

ALERT

Governor Releases Revised Budget Plan for 2025–26



2025–26 state budget, including adjustments for a new shortfall estimated at \$12 billion.

He described the projected budget deficit as largely resulting from actions taken at the federal level and proposed curtailing what he called “unsustainable spending” while still investing in housing, education and infrastructure.

CalChamber Statement

In response to the Governor’s revised

This week, Governor Gavin Newsom released his May revision plan for the

state budget, CalChamber President and CEO Jennifer Barrera issued the following statement:

“The revised budget plan addresses a number of key challenges that lie ahead for California and the nation. In these uncertain economic times, CalChamber believes the Governor has laid out a reasonable path forward, carefully balancing the need to invest in programs that support the state’s economy with prudent spending reductions that address the gap between revenues and expenditures.

“The Governor has made it clear that state officials should roll up their sleeves and prioritize all housing and critical infrastructure programs, such as

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CalChamber Expands Executive Team with Seasoned Comms Strategist



John Myers

The California Chamber of Commerce has expanded its executive team with the hiring of seasoned communications strategist John Myers as the new senior vice president, communications

and external affairs. In this expanded role, Myers will not only be responsible for the organization’s communications efforts, but will work cross-functionally to highlight CalChamber’s new Affordability Agenda.

“We are thrilled to have such an esteemed communications strategist join our ranks and help CalChamber highlight the important decisions we make day in and day out to support businesses and consumers,” said CalChamber President and CEO Jennifer Barrera. “John’s experience both as a journalist and as a leading voice in California’s largest government agency showcase the breadth and depth of his capabilities and I’m honored to have him as part of our leadership team at CalChamber.”

Myers spent almost three decades as an award-winning California journalist, serving in various roles in broadcast

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Cost Driver Creating New Reasons to Sue for Consumer-Friendly Pricing Passes Assembly



Legislation identified by the California Chamber of Commerce as a **Cost**

Driver that will hurt existing consumer-friendly pricing practices passed the Assembly this week.

The bill, **AB 446 (Ward; D-San Diego)**, burdens rewards programs with a new private right of action. Specifically, AB 446 makes it considerably harder for businesses to offer basic, consumer-friendly pricing practices — such as local discounts, loyalty programs, and others — by creating a private right of action for any use of personal informa-

tion or aggregate data in pricing if new consent standards are not met.

The bill also conflicts with the California Consumer Privacy Act (CCPA) by rewriting disclosure and consent obligations necessary to use personally identifiable information and creates entirely new consent and opt-in obligations for the use of aggregate information.

The CalChamber and a coalition of employer associations have shared amendments to address their concerns with the bill while still prohibiting businesses from using the personally identifiable information of a consumer to raise the price of goods for an individual or group of consumers.

Although the concerns outlined in the

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*Labor Law Corner***Personal Cell Phone Use for Work: How to Figure Reimbursement Rate****Erika Barbara**
Senior Employment
Law Counsel

Our employees use their personal cell phones at work — hourly employees use an app on their phones to clock in and out and managers use their phones throughout the day to communicate with clients and other managers. Do we have to reimburse employees for that use and if so, in what amount?

California Labor Code section 2802 requires that employers reimburse employees for all necessary expenses incurred in the course and scope of their

employment. In other words, if you require employees to do something and they incur an expense in doing so, you must reimburse them for the expense.

Reimbursable expenses can take many forms, such as: mileage when an employee is using their own car for work purposes; the cost of meals and lodging when an employee travels for work; and, as is the case in this question, cell phone expenses when employees use their personal cell phone for work purposes.

Required Expense?

Whether an employer must reimburse an employee for an expense depends on whether the employer required the employee to incur the expense. In this situation, that means determining whether you are requiring employees to use their personal cell phones for work purposes.

If you tell hourly employees that they must install an app on their personal cell phones and use it to clock in and out, you must reimburse them for the expense of doing so. Similarly, if you require that managers use their personal cell phones to communicate for work purposes, you must reimburse them for that expense.

