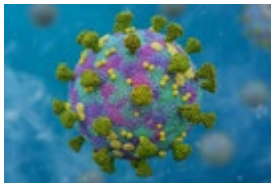


ALERT

CalChamber Efforts Evident

COVID Paid Sick Leave, Tax Credit Package Moving



The Legislature will take its first actions on Governor Gavin Newsom's proposed 2022

budget and policy proposals this week and next, after negotiating a package deal to reduce the tax bite on employers and implement a second year of pandemic-specific sick leave, which includes improvements to last year's sick leave mandate.

"Healthy workers and healthy customers are good for business," said California Chamber of Commerce President and CEO Jennifer Barrera when the proposal

to extend COVID-19 paid sick benefits was released on January 23.

The proposal, developed with CalChamber input, "is a balanced approach to protect both workers and our economy," Barrera said.

"By allowing workers who contract COVID-19 to stay home until they test negative, employers are, once again, leading the way on efforts to contain the virus and creating healthier workplaces that are safe for both employees and customers."

Restoring Tax Credits

In January, the Governor proposed restoring the full use of tax credits,

See COVID-19: Page 8

Water Attorney Joins CalChamber Policy Team



Brenda Bass

Brenda Bass has joined the California Chamber of Commerce as a policy advocate specializing in water supply and storage issues.

She came to the CalChamber policy team from

the Sacramento office of Downey Brand, where she was a senior associate. She advised public agency and private clients on environmental review requirements, as well as applying for and complying with water quality permits.

"Brenda's expertise in water policy will serve CalChamber members well," said Ben Golombek, CalChamber executive vice president and chief of staff for policy. "Brenda knows how water policies work in practice, understands water supply and storage issues well, and will be a strong advocate for practical solutions to California's growing water crisis."

Bass has experience with California Environmental Quality Act (CEQA) litigation and groundwater quality issues for agricultural and water clients throughout California. She also advised clients on Clean Water Act matters, compliance with state and federal laws governing stormwater and wastewater quality, as

See Water Attorney: Page 8

Strong Opposition Stops Single-Payer Health Care Bill, 2 Other Job Killers



Three California Chamber of Commerce job killer bills, including one that would have raised taxes by more than \$160 billion annually to fund a single-

payer health care system, were stopped in the state Legislature this week and are likely dead for the year.

In a statement, the CalChamber expressed relief that the single-payer health care proposal, **AB 1400 (Kalra; D-San Jose)**, failed to pass before a key legislative deadline, but warned the proposal will likely resurface in the future.

"We stand ready — alongside a large, diverse and growing coalition — to oppose proposals like AB 1400 that

will levy huge taxes on Californians and disrupt the health care that 40 million residents rely on," the CalChamber said in its statement released on January 31, the deadline for bills to pass the house in which they were introduced.

Assemblymember Ash Kalra said in a January 31 statement that he decided not to bring up AB 1400 for a vote because "it became clear that we did not have the votes necessary for passage." He described AB 1400's failure to move as "only a pause for the single-payer movement" and promised that the single-payer coalition, including the California Nurses Association, would continue the fight.

According to Protect California Health Care, a coalition of doctors, *See Strong Opposition: Page 4*

Inside

Introducing California Works: Page 5

Labor Law Corner

Child Care Issues Can Prompt Move to Create Alternative Schedule



Matthew J. Roberts
Labor Law Helpline
Manager

My hourly employee asked for a flexible schedule where she would work four 10-hour days instead of five eight-hour days due to child care issues. Do we have to pay any overtime if we agree with the employee's request?

Among the numerous disruptions the pandemic has caused to society at-large, and specifically within the employment relationship, is the difficulty with maintaining traditional work schedules.

Child care and schooling often create strain on the regular five-day-a-week, eight-hour workday schedule. Further, we have discovered that flexibility often can be a benefit to both employers and employees.

Wage-and-hour laws, however, still have not caught up to the 21st century or new realities created by the pandemic. Even with a mutual agreement between the employer and the hourly, nonexempt employee, employers would have to pay two hours of overtime each day on a four-day, 10-hour workweek unless the employer satisfies the legal requirements for the creation of an alternate workweek schedule.

Creating Alternate Schedule

To avoid overtime issues created by a work schedule that exceeds eight hours in a day, an employer must follow a rigorous, step-by-step process to create the alternative workweek schedule.

An employer must first identify the work unit to which the alternative workweek will apply. Although the work unit can be fairly broad, such as a division, department, job classification or specific physical location, the work unit must encompass the whole unit, not just select

individuals within the unit. The work unit can even be just one employee if that employee is the only person in that division, department, classification or location.

Once the work unit is established, the employee must determine what alternative schedule or schedules to propose. The employer must designate the regularly scheduled number of workdays and hours within the workday, but does not have to specify the actual days in the week. Some examples include four 10-hour days, or four nine-hour days plus a four-hour day.

