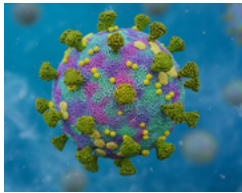


ALERT

Cal/OSHA Emergency Rule for COVID-19 in Effect Now

Less than One Month Since Text Made Public



As of November 30, 2020, the new Division of Occupational Safety and Health (Cal/OSHA) 21-page COVID-19 Emergency

Standard is in effect across California, covering virtually every employer and workplace in the state.

How We Got Here

Given that the text of this Emergency Regulation wasn't made public until November 12—less than one month ago—now is a good time to recap the last 30 days and what employers can expect going forward.

In September, the Cal/OSHA Standards Board granted a petition from

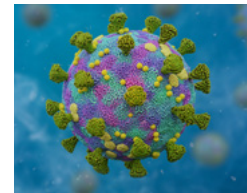
the National Lawyers Guild and other groups to require the Division's staff to prepare a draft emergency regulation on COVID-19 to be voted on at the November Standards Board meeting.

In addition, the Board took the unprecedented step of voting to allow no formal stakeholder input on the text of the regulation until after the Emergency Regulation had been approved.

Instead, the Board voted on a process of convening a stakeholder meeting *after* the Emergency Regulation was in effect, meaning that stakeholder feedback on feasibility concerns or ambiguities could not be addressed before the regulation took effect. This was a marked departure from past Cal/OSHA procedure, under which at least one meeting of stake-

See Cal/OSHA: Page 4

Governor Ties Lockdowns to Hospital Capacity; CalChamber Urges Congress to Help Small Businesses



Governor Gavin Newsom announced on Thursday that regions of the state will be subject to more

restrictive stay-at-home orders when their hospital capacity erodes to an alarming level.

Following the Governor's announcement, the California Chamber of Commerce and local chambers of commerce urged Congress to help struggling small businesses.

Lockdowns

The lockdowns will be put in place when the remaining capacity of intensive care units (ICUs) in a region falls below 15% and would last for at least three weeks to ensure the ICUs will be able to handle the anticipated surge in patients.

For purposes of the new stay-at-home order, the state is divided into five regions: Northern California, Greater Sacramento, Bay Area, San Joaquin Valley and Southern California.

The Governor said the state is project-

See CalChamber Urges: Page 11

White Paper Covers New Laws for 2021



New Laws

More than 20 new labor and employment bills were signed into state law this year. The Cali-

fornia Chamber of Commerce provides a concise summary in its *New California Employment Laws Effective Now and Coming January 1, 2021* white paper.

Not only were new COVID-19-related laws passed in the areas of workers' compensation, paid sick leave and workplace safety, but also beginning January 1, 2021, employers must follow stringent COVID-19 recording and reporting requirements.

Other new laws are related to leaves of absence; worker classification; discrimination, harassment and retaliation protections; privacy; and wage and hour. One of the most substantial bills in this legislative session was SB 1383, which significantly expands the California Family Rights Act (CFRA) to include all employers with five or more employees—effectively eliminating the New Parent Leave Act, the obligations of which will be folded into the expanded CFRA. This expansion will have a major impact on small businesses.

The white paper is available for CalChamber members to download on hrcalifornia.calchamber.com.

Nonmembers can download the white paper at hrcalifornia.calchamber.com.

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- New Faces in Senate: [Page 6](#)

Labor Law Corner

Value of Holiday Gift Card May Be Factor in Calculating Pay Rate



Ellen S. Savage
Labor Law Adviser

I'd like to give my employees gift cards worth a few hundred dollars at the end of the year as a holiday gift. Is the value of those gift cards part of their compensation that needs to be taken into account when calculating overtime?

While a gift card may not look anything like a paycheck, an employer should still consider whether it will legally be considered part of an employee's compensation.

Regular Rate of Pay

Under both state and federal law, most payments to employees are considered compensation that must be included in an employee's regular rate of pay.

The regular rate of pay is a legal term that encompasses many forms of payments. The regular rate of pay is often higher than the employee's normal hourly rate, because the regular rate includes other forms of compensation an employee may receive, such as bonuses, commissions, piece rates and the value of most employer-provided meals and lodging.

Once all the additional forms of compensation are added to the normal hourly rate to arrive at an employee's regular rate of pay, that amount is then used to calculate overtime pay as well as sick leave pay under California's mandatory sick leave law.

The value of gift cards given to employees at the holidays generally does not need to be taken into consideration when calculating the regular rate of pay.

Limitations on Exclusions

However, there are certain important limitations on when the value of such gift cards can be excluded. These limitations come from federal regulations (Title 29, Code of Federal Regulations, Section 778.212) and are followed by the California Labor Commissioner as well.

- First, the federal regulations require that it be "a gift or in the nature of a gift."

The regulations go on to say that if the amount "is so substantial that it can be assumed that employees consider it a part of the wages for which they work," then it won't be considered a gift.

Therefore, an annual holiday gift card that represents a substantial part of the employee's earnings might need to be included the regular rate of pay.