If, however, you give managers a company cell phone to use and a manager chooses to use their own cell phone instead, that would not be a reimbursable expense — because you are not requiring them to use their own phone.

Determining how much to reimburse employees when you require them to use their personal cell phones for work purposes can be tricky. Case law states that employers must reimburse “some reasonable percentage” of an employee’s cell phone bill — even if the employee did not incur any extra expense using their cell phone because they have an unlimited data plan.

‘Reasonable Percentage’ Varies

What is a “reasonable percentage” will vary depending on how often the employee must use their phone for work purposes. In this example, the reimbursement for the hourly employees who use their phones only to clock in and out could be a smaller percentage than the reimbursement for managers, who must use their phones throughout the workday for work-related communications.

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Alert (ISSN 0882-0929) is published weekly during legislative session with exceptions by California Chamber of Commerce, 1215 K Street, Suite 1400, Sacramento, CA 95814-3918. Subscription price is \$50 paid through membership dues.

*Send email address changes to alert@calchamber.com.
Publisher: Jennifer Barrera. Executive Editor: Ann Amioka. Art Director: Neil Ishikawa.*

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CalChamber-Sponsored Seminars/Trade Shows

More information at www.calchamber.com.
Human Resources

HR Boot Camp. CalChamber. June 5–6, September 11–12, Online. (800) 331-8877.

Supervisor Essentials: Workplace Compliance. CalChamber. July 17, Online. (800) 331-8877.

Leaves of Absence. CalChamber. August 7–8, Online. (800) 331-8877.

International Trade

Access Africa Now: Empowering Africa’s Financial Future — Exploring Fintech’s Role in Growth and Opportunity. Webinar Series. U.S. Commercial Service. April 29–June 24, Online. [Webinar website](#).

Annual Export Conference. National Association of District Export Councils. May 19–20, Washington, D.C. [Conference website](#).

Inland Empire World Trade Conference: Empowering Local Manufacturers for

Global Success. Corona Chamber of Commerce. May 21, Corona. [Registration required](#).

Navigating the Evolving Tariff Landscape & Developing Mitigation Strategies. National Institute for World Trade. May 22, Online. [Free: Pre-registration required](#).

11th Annual Orange County World Trade Week. Southern California District Export Council. May 28, Irvine. [Event website](#).

14th World Chambers Congress. World Chambers Congress. September 2–September 4, Melbourne, Australia. <https://wcc.iccwbo.org/>

CalChamber Calendar

California Business Outlook and Dinner:
June 4, Sacramento

The Workplace

How Privacy Agency's Proposed AI Rules Would Affect State Businesses



In **Episode 223** of The Workplace podcast, CalChamber Associate General Counsel Matthew Roberts, Covington &

Burling LLP Partner Lindsey Tonsager and Covington & Burling LLP Associate Attorney Jayne Ponder discuss the California Privacy Protection Agency's (CPPA) latest regulatory efforts on automated decision-making technology (ADMT), also known more broadly as artificial intelligence (AI).

Recently, the California Civil Rights Council (CRC) approved regulations confirming that using automated-decision systems for work practices — like hiring or performance metrics — can violate the law if used in a discriminatory manner.

Now, the CPPA's regulations may require businesses to follow additional, burdensome procedures related to automated decision-making technologies.

Privacy Agency Proposed Rules

On the podcast, Roberts, Tonsager and Ponder discuss how the CPPA's proposed

regulations are extremely broad — encompassing not only those technologies that replace human decision-making but also those that substantially facilitate human decision-making, depending on how they are used. “Technologies” like an Excel spreadsheet or a calculator could be classified as automated decision-making technology.

Plus, the CPPA's current proposed regulations require employees and applicants to be able to opt out of having certain technologies process their personal data — meaning companies may have to document lots of information on how their various technologies work and are used.