With the proposed schedule settled, the employer must provide a written disclosure to all affected employees in the defined work unit of the schedule as well as the effect on the employees' wages, hours and benefits. The employer also must hold at least one meeting at least 14 days prior to scheduling an employee vote on the schedule to discuss the schedule and effects on wages, hours and benefits. If some affected employees cannot attend the first meeting, the employer may need to hold further meetings.

With disclosures and meetings complete, the employer hosts a secret

See Child Care Issues: Page 6

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CalChamber-Sponsored Seminars/Trade Shows

More at www.calchamber.com/events.

Business Resources

The California Privacy Rights Act:
Implementing a Compliance Program
in a Rapidly Evolving Data Privacy
Landscape. CalChamber. February 24,
Online. (800) 331-8877.

Labor and Employment

Leaves of Absence: Making Sense of
It All Virtual Seminar. CalChamber.
February 17–18, April 14–15, Online.
(800) 331-8877.

HR Boot Camp Virtual Seminar.
CalChamber. March 10–11, May 5–6,
May 26–27, Online. (800) 331-8877.

International Trade

Expo Dubai 2021. Expo 2020 Dubai
UAE. Through March 31, 2022,
Dubai, United Arab Emirates. (+971)
800 EXPO (3976).

Israel @ Cleantech Forum 2022.
Cleantech Group. January 24–Febru-

ary 11, Online. (415) 986-2701.
Maritime Transportation Data Initiative
Hearings. Federal Maritime Commis-
sion. February 8, Federal Partners;
February 15, Ocean Transportation
Intermediaries; February 22, UPS/
FedEx/Amazon; March 1, Large
Aggregators; March 8, Maritime
Labor; March 15, Available Technol-
ogy Platforms; March 22 International
Standards/FMC Agreements; March
29, Marine Terminal Operators;
Online. (202) 523-5725.

2022 Taiwan Trade Shows. Taiwan
External Trade Development Council.
Through October 31, Online and
In-Person. +886-2-2725-5200.

2022 Canada Consumer Oriented
Inbound Mission to Winter Fancy
Food. Western U.S. Agricultural Trade
Association (WUSATA). February

See CalChamber-Sponsored: Page 6

Coalition Urges Legislature to Adopt \$3B UI Debt Payment Budget Proposal



The California Chamber of Commerce and a broad-based coalition of employer organizations

are **strongly supporting** Governor Gavin Newsom's budget proposal to help reduce the record debt in the state's Unemployment Insurance (UI) Fund. More than 60 statewide business organizations and local chambers of commerce, representing tens of thousands of employers with hundreds of thousands of workers, are urging the Legislature to adopt this proposal.

Governor Newsom is proposing that \$3 billion be paid toward UI debt over two years, covering the state's responsibility for distributing fraudulent payments, as well as a partial but meaningful portion of the UI Fund's outstanding \$19.7 billion insolvency.

In a letter sent to members of the state Legislature on January 19, the coalition pointed out, "Given that California has had back-to-back budget surpluses, now is the right time to use a portion of this year's surplus to help reduce the present insolvency, which will lessen the state's own future obligations while simultaneously covering the cost of UI fraud and helping minimize future tax increases on California's recovering businesses."

Benefit to Employers, State

California's UI fund has been insolvent for two years, and every California employer will face a tax increase of

\$21 per employee in 2023 and more tax increases every year thereafter.

Since the UI Fund went insolvent, the CalChamber has been leading a coalition to seek state assistance with this unprecedented pandemic-caused debt. When California saw a budget surplus in 2021, the coalition asked the Governor and Legislature to address the problems in the UI fund, but ultimately the Legislature removed aid from the budget.

The resulting per-employee taxes will hit labor-intensive fields, such as restaurants, hospitality and tourism, the hardest. These are the very same industries that the COVID-19 pandemic has already hit the hardest, and which need support to rebuild and re-hire their workforces. More broadly, all employers in California will be disincentivized toward re-hiring when facing increasing per-employee taxes until this insolvency is paid off.

Paying down this insolvency will also benefit the state, as it is responsible for paying the interest on any outstanding UI loan from the federal government. As an example, the January budget includes a \$470.1 million interest payment by the state to the federal government. The state also can anticipate similar, though slowly declining interest payments in the coming years for as long as the fund remains insolvent. In other words: the sooner the debt is paid off, the sooner the state can stop paying this annual cost.

Background on UI Fund

California's UI program is funded exclusively by employers via state and federal taxes on wages. Employees do not

pay any UI taxes. These employer contributions are deposited in the UI Fund of the U.S. Treasury Department. States withdraw money from their account in the trust fund exclusively to pay UI benefits. If a state trust fund does not have adequate funds to pay benefits, as California experienced in May 2020, a loan is made from the federal fund so that all employee claims can be paid.

