CalChamber
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ALERT

Ballot Measures: Voters, CalChamber in Alignment

Based on unofficial returns this week, the California Chamber of Commerce and California voters were in agreement on a number of November ballot measures.

• **Proposition 2**: K-12 public schools, community college bond, was passing, 56.9% to 43.1%; CalChamber supported.

• **Proposition 3**: constitutional right to marriage, was passing, 61% to 39%; CalChamber supported.

• **Proposition 4**: safe drinking water, wildfire prevention bond, was passing, 57.9% to 42.1%; CalChamber neutral.

• **Proposition 5**: 55% voter approval for local infrastructure/housing bonds, was failing, 43.7% yes to 56.3% no; CalChamber opposed.

• **Proposition 32**: minimum wage increase, was failing, 48% yes to 52% no; CalChamber opposed.

• **Proposition 33**: Rent control, was failing, 38.5% yes to 61.5% no; CalChamber opposed.

• **Proposition 34**: restricts spending of prescription drug revenues, was passing, 51.5% to 48.5%; CalChamber supported.

• **Proposition 35**: permanent funding for Medi-Cal health care services was passing, 66.8% to 33.2%; CalChamber neutral.

• **Proposition 36**: increases penalties for drug and theft crimes, was passing, 70.4% to 29.6%; CalChamber supported.

Updated results are posted on the website of the Secretary of State at ***www.sos.ca.gov***. Results will be certified by December 13.

International Issues May Advance in Post-Election Congressional Session

Following Election Day, Congress is expected to be in session (118th Congress, 2nd session) through December 19 (except Thanksgiving week) for a "lame duck" session. The California Chamber of Commerce hopes that during this session, several pending CalChamber-supported international-related proposals will be approved.

State Trade Expansion Program (STEP)

The CalChamber supports reauthorization of the State Trade Expansion Program (STEP) at the U.S. Small Business Administration (SBA) by adding the STEP Modernization Act of 2024 to the National Defense Authorization Act (NDAA) bill. The STEP program is a vital resource to help small businesses compete in the global economy.

Exports play a critical role in the economy, accounting for nearly 12% of the U.S. gross domestic product (GDP). Exports supported more than 9 million U.S. jobs in 2023.

Despite the enormous potential of exporting, only 280,000 of the more than 30 million small businesses in the United

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Proposed Privacy Regulations Will Hurt Business, Consumers

Businesses, consumers and governments in California will suffer net losses from proposed rules pending before the state privacy agency, according to a report released this week by the California Chamber of Commerce.

The agency is scheduled to consider the proposed rules at its November 8 meeting.

The report by Capitol Matrix Consulting (CMC) concludes that the proposed regulations to implement the California Consumer Privacy Act (CCPA) of 2018 will result in a substantial net economic loss to business, consumers and governments in the state, both in the near term and the long term, translating into reduced jobs and tax revenues.

The California Privacy Protection Agency (CPPA) incorrectly concluded that savings from the proposed rules eventually will exceed its costs by understating the costs and overstating the savings, the CMC report found.

The CMC report analyzes anticipated savings detailed in the CPPA's Standardized Regulatory Impact Assessment (SRIA) of proposed regulations that would add to and change existing rules related to the CCPA of 2018 as amended by the California Privacy Rights Act (CPRA) of 2020.

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Inside

Cal/OSHA Corner

Lead Exposure Standard: Big Changes Take Effect January 1, 2025

Mel Davis
Workplace Safety Expert

What changes has Cal/OSHA made to its standard for exposure to lead in construction and other industries?

The Division of Occupational Safety and Health (Cal/OSHA) and the Occupational Safety and Health Standards Board have made extensive revisions to the standard for lead exposure in the Construction and General Industry Safety Orders. The new regulations will take effect on January 1, 2025.

Existing regulations had established enforcement criteria for permissive lead exposure contained in Section 1532.1 of the Construction Safety Orders (CSO) and Sections 5155 and 5198 of the General Industry Safety Orders (GISO).

Existing requirements in these sections are based on lead toxicity information and medical and epidemiological data that is now 40 years old. Current evidence demonstrates that even at exposure levels well below those currently allowed by the existing regulations, harmful health effects can occur.