- Second, the regulations say the amount of the gift card must not be "measured by or dependent on hours worked, production, or efficiency." Basing the amount of the gift card on a formula related to the number of hours an employee worked throughout the year, or the number of pieces they produced per week, could mean the value of the gift card would need to be included in the regular rate of pay.

- Finally, the gift card must not be given based on a contract that gives the employee a legal right to it. For example, if a commission agreement includes a right to a valuable gift card for hitting certain sales goals, the value of the gift card would likely have to be included the regular rate of pay.

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.

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CalChamber-Sponsored Seminars/Trade Shows

More at www.calchamber.com/events.

Labor Law

HR Boot Camp Virtual Seminar.

CalChamber. December 10–11,
Online. (800) 331-8877.

International Trade

Taiwan Hardware Online Biz Meeting.

Taipei Economic and Cultural
Office. December 8–9, Virtual. (415)
362-7680.

USMCA – The Near-Shoring and
Re-Shoring Solution. National Asso-
ciation of District Export Councils.
December 10, Webinar.

Virtual 2020 Global Trade Awards.
Women in International Trade-LA

(WIT-LA). December 10, Virtual.
(213) 545-6479.

Introduction to Trade Finance.

Export-Import Bank of the United
States and CalChamber. January 12,
2021, Webinar. (800) 565-3946.

California Global Connect: Renewable
Energy and Advanced Transportation
Opportunities in Portugal and Spain.

See CalChamber-Sponsored: Page 3

Next Alert: December 18

The Workplace

Returning Remote Workers to the Office



In **Episode 99** of The Workplace podcast, CalChamber Executive Vice President and General Counsel Erika Frank and employ-

ment law expert Jennifer Shaw discuss the challenges some employers are facing as they ask remote workers to report back to the office, and provide takeaways for dealing with employees who refuse to return to the workplace.

Challenges

It's been many months since the COVID-19 pandemic started, and many offices are opening back up and companies are taking the necessary precautions to ensure their workspaces minimize the risk of COVID-19 transmission. One of the biggest problems that employers are seeing, Frank tells podcast listeners, is that when remote workers are asked to return to the office, some employees are refusing to come in.

Shaw says employees will use a variety of excuses to get out of coming back to the workplace, even asking for an "accommodation" when there is no medical condition present.

Other problems employers are experiencing include: employees not abiding by mask and precaution rules; remote employees asking to return to the workplace even though the office remains

closed; and employees seeking to form labor unions.

Companies are also experiencing pressure to offer remote work opportunities thanks to news reports that some large employers are permanently offering telework or are offering telework late into 2021. But this work model does not work for everyone.

"Every workplace is going to be different," Frank says, and many of the companies offering permanent remote work are companies where telework is already suited to the company's culture.

Moreover, working from home is not what everyone wants, Frank points out. News articles have documented burn-out among workers because when one is working from home, there is little separation between work and home.

Additionally, Shaw says, there are people suffering from domestic abuse who do not want to be at home. There also are people who need the social interactions that being at a workplace provides.

Returning to Work

Many employers are finding that there are aspects of the physical workplace that cannot be replicated at home. Some departments simply work better when people are back in the office and collaborating in person, Frank explains.

Hopefully, she adds, once remote workers return to the office, they too will notice the positive effects of face-to-face teamwork. But what can an employer do

if an employee keeps saying they are not comfortable returning to work?

Shaw answers that if the employee gives no reason other than "I just don't want to," the employer should make it clear to the employee that they are making a choice about whether they want their job. Employers should not be reluctant to tell the employee that if they don't report to work on a certain date, the employer will need to find someone to replace them. After all, Shaw says, you have a business to run.

What should an employer do, Frank asks, if an employee says they want to work from home because coworkers are not following safety protocols in the workplace?

Shaw explains that employers need to make sure employees are not breaking safety rules. Even if the employee who is complaining is bossy, "if they're right, you've got a problem."

If the employer finds that workers are not complying with the rules, the employer needs to fix it, she says. If, however, it is determined that all employees are abiding by the rules, the employer should sit down with the employee who was complaining and stress that there is no legitimate reason they need to work from home.

The employer should also emphasize that if a coworker is breaking a safety rule, or the company is not doing something it should be doing, the employee should let the company know about it so that the company can take the proper steps to rectify it.

CalChamber-Sponsored Seminars/Trade Shows

From Page 2

Governor's Office of Business and Economic Development. February 23–26, Online. (279) 666-9104.
Cyber Security Trade Mission to South America. U.S. Department of Commerce, International Trade Administration. March 1–5, 2021 and March 8, 2021, Peru, Chile, Uruguay, Argentina (optional stop). Applications due November 13, 2020. (410) 962-4539; (202) 482-3773; (703) 235-0102.

Taiwan Trade Show 2021. Taiwan External Trade Development Council. March 1–October 30, 2021, Taiwan. (886) 2-2725-5200.
Cyber Security Business Development Mission to India. U.S. Department of Commerce, International Trade Administration. April 19–23, 2021, New Delhi, Mumbai, optional stops in Bangalore or Hyderabad. (303) 844-5655; (202) 482-3773.
2021 SelectUSA Investment Summit. International Trade Administration.