Plus, using other automated decision-making technologies could trigger these rules for employers — for example, profiling individuals in a public place, such as a retail store floor.

Paperwork

And the mountain of paperwork for businesses doesn't end there! Tonsager discusses all the information a business would have to provide a consumer, applicant or employee. Ponder then describes what employers might be able to do to avoid the opt out requirements.

Business Efforts

Finally, Tonsager and Ponder discuss the CPPA rulemaking process and what steps the business community is taking to help improve these draft regulations. Both express concerns about these proposed regulations being unconstitutionally vague and creating ADMT requirements that conflict with those of other California agencies or even other states.

Adding to the mix is that this session, the California Legislature has been extremely active in considering AI and automated decision-making, with several active bills that could apply to employers, including two CalChamber has identified as [Cost Drivers](#).

CalChamber members can read more about the CRC regulations and current related legislative proposals in *HRCalifornia Extra's California Modifies Employment Discrimination Regulations to Include Automated-Decision Systems*. Not a member? See how CalChamber [can help you](#).

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water, by streamlining processes that will strengthen our economy and help us meet our climate goals.

“Entrepreneurs and consumers alike are focused on making California a more affordable place to live and work. [The] budget announcement reflects those goals by carefully managing available resources and rejecting tax increases that would negatively impact the state's economy.”

Water Infrastructure

The news release announcing the Governor's revised plan noted plans to

fast-track modernization of the State Water Project with an emphasis on streamlining processes related to the Delta Conveyance Project.

The Sacramento-San Joaquin Delta watershed is the central hub of California's two largest surface delivery projects — the State Water Project and the federal Central Valley Project. Together, these projects provide water to more than 27 million Californians in the Bay Area, Central Valley and Southern California.

Housing

The Governor's revised budget includes a legislative package to reduce

government delays, streamline Coastal Commission approvals to align with those of other agencies, and prioritize infill and transit-oriented housing.

Also part of the proposal, according to the Governor's news release, is support for incorporating pending legislation to reform the California Environmental Quality Act (CEQA) for infill housing and other development projects, along with a housing and infrastructure bond “to build more homes, faster.”

CalChamber supports these efforts to improve the CEQA process.

Details of the May revision proposal are available at [ebudget.ca.gov](#).

New US-UK Trade Deal Aims to Boost Export Opportunities for Businesses



On May 8 — the 80th anniversary of Victory Day for World War II — President

Donald J. Trump and Prime Minister Keir Starmer announced a trade deal that will expand U.S. market access in the United Kingdom, creating a \$5 billion opportunity for new exports for U.S. farmers, ranchers, and producers.

Two-way trade between the United States and the U.K. totaled about \$148 billion last year, accounting for just 3% percent of U.S. trade with the world. The United Kingdom is the 11th biggest trading partner of the United States in terms of goods, but the United States is the largest single trading partner for Britain.

The United Kingdom is California's 12th largest export destination, with roughly \$4.99 billion in exports in 2024.

U.S.-UK Trade Deal

Per the White House [Fact Sheet](#), the U.S.-UK trade deal:

- Includes more than \$700 million in ethanol exports and \$250 million in other agricultural products, i.e., beef.
- Commits the countries to work together to enhance industrial and agricultural market access.
- Closes loopholes and increases U.S. firms' competitiveness in the UK's procurement market.
- Ensures streamlined customs procedures for U.S. exports.
- Establishes high standard commitments in the areas of intellectual property, labor, and environment.
- Maximizes the competitiveness and secures the supply chain of U.S. aerospace manufacturers through preferential access to high-quality UK aerospace components.
- Creates a secure supply chain for pharmaceutical products.

UK Autos

The United States will agree to an alternative arrangement for the Section 232 tariffs on UK autos.

Under the deal, the first 100,000 vehicles imported into the U.S. by UK car

manufacturers each year are subject to the reciprocal rate of 10% and any additional vehicles each year are subject to 25% rates.