Generally, the contribution rate for an employer is 0.6% of wages, up to \$7,000 of wages per per employee per year, which is \$42, assuming the state is in compliance with UI laws and the state's fund is solvent.

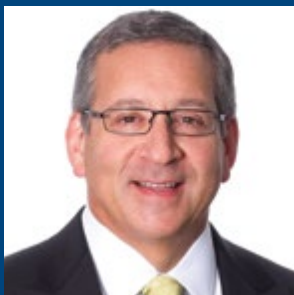
If a state's UI Fund is insolvent for more than two years, however, that tax rate increases by 0.3% each year or \$21, until the fund becomes solvent, creating a steadily growing tax increase on the state's employers. If the fund remains insolvent for 18 years, the maximum rate is \$420 per employee per year.

UI Fund Insolvency

The COVID-19 pandemic created unprecedented unemployment numbers, which drained the state's UI Fund to an unprecedented level. By May 2020, California's UI Fund was depleted and falling quickly into debt, which meant California had to begin borrowing money from the federal government to pay the ongoing unemployment benefits to more than a million unemployed workers.

The rapid rise in claims for unemployment also led to historic levels of fraud. The State Auditor's office found that the

See Coalition Urges: Page 7



CalChamber Member Feedback

"The CalChamber's clout in Sacramento is essential for the business community. Its record in stopping job killer legislation is unmatched and the respect for its lobbyists gives it a leg up in the most complex legislative battles."

Charles S. Birenbaum
Chair, Northern California
Greenberg Traurig

Strong Opposition Stops Single-Payer Health Care Bill, 2 Job Killers

From Page 1

nurses, hospitals, employers and others, AB 1400 would have dismantled the state's current health care system and replaced it with an untested new system built on a shaky financing scheme that would have cost California taxpayers at least \$160 billion a year in higher taxes and increased the cost of nearly every good and service offered in the state.

"Californians are already facing higher inflation and taxes while struggling with the many difficulties and hardships that the pandemic has caused. They should have the right to choose the coverage they want and deserve a stable health care system they can always rely on," the coalition stated.

Bills Stopped

The following job killer and oppose bills missed the January 31 deadline to pass their house of origin and are likely dead for the year:

- **Job Killer: AB 995 (Lorena Gonzalez; D-San Diego):** Would have imposed new costs and leave requirements on employers of all sizes, by expanding the number of paid sick days employers are required to provide, which is in addition to all of the recently enacted leave mandates (COVID-19 sick leave, Cal/OSHA emergency paid time off, California Family Rights Act leave, workers' compensation, etc.) that small employers throughout the state are already struggling with to implement and comply.

- **Job Killer: AB 1192 (Kalra; D-San Jose):** Would have placed new onerous administrative burdens on employers by requiring them to publish extensive, private salary and benefit information on the Labor and Workforce Development Agency's website. Public disclosure of completely lawful policies and conduct could give the false impression of wage disparity where none may exist and subjects employers to frivolous litigation and settlement demands.

- **Job Killer: AB 1400 (Kalra; D-San**

Jose): Would have penalized employers, eliminated individual choice, and resulted in hundreds of billions of dollars in new taxes on all Californians and California businesses by creating a new single-payer government-run, multibillion-dollar health care system.

- **Oppose: AB 416 (Kalra; D-San Jose):** Would have required any companies submitting bids for state procurement contracts involving a range of common goods, including wood, rubber, paper, and others, to adopt new internal policies regarding sourcing of materials for all contracts, not just state-related contracts, and provide potentially proprietary information regarding their supply chain to the state as part of the application process.

- **Oppose: AB 854 (Lee; D-San Jose):** Would have upended the Ellis Act and property rights by forcing rental property owners to stay in business even when they can no longer afford to stay landlords, interfered with a family's ability to move into their own property and created an arbitrary 5-year restriction on an owner's ability to move into their own property.

- **Oppose: AB 1218 (McCarty; D-Sacramento):** Would have imposed a "feebate" structure on manufacturers, which has the effect of increasing the cost of all vehicles in a manufacturer's fleet, including the cost of light duty vehicles used by commercial and industrial businesses.

- **Oppose: SB 582 (Stern; D-Canoga Park):** Would have threatened substantial increases in the cost of goods and services of entities subject to cap-and-trade by doubling our 2030 carbon emissions reduction goals.

- **Oppose: SB 342 (Lena Gonzalez; D-Long Beach):** Would have expanded board membership and imposed limitations on the types of appointees to the local air districts.

2 Job Killers, 1 Oppose Bill Pass

Two job killer bills and one

CalChamber-opposed bill passed out of the house in which they were introduced and will continue moving through the legislative process:

- **Job Killer: AB 1001 (Cristina Garcia; D-Los Angeles):** Creates new highly subjective, non-quantifiable and litigation-bait standards in the California Environmental Quality Act (CEQA) that will threaten California's economic recovery and ability to construct much-needed housing. It also removes local government discretion regarding how to analyze and mitigate proposed project impacts, thereby making projects more expensive, harder to build and more likely to be thrown into courts by NIMBY opposition.