June 6–9, 2021. Washington, D.C. (800) 424-5249.
Expo Dubai 2021. Expo 2020 Dubai UAE. October 1, 2021–March 31, 2022, Dubai, United Arab Emirates. (+971) 800 EXPO (3976).
12th World Chambers Congress: Dubai 2021. International Chamber of Commerce World Chambers Federation and Dubai Chamber of Commerce & Industry. November 23–25, 2021, Dubai, United Arab Emirates. worldchamberscongress@iccwbo.org.

Cal/OSHA Emergency Rule for COVID-19 in Effect Now

From Page 1

holders was convened to discuss a draft of regulatory text, even for emergency regulations.

On November 12—just one week before the Standards Board vote on the regulation—the text was made public, and stakeholders on all sides scrambled to analyze the 21 pages of text.

On November 19, after nearly 10 hours of stakeholder testimony, including some from the California Chamber of Commerce (see [written comments](#)), and after a very brief discussion by Standards Board members, the Emergency Regulation was approved and sent to the Office of Administrative Law (OAL) for the final legal approval as to process.

Notably, Cal/OSHA staff acknowledged at the November 19 meeting that the 10-day timeline (by November 30) for employers to comply with all the regulation's many provisions could be “no small task” and promised guidance to clarify some of the Emergency Regulation's ambiguities.

The much-needed [clarification](#) was released on December 1, the day after the Emergency Regulation went into effect.

Emergency Regulation

The Emergency Regulation applies to virtually every workplace in California, of any size, excluding only those employees covered by the Aerosol Transmissible Disease Standard and employees who are either working from home or are truly alone during their entire shift.

In practice, that means just about everyone except for certain medical/research employees is covered.

Substantively, the Emergency Regulation brings together a wide swath of existing requirements from guidance documents and public health orders, but also adds very significant new requirements.

Given the length and complexity of the text, the CalChamber recommends that every employer in California look at the text and consult counsel. Below are some of the brief highlights:

• **New Obligations Regarding COVID-19 Prevention:** This includes specifying requirements for an employ-

er's COVID-19 Prevention Program, such as how cases must be investigated and what notice must be provided to potentially exposed employees (with some differences from the terms of this year's **AB 685**).

• **Review of Ventilation and Air Circulation in Workplaces:** Workplaces will need to review their ventilation systems and, in some cases, upgrade them to improve filtration—but will not need to replace the existing system.

• **Exclusion and Benefits:** Employees who test positive for COVID-19, as well as those who are exposed to them (meaning being within a six-foot radius for 15 minutes or more, regardless of masks) must be excluded from the workplace and provided with their regular earnings for the duration of their exclusion.

• **Outbreaks and Increased Obligations:** The Emergency Regulation requires employers who experience an “outbreak” in their workplace (starting at three cases in a workplace in a 14-day period) to comply with new, weekly testing obligations for all employees who were at the worksite, regardless of whether they were close enough to qualify as “exposed.” Notably, to end an “outbreak,” a workplace must have two weeks with no new cases—leading to a question of how large workplaces will ever fall out of “outbreak” conditions and the related obligations.

• **Employer-Provided Housing and Transport Get Specific Requirements:** Beyond the obligations on most workplaces, a host of specific provisions apply to employer-provided housing and transport, raising elevated concerns for certain sectors, including agriculture. These requirements include spreading out beds by six feet and ensuring certain protocols inside of housing. In addition, employers are required to procure new housing for exposed cases to allow quarantining, which must include a “cooking and eating facility”—making hotel accommodations without cooking equipment potentially insufficient.

What Comes Next

With these sweeping new provisions fresh off the presses and going into

effect presently, the question becomes: when employers and different industries discover that certain provisions are vague or unworkable, what can we do about it? When can we expect fixes from Cal/OSHA to address some of the vague or infeasible elements?

The Board voted to set a deadline of the March 2021 Standards Board meeting for Cal/OSHA to convene a stakeholder meeting and come back to the Board with potential fixes. Although Cal/OSHA is technically able to seek Board approval for changes sooner than March, that seems somewhat unlikely.

In the coming months, Cal/OSHA will need to do all the following before bringing the proposed text to the Board for the vote:

- Convene at least one stakeholder meeting (expected in early January);
- Review and systematize all the voluminous comments it will receive (likely to take weeks at least);
- Design specific amendments based on those comments; and
- Run those proposed amendments by various experts, including the California Department of Public Health and likely the Governor's Office.

As a result, although the Board could potentially vote on amendments as soon as February, March seems more likely.

These amendments are unlikely to address all the employer community's concerns. The changes will include only what the Cal/OSHA staff is convinced needs cleanup.

The Board also ordered Cal/OSHA to bring back another round of proposed changes after taking stakeholder input again after another four months, so there will be a second chance four months thereafter.

In short: employers need to review the COVID-19 regulation thoroughly with counsel and move to comply with its present text, but should simultaneously document their difficulties with specific provisions and prepare to raise those concerns to Cal/OSHA throughout 2021.