Steel

The United States also recognizes the economic security measures taken by the UK to combat global steel excess capacity and will negotiate an alternative arrangement to the Section 232 tariffs on steel and aluminum.

The May 8 deal creates a new trading union for steel and aluminum.

The Trump administration states the Economic Prosperity Deal with the United Kingdom is a critical step forward in a special relationship to promote reciprocal trade with a key ally and partner and that the action also sets the tone for other trading partners to promote reciprocal trade with the United States.

Economic Prosperity Deal

Also released on May 8 were the general terms for the [U.S.-UK Economic Prosperity Deal \(EDP\)](#).

The United States and the United Kingdom expect the Economic Prosperity Deal to address three core objectives, based on fairness and reciprocity:

- To grow the quality and volume of mutually beneficial trade between the United States and the United Kingdom, creating good, high-paying jobs and growth in both countries;
- To remove barriers to make it easier for American and British businesses to

operate, invest and trade in both countries; and

- To ensure that the Special Relationship is rooted in an enduring economic partnership that is fair, reciprocal, future-facing, and built on a shared vision of the challenges that face our economies.

This document defines the general terms for the EPD that set forth the shared desires of the United States and the United Kingdom to make bilateral trade fairer, easier, and more substantial — in the areas of addressing tariffs and non-tariff barriers, increasing digital trade, strengthening economic security and commercial opportunities.

Both countries commit to continuing to identify mutually beneficial goods, services, investment opportunities and commercial transactions.

Since Brexit in 2020, the United Kingdom has pushed for new trade agreements with individual countries. On May 6, the UK and India signed an agreement that the British government says will increase trade between the two countries by roughly \$35 billion a year by 2040.

California-UK Trade

Of California exports to the United Kingdom in 2024, computer and electronic products had the largest total, coming in at \$1.48 billion. This was followed by transportation equipment (\$614 million), chemicals (\$522 million), electrical equipment appliances and

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**For tariff information
please visit
calchamber.com/tariffs/**

US, China Mutually Agree to Cut Tariffs



At the beginning of the week, the [White House announced](#) a trade deal with China

to reduce China's tariffs and eliminate retaliation, retain a U.S. baseline tariff on China, and set a path for future discussions to open market access for U.S. exports.

In a [Joint Statement on U.S.-China Economic and Trade Meeting in Geneva](#), issued on May 12, both parties affirmed the importance of the critical bilateral economic and trade relationship to both countries and the global economy.

In reaching an agreement, both the United States and China committed to lowering tariffs by 115% while retaining an additional 10% tariff effective for both sides on May 14.

The U.S. goods trade deficit with China was \$295.4 billion in 2024 — the largest with any trading partner. However, U.S. Treasury Secretary Scott Bessent said that talks in Geneva had established neither side wants to decouple.

According to the [White House Fact Sheet](#), the United States and China agreed to cut tariffs for 90 days and implement a new platform to resolve trade disputes. The U.S. will temporarily lower its tariffs on Chinese imports from 145% to 30%, while the Chinese side will drop measures from 125% to 10%.

U.S.-China Trade

U.S.-China trade has risen rapidly over the past several decades. Total trade in goods between the two nations increased from \$4.8 billion in 1980 to \$582.49 billion in 2024.

U.S. exports to China in 2024 were \$143.55 billion. Top exports to China included chemicals (\$25.58 billion), computer and electronic products (\$19.98 billion), agricultural products (\$18.22 billion), transportation equipment (\$18.18 billion), and oil & gas (\$12.34 billion).

Imports from China to the United States totaled \$438.95 billion in 2024. Top imports included computer and electronic products (\$122.69 billion), electrical equipment, appliances and components (\$56.18 billion), miscellaneous manufactures (\$48.78 billion),

non-electrical machinery (\$32.05 billion), and fabricated metal products (\$25.02 billion).