- **Job Killer: SB 213 (Cortese; D-San Jose):** Significantly increases workers' compensation costs for public and private hospitals by presuming certain diseases and injuries are caused by the workplace and establishes an extremely concerning precedent for expanding presumptions into the private sector.

- **Oppose: AB 257 (Holden; D-Pasadena):** Undermines the existence of the franchise model by holding franchisors responsible for all conduct by individual franchisees. Establishes Fast Food Sector Council that would have unprecedented authority to write its own labor and employment laws for fast food restaurant employees, circumventing the California Legislature and other regulatory agencies' position in establishing such laws.

Job Killer List

Three of four job killer bills first identified last year have been stopped. The two remaining job killer bills still require multiple hearings and votes in the second house.

For more information on the CalChamber's job killer list, including links to job killer lists from previous years, visit www.calchamber.com/jobkillers.

California Works

Tejon Ranch: Land Steward Provides Housing, Jobs, Conservation



Note: With this article, the California Chamber of Commerce begins a series of profiles of member companies that are contributing to the state's economic strength and ability to stay competitive in a global economy. Company leaders look both to their history and what's ahead. As Gregory S. Bielli, president and chief executive officer of Tejon Ranch Company, comments, "For nearly 180 years, Tejon Ranch has played a vital role in California and is positioned and ready to play an even more important one in the state's future." Visit www.calchamber.com/californiaworks to learn more about this series and read future profiles.

TEJON RANCH

Tejon Ranch Co. (NYSE:TRC) is a publicly traded, fully diversified integrated real estate company and agribusiness. The company's principal asset is California's historic Tejon Ranch, located along Interstate 5 approximately 60 miles north of Los Angeles and 30 miles south of Bakersfield. Strategically located near the geographic and population center of California, the 270,000-acre ranch encompasses both Kern and Los Angeles counties and is the largest single piece of private property in the state.

Connecting North/South

From its early beginnings as the nucleus of California's north/south connection, Tejon Ranch has been a vital bridge between the two. Residing on the state's highly trafficked north/south I-5 corridor, the Ranch is playing a significant role in addressing California's need for new housing and jobs. To meet these needs, the company is using its land to successfully develop commercial and retail properties, while also helping California deal with its substantial housing shortage through the development of four sustainable, master planned, mixed-use communities.

Such a focus is nothing new, for Tejon Ranch Co. has a long legacy of using its land to address important state needs. Fort Tejon was established in 1854 and grew to become the third larg-

est inhabited settlement in Southern California. In 1939, the company donated the land where the fort stood to the state of California to establish a state historic park. In subsequent years, ranch lands were used for the construction of Highway 99 — later to become Interstate 5, and the building of the California Aqueduct, 30 miles of which cross the ranch, both above and below ground through canals and massive pipes tunneled through the mountains.



Commercial Center

Today, Tejon Ranch Co.'s real estate developments include the thriving Tejon Ranch Commerce Center, a 1,450-acre commercial/industrial center located at the junction of I-5 and Highway 99. A preferred travel stop on I-5, and home to the Outlets at Tejon, the location also hosts major distribution centers for IKEA, Caterpillar, Famous Footwear, L'Oreal, Dollar General, Camping World, and others.

In addition, Tejon Ranch Co. is developing several master planned, mixed-use residential communities, including the

low-density, resort-based community of Mountain Village at Tejon Ranch; Centennial, a net zero carbon community in northern Los Angeles County and Grapevine, a similar master planned community located near the Tejon Ranch Commerce Center in Kern County.

In total, Tejon Ranch Co.'s real estate development master plan encompasses more than 35,000 housing units and 35 million square feet of job-creating commercial space.

Agriculture, Ranching, Resources

As a land-based, fully diversified company, Tejon has extensive agriculture and ranching operations. In addition, the property includes significant oil, gas and other mineral resources. The company runs a full outdoors program with various hunting and equestrian opportunities. The diverse topography

of the ranch makes it a favorite location for filming movies, television programs and commercials.

Land Steward

Tejon Ranch also has a legacy of land stewardship. Its commitment to sustainability has inspired the conservation of the vast majority of its 422 square miles. Solar energy production plays a prominent role in its real estate developments, commercial and residential. The net zero carbon community of Centennial at Tejon Ranch is setting a new standard for climate-friendly devel-

See Tejon Ranch: Page 6

Tejon Ranch: Land Steward Provides Housing, Jobs, Conservation

From Page 5

opment. Water delivery and availability is one of the most important factors in the development and success of master planned residential communities, and each of the ranch's communities will feature state-of-the-art water conservation measures, reclaimed water for irrigation, stormwater capture, and drought-tolerant landscaping.