For a compliance-oriented overview, see the [December 2 HRWatchdog blog post](#).

Staff Contact: Robert Moutrie

State Labor Laws Should Be Updated to Reflect Shift Toward Telecommuting



As a result of the COVID-19 pandemic, many employees have been working from

home since March with no end in sight. This has led some to speculate whether a permanent work from home model makes sense for employers going forward, even after the pandemic is over.

In the *2021–22 Budget: California's Fiscal Outlook* published two weeks ago, the Legislative Analyst's Office (LAO) posed an interesting question worth exploring: "Could the pandemic create a permanent shift toward remote work and, if so, will this shift change people's and businesses' decisions about locating in California?"

Disincentives in Law

California's complex labor laws often dissuade employers from allowing employees to work at home. For example, the laws mandate by when and for how long hourly employees must take breaks. Although an employer is technically not required to "police" employees to make sure they take those breaks on time, in reality employers must monitor breaks to avoid liability.

California law is also unique in that it provides for daily overtime after 8 hours. Having employees work from home where their supervisors cannot see them with constant access to work emails and calls makes it difficult to ensure employees are not working unapproved overtime or working off the clock.

A working parent who would rather work 10 hours Monday through Thursday to take Friday off for family obligations cannot do so unless the employer is willing to pay the overtime, which many businesses cannot afford right now, or two-thirds of their "work unit" agrees through a secret ballot process to implement that schedule for the entire unit.

Liability for unpaid overtime is costly. An employee who is owed even just five minutes of overtime pay also can sue for waiting time penalties (for up to 30 days of pay), penalties for failure to provide accurate wage statements, and penalties under the Private Attorneys General Act.

Reimbursement costs also have increased significantly for many businesses due to telecommuters using personal cell phones, computer equipment, and home internet for work.

Employers must reimburse employees using their personal phones for work purposes even if using the phone for work has not increased the employee's phone bill.

Employers also can be on the hook for injuries employees sustain at home. Employees who have fallen while working at home have successfully filed workers' compensation claims to have those injuries covered.

Voters Support Flexibility

Updating these laws to provide more opportunities for employees to telecommute is an important issue that benefits both employees and employers and is very popular among California voters.

In a recent survey conducted by the California Chamber of Commerce, 86%

of polled voters agree (42% strongly) that the state's labor laws should be changed so employees working at home have more flexibility and 92% agree (55% strongly) with policies that would make it easier for businesses to allow employees to telecommute.

In November, voters also overwhelmingly approved Proposition 22, which provides flexibility to certain independent contractors to be able to set their own schedules and work for multiple companies at once if they so choose.

Because California has not updated its labor laws to reflect the realities of a telecommuting workforce, as the LAO indicates, some employers may be forced to move out of state or to a business model where they hire remote employees residing outside of California. Although the issue is not completely settled, California's labor laws would likely not apply to such employees.

While there have been some instances where overtime rules have applied to non-California employees during days on which they travel to California for work, courts have also recognized that there are limits on state laws' extraterritorial reach and have generally been reluctant to find that California laws apply to non-residents performing work outside of the state.

The Legislature should update labor laws to reflect the modern workforce given the rising popularity and necessity of remote work and to ensure that businesses remain in California and that California jobs remain in the hands of Californians.

Staff Contact: Ashley Hoffman

Capitol Insider

presented by CalChamber

The Capitol Insider
blog presented by the

California Chamber of Commerce offers readers a different perspective on issues under consideration in Sacramento.

Sign up to receive notifications every time a new blog item is posted at capitolinsider.calchamber.com.



Incoming Senate Features 8 New Members



A new two-year legislative session begins on Monday, December 7, which means 120 members will take the oath of office. As always after an election, there will be many familiar faces as incumbents were returned to office, but there are plenty of new or somewhat new faces as well.

In the 40-member California State Senate, eight new members will be taking office. Who are they and how did that get here? Let's take a look.

New Senators

- Senate District 5: Assemblymember **Susan Talamantes Eggman** (D-Stockton) will replace fellow Democrat, termed-out Cathleen Galgiani, in this San Joaquin Valley-based district. Eggman, first elected to the Assembly in 2012, does not fall into the category of a new face, but she does have some important shoes to fill as Galgiani achieved a 70% rating on the California Chamber of Commerce score card in 2020.

- Senate District 13: **Josh Becker** (D-Menlo Park) replaces termed-out Democrat Jerry Hill in this southern Bay Area district. Becker is a foundation leader and Silicon Valley-based venture capitalist who has never held elective office—a true new face. By succeeding Hill, Becker replaces a member who achieved a 40% rating on the CalChamber's 2020 score card.

- Senate District 15: **Dave Cortese** (D-San Jose) is replacing termed-out Democrat Jim Beall in a district that encompasses much of Santa Clara County, including the City of San Jose. Cortese is a familiar face and name to area voters, having served in local government for more than 30 years—most recently on the Board of Supervisors, but never in the Legislature. His father, Dominic, did serve 16 years in the Assembly in the 1980s and 1990s. The outgoing Jim Beall had a 30% rating on our most recent score card.