California-China Trade

In 2024, China continued as California's third largest export destination, with approximately \$15.09 billion in exports. Of all exports, the top five export categories were computer and electronic products (\$3.4 billion), non-electrical machinery (\$2.77 billion), chemicals (\$1.65 billion), agricultural products (\$1.24 billion), and processed foods (\$1.09 billion).

Imports to California from China totaled \$122.06 billion in 2024, according to the U.S. Department of Commerce. The top import categories were computer and electronic products (\$39.44 billion), electrical equipment (\$19.49 billion), miscellaneous manufactured goods (\$14.18 billion), apparel and accessories (\$7.31 billion), and non-electrical machinery (\$6.07 billion).

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

New US-UK Trade Deal Aims to Boost Export Opportunities for Businesses

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components (\$317 million), and miscellaneous manufactures (\$316 million).

In 2024, imports into California from the United Kingdom were approximately \$4.10 billion. Top import categories were transportation equipment (\$865 million), followed by non-electrical machinery (\$490 million), computer & electronic products (\$454 million), electrical equipment, appliances & components (\$329 million), and chemicals (\$307 million).

The United Kingdom remains California's top source of foreign-owned enterprise (FOE) employment in 2025, supporting 130,628 jobs across 2,215 establishments. This marks a net gain of more than 17,000 jobs from the previous year, the largest year-over-year increase among all source countries and regions.

UK investment is concentrated in high-wage, service-driven industries, with more than 43,000 jobs in professional and business services and 26,000 in manufacturing.

CalChamber Position

The California Chamber of Commerce, in keeping with longstanding policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede the international competitiveness of California business.

While the details of the U.S.-UK Economic Prosperity Deal are pending, the CalChamber *generally* supports negotiation of new multilateral, sectoral

and regional trade agreements, ensuring that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

It should be noted that in the U.S.-UK EPD, the reciprocal tariff rate of 10%, as originally announced on Liberation Day, remains in effect.

Also, Britain's digital service tax, levied at 2% on UK revenue for online marketplaces, continues. The tax — affecting companies earning more than \$662.37 million globally and more than \$33.12 million from UK users — has been a point of discussion since first imposed in 2020. It was expected to raise about £800 million (\$1.1 billion) this year for the United Kingdom.

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Study Confirms Importance of Foreign Direct Investment in California



A study released this month underscores the importance of foreign direct investment to the California

economy.

Published by the World Trade Center Los Angeles, [Foreign Direct Investment in California 2025](#) expands the geographical analysis of previous versions beyond the traditional regions examined — Southern California, Bay Area, Greater California.

This year, the report also breaks down data according to the 13 foreign direct investment (FDI) destination regions in the California Jobs First Economic Blueprint launched in February 2024.

Jobs and Innovation

As Dee Dee Myers, director of the Governor's Office of Business and Economic Development, notes in the foreword to the report: "International businesses are an essential driver of jobs

and innovation in the United States, and California is proud to be the number one state in the country for jobs supported by foreign-owned companies."

The World Trade Center Los Angeles highlights California's rise to the fourth largest economy in the world in 2025 as foreign investment continues to flow into the state.

This year, 18,963 foreign-owned enterprises (FOEs) accounted for 814,102 jobs across the state — an increase of 14,018 jobs from 2024 — paying an estimated \$89 billion in wages to Californians.

Top Employers

The United Kingdom remains California's top source of FOE employment in 2025, supporting 130,628 jobs across 2,215 establishments. This marks a net gain of more than 17,000 jobs from the previous year, the largest year-over-year increase among all source countries and regions. U.K. investment is concentrated in high-wage, service-driven industries, with more than 43,000 jobs in profes-

sional and business services and 26,000 in manufacturing.

Japan continues to rank second among FOEs with 127,138 jobs and remains the state leader in FOE establishments with 3,391. Japan added more than 14,000 jobs in 2025, but its expansion remains concentrated in traditional industries, such as manufacturing and wholesale trade, which together account for more than half of Japanese FOE employment.