Tejon Ranch Co. holds to the highest corporate standards in all it does, with the core values of quality, environmental stewardship, and visionary innovation serving as the foundation for all its operations.



Tejon Ranch Company

Listed on New York Stock Exchange under symbol: **TRC**

President and CEO: **Gregory S. Bielli**

Employee count: **88**

Company headquarters: **4436 Lebec Road, Tejon Ranch, CA 93243**

Company business segments:

- **Commercial/Industrial Development**
- **Resort/Residential Development**
- **Agriculture**
- **Mineral Resources**
- **Ranch Operations**

Child Care Issues Can Prompt Move to Create Alternative Schedule

From Page 2

ballot election. A two-thirds vote of all affected employees is required to adopt the schedule. This means that if nine employees are affected, there must be at least six votes in support of the schedule. Employees are not required to vote, and a nonvote is treated just like a "no" vote.

If the new alternative workweek schedule is adopted, the employer must report it to the Labor Commissioner's office.

Maintaining/Repealing Schedule

Once the alternative workweek schedule is established, an employer needs to continue to ensure the schedule remains

valid. The Labor Commissioner can invalidate an existing schedule for a number of reasons, such as:

- The employer did not pay overtime properly for hours worked in excess of the schedule;
- Employees are no longer in the affected work unit but are still working the schedule;
- Employees consistently work outside the set schedule; or
- The schedule was changed without following the above procedures for creating an alternative workweek schedule.

If the schedule is invalidated, all hours worked in excess of eight in a day will be subject to overtime. An employer

also may unilaterally repeal an alternative workweek or employees may choose to repeal the schedule if at least one-third of the affected employees petition to repeal the schedule and two-thirds of the affected employees vote to repeal the schedule in a secret ballot election.

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.

CalChamber-Sponsored Seminars/Trade Shows

From Page 2

6–8, Las Vegas. (360) 693-3373
CleanTech Virtual Inbound Investment Mission. SelectUSA Tech. February 14–18, Online. (212) 381-9633.
California Pavilion at Singapore Airshow. Governor's Office of Business and Economic Development (GO-Biz) February 15–18. (213) 894-8725.
India Virtual Trade Mission. GO-Biz. March 7–11, Online. (279) 666-8635.
Trade Mission to Central America 2022. U.S. Commercial Service. March

27–28, Guatemala. (800) 872-8723.
Cybersecurity Business Development Mission to South America. U.S. Department of Commerce, International Trade Administration. April 5–8, Uruguay, Chile, Peru. (800) 872-8723.
30th Annual Africa and Diaspora International Conference. Center for African Peace and Conflict Resolution, California State University, Sacramento. April 28–30, Sacramento. (916) 278-6282.
Trade Mission to South America. U.S.

Department of Commerce, International Trade Administration. May 15–20. (800) 872-8723.
Annual Export Conference. National Association of District Export Councils. May 19–20, Washington D.C.
Maritime Transportation Data Summit. Federal Maritime Commission. June 1, Washington D.C. (202) 523-5725.
Concrete Show South East Asia 2022. MEREBO GmbH Messe International. September 14–17, Jakarta, Indonesia. 49-40-399 99 05-15.

Website Provides Updates on Fair Pay/Employer Accountability Initiative



A new website that provides updates and information on The California

Fair Pay and Employer Accountability Act is now available at <https://stoptheshakedown.com>.

The California Chamber of Commerce strongly supports this proposed initiative and is encouraging members to learn more about the important reforms it enacts and contribute to the “yes” campaign. Supporters may make monetary contributions through the [website](#).

Frivolous lawsuits brought under the Private Attorneys General Act (PAGA) have cost California businesses billions of dollars, all while workers are left waiting years to receive very little and attorneys walk away with millions.

Labor Agency Enforcement

The California Fair Pay and Employer Accountability Act would replace PAGA with increased enforcement mechanisms in the hands of the Labor and Workforce Development Agency (LWDA) so that workers recover wages faster and employers are no longer targeted by frivolous private litigation.

PAGA was enacted in 2004 to help the LWDA enforce California’s labor laws. It allows employees to sue for any Labor Code violation as if they were the state.

Because PAGA deputizes private attorneys to file lawsuits on behalf of those employees, it has been abused. Attorneys can leverage PAGA’s penalties to get big settlements even if the claims have no merit. The employer ends up paying a hefty sum with much of the money going to the attorneys and very little going to workers or the state.

PAGA lawsuits have increased more than 1,000% since the law took effect

in 2004. By 2016 and every year since, the LWDA has received between 4,600 to 6,000 PAGA notices. Employers have paid out billions of dollars in PAGA penalties since 2004.