- Senate District 17: **John Laird** (D-Santa Cruz) replaces termed-out Democrat Bill Monning in a district that runs along the coastal strip from Santa Clara County to San Luis Obispo County. Laird is another familiar face who served



Josh Becker



Dave Cortese



Susan Talamantes Eggman



John Laird



Monique Limón



Dave Min



Josh Newman



Rosilicé Ochoa Bogh

six-years in the Assembly before becoming Resources Secretary in the Jerry Brown administration. Monning had a 30% CalChamber rating in 2020.

- Senate District 19: **Monique Limón** (D-Goleta) succeeds termed-out Democrat Hannah-Beth Jackson. Limón moves up from the Assembly, where she served two terms, and will represent a district that includes large portions of both Santa Barbara and Ventura counties. Outgoing Senator Jackson had a 20% CalChamber score card rating, Limón had a similar rating in the Assembly.

- Senate District 23: **Rosilicé Ochoa Bogh** (R-Yucaipa) is replacing termed-out Republican Mike Morrell to represent this Inland Empire district that includes the rural parts of San Bernardino County and portions of Riverside County. Ochoa Bogh served on a local school board and is a realtor. Morrell leaves office having consistently posted a CalChamber rating of 80% or higher.

- Senate District 29: **Josh Newman**

(D-Fullerton) defeated incumbent Republican Ling Ling Chang. This will be Newman's second tour in the Senate. He was elected in 2016, narrowly defeating Chang in a district that encompasses portions of Orange, Los Angeles and San Bernardino counties. In 2018, Newman faced voters again in a recall and was replaced by Chang. In this, their third face-off, Newman won by a 10,000-vote margin. Chang had a 100% voting record with CalChamber in 2020. In 2017, Newman had a 20% CalChamber rating.

- Senate District 37: **Dave Min** (D-Irvine) ousted incumbent Republican John Moorlach to represent this coastal Orange County district. A University of California, Irvine law professor, Min has never held elective office, but was aided by more than \$3 million in spending from public employee unions and defeated Moorlach by a slim 2% margin. Moorlach had a 100% rating on the CalChamber score card.

Staff Contact: Martin R. Wilson

A View from Germany

Similar Positions in Tech Revolution Inspire Climate Actions for a Sustainable Future



The following responses to questions posed by the California Chamber of Commerce

are from Consul General Stefan Schneider, Consulate General of the Federal Republic of Germany, Los Angeles, and Consul General Hans-Ullrich Südbeck, Consulate General of the Federal Republic of Germany, San Francisco.

Germany-California Relations

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

- For decades, California has been the land of dreams for many, many Germans. Germans love California; they feel emotionally close and connected. Spectacular nature, friendly, welcoming people, academic excellence, a spirit of tolerance and freedom of expression, a place to turn your moonshot ideas into

reality—all of that comes to mind when Germans speak of California.

And then, maybe, a small sense of pride when looking at the impressive numbers of Germans presently contributing to California's top-notch academic and economic performance and when remembering the numerous ethnic

Not only during the pandemic, U.S. films are produced throughout Germany with its excellent locations, studios and funding opportunities. In Los Angeles, the presence and spirit of former exiles from Germany and Europe can still be felt.

- Germany and California have an awful lot in common. In many ways, they



Consul General Stefan Schneider, Consulate General of the Federal Republic of Germany, Los Angeles



Consul General Hans-Ullrich Südbeck, Consulate General of the Federal Republic of Germany, San Francisco

are at similar positions and faced with similar challenges in the ongoing technological revolution.

Germany, the world's fourth largest economy, and California, the world's No. 5 (if it were independent) are both highly developed industrialized economies, trade oriented, and thus interested in a rules-based international system, including a comprehensive international trade regime

Germans who have contributed, over time, to shaping today's California.

Not to forget the contribution of Germans and German companies to the film industry in Hollywood as producers, directors, actors, composers and providers of film production-related services.

and blessed with functioning dispute settlement mechanisms.

California and Germany put climate change as a major global challenge high on the agenda; the Green New Deal of California meets the Climate Action

See Similar Positions: Page 8

CalChamber Co-Hosted Webinar to Explain Benefits of Ex-Im Bank



Risk protection and access to cash are among the subjects to

be covered in a joint webinar hosted by the California Chamber of Commerce with the Export-Import Bank of the United States (Ex-Im Bank) on Tuesday, January 12, 2021.

The webinar will cover an introduction to trade finance and an overview of Ex-Im's benefits, including risk protection and access to cash.

International sales provide an oppor-

tunity to gain access to 95% of consumer buying power outside of the United States. The Ex-Im Bank provides proven export strategies to minimize risk and manage cash flow. The webinar will empower attendees to:

- Compete and win sales contracts in global markets.
- Extend open account terms to foreign customers
- Reduce risk of foreign buyer nonpayment.
- Turn inventory and foreign accounts receivable into collateral for lenders.

- Access more cash from their lenders with Ex-Im's Working Capital Loan Guarantees.

Attendees will have a chance to ask the experts at a live question-and-answer session.