Revision Process

Pursuant to recommendations submitted to the Cal/OSHA by the California Department of Public Health in 2010 and 2013 to revise the lead standards, Cal/OSHA initiated six advisory committees consisting of the affected stakeholders.

In addition, in June 2019, Senate Bill (SB) 83 amended the Labor Code, creating new Section 6717.5. The amendment required Cal/OSHA to submit to the Standards Board a rulemaking proposal to revise the lead standards in the CSO and GISO, consistent with scientific research and findings.

The new standards are comprehensive and revise virtually all permissible exposure limits (PEL), time-weighted averages (TWA), blood lead levels (BLLs), and modify testing requirements for zinc protoporphyrin (ZPP).

Sample of Revisions

Following is just a limited example of the many revisions that have been made.

For Construction Safety Orders, Section 1532.1, Lead:

• Lowering an action level that triggers certain protective measures from 30 to 2 micrograms of lead per cubic meter. (The same change was made in Section 5198 of the General Industry Safety Orders.)

• New definitions for items such as a "Level 1 trigger task," "Level 2 trigger task," "Level 3 trigger task" and "trigger task-not listed."

• Reducing the duration of specified work that triggers the requirement to implement medical surveillance.

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Human Resources

2025 Employment Law Updates. CalChamber. January 7, 2025, Online; January 9, 2025, Online; January 10, 2025, Online; January 14, 2025, Long Beach; January 16, 2025, Sacramento and Online; January 23, 2025, Online. (800) 331-8877.

International Trade

Cosmoprof Asia Hong Kong. Governor's Office of Business and Economic Development (GO-Biz). Registration of interest required. November 12–14, Hong Kong, China.

Rebuild Ukraine 2024: Business in Ukraine and Poland. GO-Biz. November 12–15, Warsaw, Poland. *patricia.utterback@gobiz.ca.gov*.

Exim 2025 Annual Conference. Export-Import Bank of the United States. April 29, 2025–April 30, 2025, Washington, D.C. In-person only. Registration will open later in 2024.

14th World Chambers Congress. World Chambers Congress. September 2, 2025–September 4, 2025, Melbourne, Australia.

CalChamber Calendar

Public Affairs Conference:
November 12–13, Anaheim.

Women's Leadership Council:
December 12, Monterey.

ChamberPAC Advisory Committee:
December 12, Monterey.

Board of Directors:
December 12–13, Monterey.

International Trade Breakfast:
December 13, Monterey.

Annual Meeting:
December 13, Monterey.

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The Workplace

Understanding California's PAGA Reforms

In Episode 208 of The Workplace podcast, CalChamber Associate General Counsel Matthew Roberts and CalChamber Senior Policy Advocate Ashley Hoffman discuss the recent guidance released by the California Labor and Workforce Development Agency (LWDA) on changes to the California Private Attorneys General Act (PAGA).

Key Changes to PAGA

Earlier this year, Governor Gavin Newsom signed into law historic amendments to PAGA that took effect on June 19. These changes primarily focus on altering penalty distributions and offering employers new avenues for compliance.

Under the reforms, penalties will be allocated more favorably toward employees, moving from a 75-25 split of awards distribution of settlement funds to a 65-35 split, Hoffman explains. This means that a larger portion of penalties will now directly benefit the employees affected by violations.

Additionally, employers now have a clear path to significantly cap their potential penalty exposure. If an employer can demonstrate that they took reasonable steps to comply with labor laws before receiving a lawsuit, they can limit their maximum penalty to just 15% of the applicable penalty.

"Even if they can't show that they took all reasonable steps prior to receiving the lawsuit, if they can show that they took reasonable steps promptly after receiving it," they could have that capped at a maximum of 30%, she says.

Another important component of the reform is expanded cure opportunities. The new changes broaden the scope of what can be cured under PAGA, including various wage statement errors and meal/rest break violations. Employers now have the chance to rectify issues before facing severe penalties, which was a substantial limitation under the old law.

PAGA Notice Process

The LWDA's recent guidance explains the process that employers may expect when an employee initiates a PAGA action against them, Roberts says.

If a lawsuit is initiated, the plaintiff must first file a notice with the LWDA and serve it on the employer by certified mail, Hoffman says. The LWDA then has 65 days to decide whether to investigate the claim.