Initiative Reforms

The California Fair Pay and Employer Accountability Act would solve this problem by:

- Replacing PAGA with alternative enforcement mechanisms through the state;
- Ensuring 100% of penalties go to workers;
- Speeding up recovery of wages and penalties for workers; and
- Doubling penalties where employers willfully violate the law.

Supporters of the California Fair Pay and Employer Accountability Act have begun gathering petition signatures to place the initiative on the November ballot.

Coalition Urges Legislature to Adopt \$3B UI Debt Payment Budget Proposal

From Page 3

Employment Development Department (EDD) was unprepared for the surge of claims and internal review processes failed to catch substantial fraud.

According to recent estimates,

California distributed at least \$20 billion in benefits to fraudulent claims, with an estimated \$1.3 billion coming from California’s UI Fund and the remainder coming from federally funded benefits programs.

Without the \$3 billion payment into the fund from the Governor’s proposed budget, California employers will be left paying the cost of this fraud.

Staff Contact: Robert Moutrie

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Visit Perks & Discounts on HRCalifornia for details, and click your way to savings today.

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COVID-19 Paid Sick Leave Extension, Tax Credit Package Moving

From Page 1

including the research and development tax credit, and the ability to utilize net operating loss carryforwards, which had been suspended in 2020 in the teeth of the pandemic recession. At the time, state leaders feared massive budget shortfalls and enacted more than \$10 billion in tax hikes on businesses.

Fast forward to today — the Governor anticipates a second straight year of massive budget surpluses, leading to his call to restore these tax tools and incentives.

The budget argument was bolstered by research commissioned by the CalChamber and produced by the Milken Institute that found the research and development tax credit spurred innovation and created high-paying jobs in all regions of California and in many diverse economic sectors. Among many others, Assemblymembers Evan Low (D-Campbell), Cottie Petrie-Norris (D-Laguna Beach) and Kevin Mullin (D-South San Francisco) championed the restoration of these tax tools.

The Legislature also may act on several additional incentives and assistance proposed by the Governor in January. These include state tax conformity for California recipients of federal relief grants in significantly impacted

industries, the waiver of initial filing fees for new businesses, and support for small businesses previously waitlisted in prior rounds of the state's Small Business COVID-19 Relief Grant Program.

Legislative approval of the Governor's proposals will help small businesses on their road to recovery, as well as signal California's commitment to a stable and predictable tax structure that welcomes innovation and risk-taking.

COVID Sick Leave Extension

Moved by the surge in omicron cases — and intense interest by Democrats in the Legislature — the Governor also proposed extending the temporary sick leave benefit for COVID-related illnesses for another nine months. The benefit will apply again to employees who have contracted COVID-19, are subject to quarantine or isolation, as defined by state or federal authorities, are getting the vaccine or recovering from side effects, or who are caring for sick family members or children unable to attend school.

The proposal maintains the exemption for small businesses (fewer than 26 employees) to provide the benefit, despite pressure from labor advocates to apply the mandate to all employers, and will be limited in duration — expiring at the end of September 2022.

Responding to concerns raised by CalChamber and other employer advocates, the Governor improved the sick leave benefit and reduced compliance costs by:

- Allowing employers to mandate proof of a positive COVID-19 test if the employee is seeking more than 40 hours of leave;
- Limiting to 40 hours the overall number of hours an employee can use, unless the employee or a family member tests positive for COVID-19;
- Limiting the number of hours that can be used to attend a vaccine appointment or recover from vaccine-related side effects to 24 hours;
- Ensuring the rate of pay matches existing paid sick leave; and
- Easing compliance for reporting on wage statements.

The revised proposal makes reinstatement of the leave “far more affordable and manageable,” Barrera said. “While we understand this additional leave will be shouldered by many employers, the proposal is more limited in scope and duration than what was originally discussed. We appreciate productive discussions with the Governor's office, Legislature, and advocates for labor.”

Staff Contacts: [Ashley Hoffman](#), [Preston Young](#)

Water Attorney Joins CalChamber Policy Team

From Page 1

well as assisted agricultural enterprises with rapidly changing irrigation discharge regulations.

Before joining Downey Brand, Bass

practiced at a California boutique environmental firm. She also externed for a federal bankruptcy judge in Sacramento.

Bass earned a B.A. in linguistics at the University of California, Davis, and a

J.D. with distinction from the McGeorge School of Law, University of the Pacific, where she was primary editor of the *McGeorge Law Review*.



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.

CalChamber Expresses Concern on Federal Antitrust Legislation, Regulation



The California Chamber of Commerce has sent a [letter of concern](#) to the California

Congressional Delegation on the economic consequences of recent federal proposals aimed at the technology sector and several of the nation's largest employers. The U.S. Senate Judiciary Committee held a meeting about the proposals on February 3.

A package of antitrust legislation aimed at competition in the U.S. technology sector was introduced in the U.S. House of Representatives early last year. More recently, a handful of U.S. senators have also introduced legislation with targeted regulation that would affect only successful U.S. tech companies.