The webinar will feature Sandra Donzella, deputy managing director and western regional director of the Ex-Im Bank, with an introduction by Susanne Stirling, CalChamber vice president of international affairs.

To register for the webinar, please [click here](#).

Similar Positions Inspire Climate Actions for a Sustainable Future

From Page 7

Programme 2030 of Germany. Also, there is a broad consensus that growing social disparities and injustices, as well as populist phenomena, pose a serious threat to the functioning of our democratic societies. Sadly, the pandemic has seriously exacerbated pre-existing trends.

- The really good news is that the intensive network of friendship, cooperation and exchange between our civil societies, our politicians, scientists and economic actors and in the cultural field is growing stronger by the year on all levels.

Germany is California's eighth largest export destination (US\$6.44 billion in 2019). Imports from Germany totaled US\$11.3 billion in 2019.

Germany is the fifth-ranking country for foreign direct investment through foreign-owned enterprises here. German foreign-owned enterprises provide over 61,000 jobs to Californians.

COVID-19 Impact on Germany

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

- The German economy is gradually recovering. The pandemic continues to impact the behavior of consumers and investors alike, but economic indicators are pointing to a continued recovery, supported by the far-reaching economic stimulus measures taken by the Federal Government and by the European Union.

In their current joint economic forecast, leading economic research institutes are expecting our gross domestic product (GDP) to decline by 5.4% over the course of 2020. But as vaccines against COVID-19 are on the horizon, we will soon have a real chance for economic recovery.

- The labor market suffered heavily, but the situation is slightly improving.

The industrial sector is continuing to slowly find its way out of the crisis.

Recent new manufacturing orders have almost reached the level of the fourth quarter of 2019. September witnessed a broad-based economic recovery that was being supported by both domestic and foreign demand.

Sustainable Future

What are the challenges and opportunities facing Germany?

The key challenge is to identify the wisest approach to "rebuilding better" after COVID. Again, Germany and

California are at similar starting points and can inspire each other.

For Germany, "building back better" is about accelerating and intensifying the transformation of our economy and our society in order to make them fit for a truly sustainable future. Here are a few of the challenges and opportunities:

- **Climate change:** Germany is a world leader in environmental technologies relating to climate change, recycling and waste management, as well as water treatment.

To substantially raise the share of renewable energies in electricity, we terminate the use of coal for electricity generation (phase-out to be complete by 2038) and instead expand solar power and wind turbines. The German offshore wind industry is also an excellent starting point for international actors to contribute; hydrogen technologies offer great chances for Germany-California cooperation. Environmentally friendly products are projected to account for 19% of German GDP by 2025!

- **Our digital/technological sovereignty:** In order to retain it, Germany and the European Union must hold their own against international competitors in key technologies.

Key is a well-developed digital infrastructure which is resilient, sustainable and democratic. The EU—Germany holds

the rotating presidency in 2020—aims at putting in place a digital economic area that meets all these criteria.

- **The digital revolution:** We're in the middle of it. Challenging as it sometimes is, it offers great opportunities for business, particularly in what we call "Industrie 4.0" (i.e., when people, machines and industrial processes are intelligently networked). Here, Germany's small and medium-sized manufacturing companies, the backbone of German industry, excels, demonstrating the added value of digital solutions.

- **Huge opportunities through digitalization:** Germany is the largest software market in Europe (approximately one-fourth of the value) and second in the European market for security technology. Today, the German cloud market is the largest in Europe, with constant year-on-year growth of 25%.

Germany is around one-fourth of all European B2C e-commerce turnover. Germany is an attractive investment proposition for start-ups and internet companies, offering exciting cooperation opportunities for international partners.

- **Electric vehicles:** Germany, home to the best car makers in the world, aims at having 7 million–10 million registered electric vehicles by 2030. Charging infrastructure will be massively boosted.

Staff Contact: [Susanne T. Stirling](#)

Congratulations to Biden Press Secretary



Photo by Matt Lara

CalChamber congratulates Jen Psaki on her appointment by President-Elect Joe Biden to White House Press Secretary. Psaki spoke at CalChamber's Public Affairs Conference in November 2019 as part of a lunchtime panel discussion on the national political scene. At the time, the former communications director for the Obama White House was a CNN political analyst. She also served in the Obama administration as State Department spokesperson.

CalChamber Poll Shows Voters Want Sensible Policies, No New Taxes



Last month the California Chamber of Commerce **reported** that Californians are taking the

COVID-19 pandemic seriously, and expect their elected leaders to do the same.

But the pandemic isn't the only issue troubling Californians. The cost of living remains a profound concern.

When asked if their family would have a better future if they left California, a stunning 54% agreed—27% strongly. Of those agreeing with this statement, two-thirds cited “cost of living” or “cost of housing” as the main reason, while another 3 in 10 cited, “California values are not my values.”

Demographically, voters who most strongly agree that their future would be better if they left the state are middle-aged residents, Republicans and families with children living at home.

