will provide up to \$107 billion in direct support to Canadian workers and businesses, \$85 billion in liquidity relief through deferred payments, and over \$570 billion in credit and liquidity supports delivered through Canada's Crown corporations, the Bank of Canada and our financial regulators.

This plan builds on coordinated action taken to protect the health and safety of Canadians, including the more than \$1 billion COVID-19 Response Fund, which provided funding to provinces and territories to strengthen critical health care

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### Friendship with California More Important than Ever in Pandemic Fallout

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systems, as well as over \$2 billion to ensure the availability of personal protective equipment and supplies.

#### **Canada-California Relations**

Please describe your thoughts on the unique relationship between Canada and California.

No two economies are more closely connected than those of Canada and the United States—with unprecedented flows of trade, investment, water, power, people, and technology. We view the Canada-California friendship as one of the most unique national-subnational relationships in the world, built on fair trade and shared values.

Canada is California's second largest trading partner. Over \$56 billion dollars in goods and services are traded between our two regions every year, and Canadian-owned businesses directly employ over 76,000 people in California.

California exports advanced electronic equipment, agricultural commodities, and technology and financial services to Canada—and in turn buys vehicles,

energy, meat, seafood, and wood products from Canada.

And let's not forget exports of superstars like Drake, Joni Mitchell, Justin Bieber, the Ryans (Gosling and Reynolds), Rachel McAdams, and so many other Canadians living and working in California.

We also have shared values in governance around workforce development and climate change policies, among others. Canada and California both value a skilled workforce, investing billions of dollars every year into education and skills training, and sharing best practices between California legislators and Canadian policy makers.

Canada, like California, has made emissions reduction and climate goals a top priority. Canada's federal and provincial governments have signed several environmental Memorandums of Understanding (MOUs) with the State of California, and often work closely on issues like Low Carbon Fuel Standards, Cap and Trade, and vehicle emissions standards.

We are also working together on the rules and platforms for the digital econ-

omy. Silicon Valley and California's astonishing global-scale tech industry are deeply interconnected with Canada through talent (Canadians have been co-founders of many leading unicorn companies from Uber to Slack), and Canadian groups, like the C-100, continue to innovate and focus on start-up development in California to address COVID-19 challenges.

In the midst of global economic fallout from COVID-19, Canada's friendship with California is more important now than ever. Our companies and public authorities are working together on key initiatives, from vaccines to critical supply chains and digital tools—all of which will be integral to building back better.

Our strong trade relationship and shared values serve as a foundation for future economic growth and policy collaboration, and we're proud to call the California Chamber of Commerce a partner.

This question-and-answer article is the second in a series with representatives of California international trade partners.

**Staff Contact: Susanne T. Stirling** 

# Face Mask and Safe Distancing Reminders for Your Workplace





COVID-19 still remains a very real threat to everyone's health and safety.

Use CalChamber's eye-catching posters and floor decals to remind employees, customers, and visitors to always wear masks and keep at least 6 feet away from each other.

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