Although intended to help bolster competition, these proposals instead force the breakup of industry-leading American technology companies; intervene with tech companies' business models; and undermine the digital products supporting many of the small- and medium-sized businesses that form the backbone of our economy.

Job Creation at Significant Risk

The proposals threaten job creation in technology and non-technology-related sectors. Every new tech job creates an average of more than four non-tech jobs in other local goods and services sectors across all income groups, including

lawyers, dentists, schoolteachers, cooks and retail clerks, among many others.

Moreover, as the Progressive Policy Institute demonstrates in a recent report, tech-created jobs improve employment outcomes across all education levels — benefiting both college and non-college-educated employees. This is part of the reason the CalChamber says it urges caution before disrupting settled antitrust jurisprudence.

"This issue requires study and needs to be addressed with a fact-based approach that is inclusive of diverse stakeholder input," the CalChamber stated in its letter.

The bills also may undermine economic recovery. Since the outbreak of the pandemic, the same digital technologies targeted by the proposals have empowered businesses to endure the economic crisis, and actively take part in the recovery.

For instance, a recent National Economic Bureau study found dramatic differences in the adverse impact of the COVID-19 pandemic on small- and medium-sized businesses: whereas businesses whose income was generated through offline channels experienced an average of 39% decline in sales during the crisis, businesses that were online incurred losses of only 23%.

Changes Focus of Enforcement Away from Consumer Welfare

Decades of antitrust jurisprudence have settled on the general principle that

antitrust should focus on the effects that challenged business practices have on consumers, rather than on alleged harms to specific competitors.

The proposed legislation, the CalChamber said, will reframe the entire analysis away from consumer welfare, including businesses that depend on the services and products the targeted companies offer.

The proposed bills deny technology companies the ability to continue providing these products and services. In effect, the bills deny people who rely on these products the benefits of their use and availability.

The CalChamber pointed out that the proposed legislation is unlikely to advance competition or benefit consumers, and, in fact, will have far-reaching adverse impacts on California and in communities across the United States.

"If there are issues in the marketplace that require new solutions, we support finding solutions that are supported by facts and take measured approaches that cause minimal economic harm," the CalChamber said. "But hastily disrupting decades of antitrust jurisprudence without understanding the negative consequences that such action will have on the U.S. economy is not a meaningful, or sensible path forward."

To read the CalChamber letter, click [here](#).

Staff Contact: Ben Golombek

CalChamber Offers Virtual Seminar on Privacy Rights Act Training



The California Chamber of Commerce will be presenting a virtual seminar on February 24

titled "The California Privacy Rights Act: Implementing a Compliance Program in a Rapidly Evolving Data Privacy Landscape."

The 60-minute seminar will feature presentations by top privacy and data

security legal experts from Perkins Coie LLP. They will briefly discuss the California Consumer Privacy Act (CCPA), which took effect in 2018, and delve into the new obligations and rights created by the California Privacy Rights Act (CPRA), passed by voters in 2020 and taking effect on January 1, 2023.

Presenters will guide attendees not only on how to implement a compliance program before the CPRA takes effect, but also on steps businesses should take

to comply with the CPRA and evolving data privacy regulations.

Attendees will receive the presentation slide deck, sample data inventory and instructions, a CPRA v. CCPA checklist and a CPRA vendor contract checklist.

CalChamber members and nonmembers can enroll in the [virtual seminar](#) at the CalChamber Store, <https://store.calchamber.com>, for \$124.99 (\$99.99 for Preferred or Executive CalChamber members).

Stakeholders Look to Data Harmonization to Solve Global Supply Chain Issues



The need to standardize data to solve global supply chain issues has been a consistent

theme at meetings to date of a maritime data initiative led by Federal Maritime Commissioner Carl Bentzel.

The virtual meetings of the Federal Maritime Data Initiative began in December 2021 and will continue into April 2022. Meetings have examined global supply chain issues from the perspectives of different groups of stakeholders.

The goal of the Federal Maritime Commission (FMC) initiative is to establish data standards and best practices for data access and transmission, which is essential not only for reliable and stable ocean transportation systems, but for the global supply chain.

Bentzel joined the California Chamber of Commerce last October for a [virtual meeting](#) on the state of U.S. ports and short- and long-term challenges in the shipping industry.

Comments from the data initiative meetings are summarized below.

Harnessing Technology

The first initiative meeting on December 7, 2021, focused on harnessing technology and innovation to create a more efficient supply chain system.

As goods pass from one step of the chain to the next (such as shipping carriers, terminals, truckers, forwarders, etc.), so does ownership of the data about those goods. Information is lost or loses accuracy as goods change hands.

Harmonizing all data information systems is crucial to solve supply chain challenges and drive future economic growth. Although such data systems already exist, there is a lack of communication between stakeholders.