Housing Crisis/Homelessness

California voters agree that the state has a housing crisis, and voters in the Los Angeles and Bay Areas believe it's worst in their neighborhoods. A majority of voters believe that increasing housing supply is a better solution than tax or developer subsidies for affordable housing.

But in a sign of the difficulty to fashion statewide solutions, a strong plurality of voters believe local officials should have the right to decide the type and pace of homebuilding development within their own communities.

Homelessness remains an issue of great concern to voters. Fully two-thirds believe homelessness in California has gotten worse since the start of the COVID-19 pandemic earlier this year, with voters in Los Angeles, the Inland Empire and Central Valley reporting severe worsening in their regions.

Three-quarters of voters report seeing someone homeless on the streets at least weekly, with 40% reporting seeing homeless persons at least five times a week.

Climate Change

Governor Gavin Newsom has continued his predecessors' attention on addressing climate change, and voters support this policy focus.

A majority of voters agree that climate

change affects the state of California “a great deal,” and 63% agree that California should take the lead in regulating greenhouse gases because the federal government is not addressing the problem, compared with 37% who believe that California should not adopt state-specific policies that harm the state economy, and should support only a nationwide strategy.

Voters initially support (58%–41%) the Governor's much-publicized executive order banning all in-state sales of gasoline-powered vehicles by 2035, but become more skeptical when asked about some of the tradeoffs inherent in adopting such a far-reaching strategy.

Fewer than 1 in 8 voters want the Governor to execute this policy on his own. A strong majority would prefer this major policy be decided by voters on the ballot, while 20% would prefer the Legislature consider and decide this policy.

By a 4 to 1 margin, voters agree that “Banning gas-powered vehicles should only be allowed if electric vehicles are as affordable as gas-powered vehicles. Government mandates should not force consumers to buy more expensive cars and trucks.” A majority strongly agree with this sentiment.

By a 3 to 1 margin, voters agree that electric vehicle owners should pay the costs of charging their cars, including the cost of charging stations to be built around the state, rather than having all electric utility customers subsidize the costs of charging stations.

Voters recognize that rampant wildfires can be addressed only with a diversity of solutions.

They gave their strongest support for controlled burning to eliminate the dry underbrush, no matter if public or private lands, requiring homeowners living in fire-prone areas to keep their land clear of flammable brush, upgrade to safe building materials, and create personal evacuation plans, and increasing penalties for actions that lead to wildfires.

But voters also strongly endorse expensive and controversial notions, like modernizing the electrical grid and spending more on electrical equipment maintenance, even if it means environmental and renewable energy mandates are delayed, and even limiting future housing development in areas that are prone to wildfires.

Education

Chaotic school schedules and widespread and often ineffective remote learning led to a suspension of statewide assessments of student progress. Many child advocates are pressing to ramp up assessments next year to understand the distribution of impacts on students of this disruptive year.

Voters also support (65%–35%) state-level standardized testing as a useful tool that helps parents and teachers assess students' academic progress, rejecting the charge that standardized testing is not a good measure of academic progress and has a negative impact on education and teaching.

They strongly agree (69%–31%) that testing helps schools and teachers improve the quality of education they provide, identifies schools and teachers that are not providing a high quality of education (70%–30%), and helps parents understand how well their children are learning and the quality of education their children are receiving (73%–27%).

Voters are concerned about the costs of assessments and that teachers often oppose the statewide measures.

Opposition to Tax Hikes

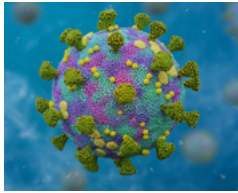
Finally, voters show no sign of weakening in their reluctance to consider higher taxes. Proposition 15, the proposed split roll property tax increase, failed at the November ballot; nevertheless, government unions and spending constituencies still promote other tax hikes for schools, local government and other programs. The CalChamber poll found that, by a 63% to 37% margin, voters soundly rejected one of these proposals, a tax increase on corporations of more than 50% and on millionaires by another 10%.

Methodology

The CalChamber poll was conducted by Core Decision Analytics and Pierreport Analytics with online interviews from November 6–9, 2020, with 1,009 online interviews of California 2020 general election voters. The margin of error for this study is +/- 3.1% at the 95% confidence level and larger for subgroups. This is the sixth year the CalChamber has published a voter survey.

Contact: Loren Kaye

State Offering Temporary Tax Relief, COVID-19 Grants for Businesses



California will be offering a number of relief options for businesses impacted by COVID-19 restrictions, Governor

Gavin Newsom announced this week.

The Governor's November 30 [news release](#) noted that applications opened this week for the Main Street small business hiring tax credit.

Moreover, the state is creating a \$500 million COVID-19 relief grant program, and a temporary tax relief program which, if fully utilized, is estimated to have billions in impact.

In addition, the state will expand the California Rebuilding Fund by \$12.5 million, bringing the program's total investment to \$37.5 million. These efforts are informed by recommendations made by the Governor's Task Force on Business and Jobs Recovery.

Hiring Tax Credit

The California Department of Tax and Fee Administration (CDTFA) began accepting applications on December 1 for a small business hiring credit against California state income taxes or sales and use taxes.