Roberts points out that if an employer receives such a notice, it should trigger the employer to take certain measures.

Hoffman explains that upon receiving notice, employers should immediately audit their records to identify any violations. If violations are confirmed, the employer can initiate a cure process.

Smaller employers have the opportunity to hold a conference with the LWDA to obtain help facilitating a cure. Larger employers also have the opportunity for a conference and have a neutral evaluator look at the merits of the case as well.

"The goal is quicker resolution, trying to get the parties in a room together as soon as possible," she says.

What, Roberts asks, does the LWDA look for when an employer proposes a cure process?

Hoffman replies that if violations are identified, employers can propose a "cure" process to rectify the issues, which may involve paying unpaid wages plus interest and reasonable attorney fees.

Roberts points out that while there may be costs involved in this cure process, it still is a significant savings from the substantial penalties and legal fees under the previous system.

Compliance Best Practices

Hoffman stresses that employers should be conducting audits of company practices and reviewing company policies every year—especially when new laws come out and there are new court cases and legal developments.

Employers should also review the training of supervisors and employees on compliance matters. Employers should ensure that meal and rest break polices are correctly followed.

Roberts adds that employers should also stay in touch with an organization like the CalChamber that puts out compliance resources, toolkits and other materials to help with audits and training.

ALERT
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California Works

California's Hydrogen Economy: Paving a Path Toward Net-Zero

CALIFORNIA WORKS

This article is a part of a series of profiles of CalChamber member companies that are contributing to the state's economic strength and ability to stay competitive in a global economy. Visit California Works to learn more about this series and read past and future profiles.

ARCHES H_2 Alliance for Renewable Clean Hydrogen Energy Systems

The demand for a hydrogen economy is here, promising to generate substantial economic impacts by creating jobs, driving innovation, and further positioning the Golden State as a global leader in net-zero technology. Leading this charge is the Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES), the nation's first hydrogen hub.

Working closely with the U.S. Department of Energy, the Governor's Office of Business and Economic Development (GO-Biz), as well as state legislative and agency offices, this public-private partnership aims to improve the environment, air quality, and quality of life for all Californians while bolstering local economies.

A Catalyst for California's Net-Zero Economy

In an effort to streamline processes, Governor Gavin Newsom directed GO-Biz, a founding member of ARCHES, to develop a fast-track hydrogen infrastructure development. This initiative has garnered broad government support, with bipartisan backing from state legislators and coordination across multiple agencies, including the California Air Resources Board, ensuring alignment with statewide clean energy mandates.

California's shift to a hydrogen-powered future requires a collaborative approach between regulators and private businesses. Together, ARCHES, its broad government coalition and private industry partners can advance the state's climate goals of reducing greenhouse gas emissions to 40% below 1990 levels by 2030.

"ARCHES was structured to enable and deliver a clean renewable hydrogen energy system in California and beyond," said ARCHES CEO Angelina Galiteva. "Governor Newsom's all-of-government approach to accelerating the hydrogen market is exactly what we need to deliver for California and the nation. ARCHES is fully committed to working hand in hand with the Governor's Office of Business and Economic Development and our broad coalition of partners to accelerate California's transition to a carbon-free economy."

The following key impacts highlight ARCHES' broader effects on the state economy and local health benefits:

- **Job Creation**: ARCHES projects will create 220,000 jobs, spanning sectors from renewable energy development to infrastructure construction, logistics, and advanced technology.
- **Health Benefits**: Hydrogen projects bring about $2.95 billion in health-related economic benefits every year, including fewer hospitalizations and reduced health care costs.
- **Community Impact**: At least 40% of the benefits, approximately $380 million, will be dedicated to local communities through community-directed investments, workforce training, and family-supporting jobs.

California Governor Gavin Newsom, U.S. Senator Alex Padilla, ARCHES CEO Angelina Galiteva and state leaders gathered for the official ARCHES Hydrogen Hub launch announcement in Oakland on August 30.

The transition to hydrogen will require a highly skilled workforce, creating opportunities for promising careers through clean energy job training programs.