Although Japan's overall footprint is broader, the United Kingdom's growth in service-based sectors reflects a shift in the composition of foreign investment toward higher-value and knowledge-based activities.

The top 10 ranking includes the United Kingdom, Japan, France, Canada, Germany, Switzerland, Netherlands, Ireland, China, and Taiwan.

The FDI report was made possible through the support of the Port of Long Beach and the Center for International Business Education (CIBE) of Loyola Marymount University.

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

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coalition letter were acknowledged at the Assembly Judiciary Committee hearing on May 6, the coalition amendments have not been accepted yet.

Coalition Concerns

- The bill's overbroad language outlaws normal, consumer-friendly practices such as loyalty programs by including them in the prohibited practice of "surveillance pricing." The bill then includes limited exceptions to permit *certain discounts* — but that list does not include many types of presently available discounts. In addition, even discounts that might be allowed must meet additional vague requirements — and, if they fail to clearly do so, then the offering company will face a private right of action for its discounts.

- AB 446 contradicts the state's landmark privacy law, the California Consumer Privacy Act, by treating aggregate data as if it were personally identifiable information. The CCPA treats aggregate data as non-problematic because aggregate data does not reasonably identify a person or household.

- AB 446 rewrites disclosure and opt-in standards already covered by the CCPA, which includes provisions that govern all existing loyalty programs. AB 446 places contradictory language into law.

- By failing to define what it considers a "customized price," AB 446 creates potential liability for companies based on geography. For example, pricing of fresh produce can differ depending on where it is sold because of a myriad of factors, including supply, transportation costs,

demand/anticipated demand, freshness and delivery schedules. The bill does not address this reality clearly and because it is enforced by a private right of action, private companies will need to go to court to justify any difference in price.

The CalChamber and coalition appreciate and support the intent of AB 446 — to ensure California consumers are treated fairly and without discrimination — but are very concerned about the bill's infringement on the CCPA and the collateral damage its broad language will create for California businesses.

AB 446 passed the Assembly on May 12 by a vote of 47-20 with 12 Assembly members not voting. The bill now awaits assignment to a policy committee in the Senate.

Staff Contact: [Robert Moutrie](#)

CalChamber Expands Executive Team with Seasoned Comms Strategist

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and print newsrooms, with most of his career focused on California politics and government.

His coverage spanned the last five California governors, hundreds of legislative battles and ballot measure campaigns, and duties that included daily reporting, columns, newsletters, social media, audio and video podcasts, and more. His final assignment was serving as Sacramento bureau chief for the *Los Angeles Times*, a position he held until the summer of 2022.

“A strong future for California, rooted in the success of its established businesses and the dreams of its entrepreneurs, depends on a vibrant economy and CalChamber’s tireless advocacy,” said Myers. “I’m honored to join the organization at this pivotal moment to help tell the story of its members and the issues essential to their success and that of the communities they serve.”

Since 2022, Myers has served as chief of public affairs for the California Public Employees’ Retirement System (CalPERS). His work leading

the communications team for the largest public pension fund in the nation focused on overseeing external and internal content for CalPERS’ 2.3 million members and state and local government employers, as well as serving as both the agency’s chief spokesperson and a senior advisor to its executive leadership.

Myers holds degrees from Duke University and the University of California, Berkeley.

Personal Cell Phone Use for Work: How to Figure Reimbursement Rate

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If you require employees to use personal cell phones, you’ll need to consider how often they use their phones for work purposes and then determine what would be a reasonable reimbursement given that amount of use.

To do so, you may need to communicate with employees regarding when and how they use their phones. You also can instruct employees to alert you if they believe the reimbursement they’re receiving isn’t reasonable given the amount they are using their phones.

Column based on questions asked by callers on the Labor Law Helpline, a service to California Chamber of Commerce preferred members and above. 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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