The credit (authorized by SB 1447) is available to certain California qualified small business employers that receive a tentative credit reservation. A total of \$100 million is available for credits equal to \$1,000 per qualified employee, up to \$100,000 for each small business employer.

More information on requirements and the list of information needed to complete the credit reservation application are available at <https://www.cdtfa.ca.gov/taxes-and-fees/SB1447-tax-credit.htm>. The CDTFA warns that the system will not allow applicants to save the application if they exit before completing and submitting the application.

Relief Grant for Small Business

The California Office of the Small Business Advocate (CalOSBA) will be administering the \$500 million COVID Relief Grant at the Governor's Office of Business and Economic Development for small businesses that have been impacted by COVID-19, and health and safety restrictions.

Funds will be awarded to selected intermediaries with established networks of Community Development Financial Institutions to distribute relief through grants of up to \$25,000 to underserved micro and small businesses throughout the state by early 2021. Non-profits would also be eligible for these grants.

CalOSBA is establishing the program and will make it available to small businesses as soon as possible—for updates on availability visit <https://business.ca.gov/>.

Tax Relief Program

In April 2020, the Governor, through Executive Order, allowed taxpayers to apply for penalty and interest relief for 90 days for any taxpayer reporting less than

\$1 million in sales on their tax return. Through November 22, some 9,287 plans with almost \$149 million in tax relief have taken advantage of this program.

The Governor will direct the California Department of Tax and Fee Administration to do the following:

- Provide an automatic three-month extension for taxpayers filing less than \$1 million in sales tax on the return and extend the availability of existing interest- and penalty-free payment agreements to companies with up to \$5 million in taxable sales;
- Expand interest-free payment options for larger businesses particularly affected by significant restrictions on operations based on COVID-19 transmissions; and
- Broaden opportunities for more businesses to enter into interest-free payment arrangements.

California Rebuilding Fund

Lastly, the state is providing an additional \$12.5 million to the California Rebuilding Fund, which helps impacted small businesses rebuild from the economic crisis and keep local economies strong. This program is built to be a resource in the market for the next year as businesses pivot and recover.

The additional funding will help the third party administrator of the fund raise \$125 million to make more low-interest loans to small businesses with less access to loans from traditional banking institutions.

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CalChamber Urges Congress to Help Small Businesses

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ing that four of the five regions will reach the 15% benchmark very soon and the Bay Area by mid to late December.

More details on the stay-at-home order and other requirements will be posted at covid19.ca.gov.

CalChamber Statement

“It is incredibly difficult to balance public health needs against the ability of small businesses to stay open and workers to support their families,” said CalChamber President and CEO Allan Zaremberg in a statement following the Governor’s announcement.

“Small business revenues will now be a function of hospital capacity and we need every Californian to support small

business by practicing responsible behavior,” said Zaremberg.

“The loss of revenue many small businesses will experience as a result of this latest shutdown could be catastrophic. We appreciate the fact the Governor has allowed retail to stay open even if it is at a reduced capacity. With so many small businesses relying on revenue from the holiday shopping season, we are encouraging people to take advantage of local retail establishments to do their holiday shopping,” said Zaremberg.

Due to concerns over the economic fallout of the new order, CalChamber and more than 100 local chambers of commerce sent a letter on Thursday to the California congressional delega-

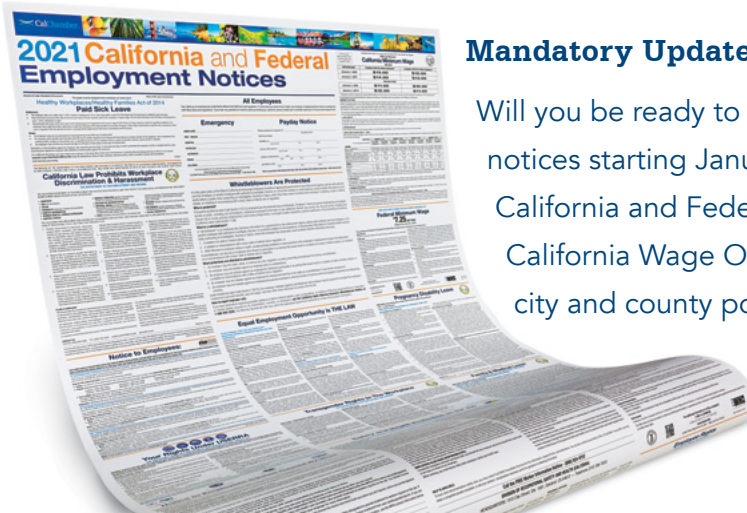
tion, urging them to act immediately to provide economic relief to struggling small businesses.

CalChamber and local chambers of commerce are specifically asking Congress to extend and expand the Paycheck Protection Program (PPP), as well as forgive the federal loan California has received for unemployment benefits. This loan is repaid with higher employer taxes and is now approximately \$20 billion and expected to grow as a result of the new shelter-in-place order.

A copy of the letter is available at <https://advocacy.calchamber.com/wp-content/uploads/2020/12/Federal-Relief-for-Small-Businesses-12320.pdf>.

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