The economic advantages extend beyond job creation, too. Hydrogen offers an unparalleled opportunity to decarbonize hard-to-electrify sectors, such as heavy-duty transportation, ports, and goods movement.

With quick refueling times, long ranges, and lightweight systems, hydrogen fuel cell vehicles can complement battery electric vehicles, creating a diverse and resilient clean energy system that supports California's climate goals.

Projects Underway

ARCHES is currently determining

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potential siting and facility options across California, with selected sites (projects) including:

• **Production**: ARCHES is developing more than 10 hydrogen production sites statewide, with a focus on the Central Valley. These sites will use clean sources to produce hundreds of metric tons of clean hydrogen per day.

• **Power**: ARCHES plans to transition several small-scale distributed energy systems to fuel cells as well as at least two large-scale power plants in Southern and Northern California (the Los Angeles Scattergood plant and Lodi Energy Center) to 100% renewable hydrogen.

• **Transportation**: ARCHES has developed partnerships with more than 13 regional transit agencies to develop at least 60 hydrogen fueling stations for fleets of approximately 5,000 Class 6-8 trucks and 1,000 fuel cell electric buses, gradually removing diesel-fueled trucks from circulation resulting in immediate air quality benefits to surrounding communities.

• **Ports**: At marine terminals, including the Ports of Long Beach, Los Angeles and Oakland, ARCHES aims to replace existing diesel-powered heavy equipment and drayage trucks with hydrogen fuel cell alternatives, improving air quality for surrounding communities.

California Governor Gavin Newsom, U.S. Senator Alex Padilla, U.S. Department of Energy Under Secretary for Infrastructure David Crane and state leaders at a hydrogen fueling station on August 30.

Powering California Forward

The economic and environmental benefits of a hydrogen economy are clear. Through sound investments in clean hydrogen technologies that strengthen the hydrogen-value-chain, ARCHES projects will create jobs, foster innovation and power the state forward to a net-zero future.

Lead Exposure Standard: Big Changes Take Effect January 1, 2025

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• Establish general hygiene requirements when employees have occupational exposure to lead, rather than exposure to lead above the PEL. (The same change was made in Section 5198.)

• Lowering the PEL for lead, calculated as an 8-hour time-weighted average (TWA), from 50 micrograms/cubic meters of air to 10. (The same change was made in Section 5198.)

For General Industry Safety Orders, Section 5155, Airborne Contaminants:

• Lower the PEL for lead (metallic) and inorganic compounds, dust and fume, as Pb (lead) calculated as an 8-hour TWA, from 0.05 to 0.01 micrograms per cubic meter of air.

• Lower the PEL for lead chromate, as Pb (lead) from 0.02 to 0.01 micrograms per cubic meter of air.

For General Industry Safety Orders, Section 5198, Lead:

• Adding and defining the terms "altering or disturbing," "blood level" and "high efficiency particulate air (HEPA)" filter.

• Adding and defining the term "presumed significant lead work (PSLW)."

• Requiring respiratory protection, protective clothing and equipment, medical surveillance, training, and warning signs for lead, when employees perform PSLW.

• Lowering the BLL at which specified employees must be offered medical examinations and consultations at least annually from 40 to 20 micrograms per cubic meter of air.

• Increasing the frequency of BLL testing when their BLL is at or above 10 micrograms per deciliter and requiring a response plan when an employee's BLL is at or above 10 micrograms per deciliter.

Standards Board Documents

To view the revised lead standard as approved by the Office of Administrative Law (OAL), click here.

The regulatory history, approved standard and other documents are available at ***https://www.dir.ca.gov/OSHSB/Lead.html***.

New Hospitality Leader Award Named for CalChamber Board Member

A company dedicated to elevating the future of foodservice and hospitality has named its new leadership award for longtime CalChamber Board member Ted Balestreri, chairman and CEO of Cannery Row Company.

The Ted Balestreri Leadership Accelerator Award will be presented by the Prosper Forum each year to recognize individuals who exemplify its mission to elevate leadership talent and foster a more inclusive future for the foodservice and hospitality industry.

In announcing its creation of the award, the Prosper Forum hailed Balestreri as “a tireless advocate for education, leadership, and investing in future generations. His commitment to innovation and championing inclusion has left an indelible mark on the foodservice and hospitality sector.”