Data sharing must become common practice in order to predict and prevent bottlenecks in the system. This data would give “actionable intelligence” and allow stakeholders to create a better logistics plan and optimize use of assets.

Tracking individual containers using artificial intelligence can allow stakeholders to predict where problems might occur in the supply chain and how to prevent them.

Changes at the national level can help alleviate some problems, but the only way to create true resilience in the supply chain is through the use of shared data at a global scale, as the supply chain is inherently global.

Drayage Trucking

Drayage trucking was the topic of the December 14, 2021 meeting, joined by industry executives from across the country.

Many executives spoke not only of the need for standardization, but also of automation as truckers often are required to visit several different platforms to collect the data they need.

Unlike other components of the supply chain, drayage trucking doesn’t run “point to point.” Truckers may do a local move one day and a long haul the next, meaning there is a huge amount of variability in their operations. Lack of information creates friction in the system.

The need for real-time data updates is paramount for the trucking industry to create an efficient system, as the life cycle of data in the drayage industry is very short. When even a small amount of data is missing, it quickly creates inefficiencies in the system that lead to increased costs, time wasted, and backups in the ports. A solution is needed that will create a standardized process and is accessible for trucking companies, large and small.

Distributing Goods

The January 11 meeting featured comments by stakeholders from warehouses, distribution centers, and third-party logistics providers.

The conversation continued to be centered on the need for data to be integrated automatically into one location by pushing data to that system, rather than pulling information from various systems. Stakeholders also stressed the importance of real-time data, saying it is

the difference between being proactive and reactive.

Warehouses operate most efficiently when material moves through them. If material does not move out rapidly because of bad data on the availability of outbound ocean containers or trucking, bottlenecks occur.

Examples of technology currently used elsewhere that could be applied beneficially to maritime transportation include the “Your wait will be X minutes from this point” used in lines for a ride at an amusement park; or the arrival and departure boards at airports that allow passengers and others to see in real time if a flight is on time and from where it is coming.

Reworking and applying to the maritime transportation industry these widely used methods of offering real-time data in other industries would allow for better efficiency and coordination and prevent congestion.

Cargo Owners

Representatives from the beneficial cargo owner community — the party that ultimately owns the product being shipped — participated in the January 18 meeting.

Participants emphasized the importance of standardized data and a standardized frequency of reporting that data, especially related to container movements because there often are changes and discrepancies in arrival dates.

Stakeholders from major nationwide retailers pointed out that 95% of containers that come into the United States are moved through third party providers. Many of the retailers obtain products from around the world, although a large percentage of goods come from Asia.

When their products arrive in U.S. ports, retailers often do a last-minute allocation of inventory as it flows into the domestic supply chain to find the best place to which to move the goods. Retailers move about 30% of goods directly into the retailers’ nationwide distribution network. The remaining goods are moved to one of four

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Stakeholders Look to Data Harmonization to Solve Supply Chain Issues

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major centers: New York/New Jersey, Savannah, Long Beach, and Seattle.

The beneficial cargo owners need to know quickly what is happening on the ground as they don't have time to develop elaborate reports to make decisions.

Chassis Industry

On January 25, stakeholders from the chassis industry pointed out that nonreal-time data originating from nonautomated sources eventually causes challenges when shared.

The "bad" data makes it difficult to forecast when assets are available for a new load. Moreover, there is a risk of human mistakes when data is entered by "fingers on keys."

The visibility of assets at terminals, whether marine or rail, historically has been a "black hole" for data, making it hard to determine when assets are available to be used by customers or what

assets are being used by terminal operators. Notably, Southern California is one of the most complex terminal environments in the world.

One stakeholder suggested that global positioning systems (GPS) be used to help provide real-time data. The suggestion was acknowledged as a good first step, but it was noted that GPS doesn't provide the status of a given container or piece of equipment.

Others commented that processing containers coming off ocean liners based on the product inside would be more efficient; knowing what the unit contained would help determine whether it needed to be moved immediately or could be tended to within the next seven days.

Perhaps often overlooked as a choke point in the supply chain is that 85% of the world's chassis are made in China as are 100% of all drayage containers. This reliance on Chinese manufacturers could cause difficulties in the future if not addressed.

Future Meetings

Commissioner Bentzel is leading meetings with maritime and intermodal stakeholders through April. Initial findings from these meetings are expected to be presented at the FMC Maritime Transportation Summit, currently scheduled for June 1.

All meetings are open to the public and the FMC has made available a new email address where stakeholders can communicate any concerns related to the topic of maritime data at maritimedata@fmc.gov.

To see the dates and topics of the remaining initiative meetings, plus links for online viewing, visit the FMC Maritime Transportation Data Initiative website at <https://www.fmc.gov/fmc-maritime-transportation-data-initiative/>.

Staff Contact: Susanne T. Stirling

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