Balestreri has served for more than four decades on the National Restaurant Association Board, including a term as president, and is a longstanding member of the World Travel and Tourism Council. He has been a member of the CalChamber Board of Directors since October 2003.

“It’s truly an honor to be a part of this wonderful recognition,” said Balestreri.

At the first presentation of the Ted Balestreri Leadership Accelerator Award are (from left), David Jobe, co-founder and CEO, Prosper Forum; Ted Balestreri, chairman and CEO, Cannery Row Company; Luke Kircher, co-founder and president, Prosper Forum; James Fripp, chief equity, inclusion and belonging officer, Yum! Brands, Inc.; Hattie Hill, member, Prosper Forum Board of Directors; and Tracy Skeans, chief operating officer and chief people officer, Yum! Brands.

“Leadership is not about individual achievement, but about empowering others to grow, innovate, and leave the industry better for future generations.”

The first recipient of the Ted Balestreri Leadership Accelerator Award is James Fripp, chief equity, inclusion and belonging officer for YUM! Brands, Inc.

International Issues May Advance in Post-Election Congressional Session

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States export their products or services. The STEP grant program is the bridge and catalyst to increase the number of small businesses that export.

Since its inception in 2010, the STEP program has assisted more than 15,000 small businesses to start or expand their exports. Historically, the program has yielded a return on investment of greater than $30 to $1 in federal funds. This seed investment helps small businesses grow, diversify markets, and create stable, higher-wage jobs in the United States.

The STEP Modernization Act of 2024 will increase the efficiency and overall effectiveness of this program by streamlining the application and reporting processes. Reducing the administrative burden on both grantees and the SBA will facilitate greater use of this program, resulting in increased exports by small businesses.

In California, the Governor's Office of Business and Economic Development (GoBiz) administers the STEP program and has a list of trade shows and missions in which small businesses can apply to participate. To learn more, visit California State Trade Expansion Program (STEP).

Generalized System of Preferences

The Generalized System of Preferences (GSP), which lapsed on December 31, 2020, supports the development of 119 emerging economies by eliminating tariffs and opening the U.S. market to qualifying, nonsensitive exports from those countries. At the same time, GSP supports U.S. workers and manufacturers by reducing costs of imported inputs and equipment and helps American families stretch their paychecks by lowering the costs of consumer goods imported duty-free.

Since GSP expired, U.S. companies have paid more than $4 billion in extra taxes. The lapse has contributed to the significant cost increases on many everyday items over the last several years, the top economic concern for most Americans. Expiration of GSP also has hindered U.S. companies' efforts to diversify suppliers and build more resilient supply chains, including reducing dependence on China.

Fortunately, much congressional work on GSP renewal legislation is already done. The GSP Reform Act (H.R.7986) incorporates virtually all of the bipartisan GSP provisions from the trade package approved 91-4 by the U.S. Senate during the 117th Congress. H.R. 7986 also modernizes the program with updates to review procedures.

Given the uncertainty of the last several years, and the competing priorities for the new Congress and administration in 2025, it is critical that Congress passes a retroactive GSP renewal before the end of 2024.

African Growth and Opportunity Act

Enacted in May 2000, the African Growth and Opportunity Act (AGOA) is the cornerstone of U.S. economic and commercial engagement with the countries of sub-Saharan Africa.

AGOA provides eligible sub-Saharan African countries with duty-free access to the U.S. market for more than 1,800 products, in addition to the more than 5,000 products that are eligible for duty-free access under the Generalized System of Preferences program. Thirty-two countries are eligible for AGOA benefits in 2024.

To meet the AGOA's rigorous eligibility requirements, countries must establish or make continual progress toward establishing a market-based economy, the rule of law, political pluralism, and the right to due process. In addition, countries must eliminate barriers to U.S. trade and investment, enact policies to reduce poverty, combat corruption, and protect human rights.

By providing new market opportunities, the AGOA has helped bolster economic growth, promoted economic and political reform, and improved U.S. economic relations in the region.

Congress first passed the program in 2000, when Bill Clinton was president, and has renewed it several times with bipartisan support. The latest 10-year extension expires on September 30, 2025, and Congress has been slow in renewing.

The AGOA Renewal and Improvement Act of 2024 (S.4110), has been introduced in Congress and referred to the U.S. Senate's committee on finance for initial consideration.

The new act extends the AGOA preference sunset clause for 16 years — from September 2025 to September 2041. This long-term extension is expected to provide greater stability and predictability for trade relations between the United States and AGOA-eligible countries.

The CalChamber believes that it is in the mutual economic interest of the United States and sub-Saharan Africa to promote stable and sustainable economic growth and development in sub-Saharan Africa and that this growth depends in large measure upon the development of a receptive environment for trade and investment.

The CalChamber is supportive of the United States seeking to facilitate market-led economic growth in, and thereby the social and economic development of, the countries of sub-Saharan Africa. In particular, the CalChamber is supportive of the United States seeking to assist sub-Saharan African countries, and the private sector in those countries, to achieve economic self-reliance.

Staff Contact: Susanne T. Stirling

Proposed Privacy Regulations Will Hurt Business, Consumers

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The SRIA concludes that the regulations would result in direct costs to California businesses of $3.5 billion in the first full year and average annual costs to businesses over the first 10 years of $1.08 billion and will result in employment losses peaking at 126,000 in 2030.

Similarly, the SRIA estimates annual state revenue losses reaching $2.8 billion in 2028. While the SRIA claims long-term benefits will exceed these costs, the report reveals that the purported benefits are based on an arithmetical error and speculative assumptions.

Proposed Regulations

The proposed regulations:

• Update existing CPPA regulations;

• Clarify when insurance companies are subject to the CPPA regulations;

• Require businesses meeting specified criteria to complete annual cybersecurity audits;

• Require businesses to prepare a risk assessment before processing personal information for certain activities;

• Require businesses using automated decision-making technology (ADMT) to give consumers newly created rights to opt out (beyond the scope of regulations to implement the CCPA), and to give consumers information about how the ADMT will be used.

Privacy Agency Errors

The CMC report found that the privacy agency's Standardized Regulatory Impact Assessment (SRIA) understated the costs by:

• Underestimating external auditor and employee compensation rates paid by businesses;

• Excluding from its economic analysis out-of-state businesses that sell into California markets; and

• Ignoring the massive ongoing costs and business productivity losses resulting from behavioral changes by businesses and consumers following adoption of the regulations.

In addition, the SRIA overstates the savings from the proposed regulations by:

• Grossly overestimating baseline cybercrime losses due to an arithmetical error and other factors, including a flawed approach to estimating future cybercrime losses; and

• Overestimating savings from audits and risk assessments based on assumptions not supported by the literature, including articles listed in the SRIA.

Impact on Innovation

The CMC analysis points out that the SRIA fails to address a key requirement in California law: that SRIAs evaluate the impact of proposed regulations on "the incentives for innovation in products, materials, or processes."

Automated decision-making technology (ADMT) and related artificial intelligence (AI) technologies are expected to have a huge impact on the global economy over the next decade. A recent study by Goldman Sachs found that AI could drive a 7% increase in global gross domestic product (GDP) and lift annual labor productivity growth by 1.5 percentage points over a 10-year period.

A 7% increase in California GDP would translate into an additional annual GDP of $400 billion by 2036. Therefore, policies stifling even a small fraction of ADMT adoption and use would have impacts amounting to tens of billions of dollars per year, dwarfing actual savings from the proposed rules once the savings are adjusted for arithmetical errors and other factors, the CMC analysis stated.

Impact on State Jobs/Revenues

The CMC analysis warns that there are major implications for California jobs and revenues from the privacy agency's underestimate of costs and overestimate of benefits of the proposed regulations.

Higher direct costs identified by the CMC analysis would translate into reduced jobs and revenues that are at least double the privacy agency's estimate.

It also is highly unlikely that the longer-term net economic gains will occur as forecasted by the privacy agency because many of the costs not identified by the privacy agency are ongoing (for example, the regulation's stifling effects on innovation and ongoing costs and productivity losses due to opt-outs).

Moreover, the privacy agency's estimates of cybercrime reductions due to the regulations are unreliable. The near-term negative impact of the regulations on the economy and state government revenues will likely grow in the future, according to the CMC report.

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