

# ALERT

## Affordability Agenda Update

### Cost Drivers Fail to Move; Cost Cutters Still Alive



Strong opposition from the California Chamber of Commerce and allied

groups stopped several **Cost Driver** bills from advancing beyond the house in which they were introduced this year.

Legislation not moving dealt with the authority of the air resources board, employer hiring decisions and the use of technology by utility companies.

Below are brief summaries of the failed **Cost Drivers**, as well as the few **Cost Cutter** bills that remain alive.

- **AB 1777 (Garcia; D-Rancho Cucamonga) Grants California Air Resources Board (CARB) Sweeping New Authority to Regulate Indirect Sources Statewide.** Would have authorized broad, undefined statewide regulation of facilities that attract mobile sources of emissions, driving new compliance costs across key sectors and increasing prices for goods and services. *To Assembly Inactive File 5/28/2026.*

- **AB 2095 (Lee; D-San Jose) Expands Fair Chance Liability and Restricts Employer Hiring Discretion.** Would have created problematic changes to the Fair Chance Act, including... *See Affordability: Page 4*

### CalChamber Names Policy Advocate for Environmental, Housing Issues



Corianna Miller

Corianna Miller joined the California Chamber of Commerce this week as a policy advocate focused on recycling, housing, and product regulation.

Before joining the CalChamber

policy team, she was an attorney-advisor for the U.S. Department of the Interior, focused on energy, land use, and environmental matters including advising on the California Environmental Quality Act (CEQA).

“Corianna’s experience is an excellent match for CalChamber priorities in environmental, housing and product regulation. We welcome her to our advocacy team,” said Ben Golombek, executive vice president and chief of staff for policy. “Corianna’s perspective will be invaluable in the ongoing effort to help policymakers see the connection between their actions and whether California businesses and consumers are able to afford essential products and services.”

Prior to Miller’s time at the Interior Department, she served as a U.S. Air Force judge advocate general (JAG) attorney, including assignments involving litigation and environmental matters.

*See CalChamber Names: Page 3*

### Assembly Approves Cost Driver Bill Rewriting California’s Antitrust Law



Last week, the California Assembly passed a California Chamber of Commerce-

**opposed** bill to rewrite the state’s antitrust law.

CalChamber identified the bill, **AB 1776 (Aguiar-Curry; D-Winters)**, as a **Cost Driver**, pointing to its widespread impacts on California’s economic competitiveness.

In a news release issued shortly after the bill’s passage, CalChamber said it was “disappointed that the Assembly has chosen to move ahead with AB 1776, a

bill that would upend some 130 years of durable and fair antitrust protections while exposing California businesses of all sizes to unchecked legal liabilities and a steady stream of frivolous lawsuits.”

CalChamber went on to note that AB 1776 “fails one of the basic tests of any good bill: It offers no clear, objective standard on how a business can comply with the law. Far too many provisions of the bill rely on subjective standards that can only be defined through litigation — a crippling cost for businesses that are the heart and soul of California’s innovation economy.”

Without objective standards, CalChamber continued, “AB 1776 will create a chill to the pro-competition... *See Assembly Approves: Page 3*

#### Inside

Fitness for Duty Exams:  
Page 2

*Labor Law Corner***Fitness-for-Duty Exam? Best to Use Cautious, Case-by-Case Approach**

**Vanessa M. Greene**  
Employment Law  
Counsel

*After taking time off to have major surgery, one of my employees just returned to work. They have a strenuous job, and I'm concerned they might still be healing and could end up with a work injury. Can I send them to a fitness-for-duty exam?*

Unless specific circumstances exist to support the request, employers generally are prohibited from:

- Asking an employee about their medical condition or disability; or

- Requiring an employee to undergo medical or psychological exam (aka a fitness-for-duty exam).

Employers may make such inquiries or require examinations when doing so is “**job-related and consistent with business necessity**” — for example when an employer has an objective concern about an employee’s ability to perform essential job functions or to maintain workplace safety.

**When Fitness-for-Duty Exam May Be Appropriate**

Whether a fitness-for-duty exam is allowed must be evaluated on a case-by-case basis to determine whether it is job related and consistent with business necessity, given the employee’s actual job duties.

Employers need to have objective facts — such as documented performance problems or observable symptoms — that reasonably suggest a potential medical condition is affecting the employee’s ability to perform the essential functions of the job or creating a direct safety risk to themselves or others.

A fitness-for-duty exam also may be allowed when:

- An employer receives reliable information from a credible third party about a possible medical condition;

- The employer can reasonably connect known medical conditions to observed performance issues; or

- A medical inquiry is necessary to support a request for **reasonable accommodation** where the disability or need is not obvious.

In limited circumstances, periodic medical examinations or monitoring required by law or tied to specific job requirements also may be permissible.

**When Fitness-for-Duty Exam Not Appropriate**

Employers should not use a fitness-for-duty exam to seek a diagnosis or inquire into the nature or severity of a medical condition; permissible inquiries are limited to whether the employee can perform the essential functions of their job.

Requests that extend beyond assessing fitness for duty — such as seeking a general diagnosis or broader medical history — may constitute an unlawful medical inquiry.

*See Fitness-for-Duty: Page 4*

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**CalChamber-Sponsored Seminars/Trade Shows**

More information at [www.calchamber.com](http://www.calchamber.com).

**Human Resources**

Wage & Hour 101: Exempt Employees. CalChamber. June 18, [Webinar](#). (800) 331-8877.

Supervisor Essentials. CalChamber, July 16, [Virtual Seminar](#). (800) 331-8877.

Leaves of Absence. CalChamber. August 6–7, [Virtual Seminar](#). (800) 331-8877.

Mid-Year Update (1-Hour Free Member Webinar). CalChamber. August 20. (800) 331-8877.

Conducting California Workplace Investigations. CalChamber. August 27, [Virtual Seminar](#). (800) 331-8877.

HR Boot Camp. CalChamber. September 10–11, [Virtual Seminar](#). (800) 331-8877.

California Pregnancy Disability and Child Bonding Leaves. CalChamber. September 17, [Webinar](#). (800) 331-8877.

Workplace Violence Prevention. CalChamber. [Webinar recording](#). (800) 331-8877.

Navigating Paid Sick Leave and Time Off Requirements in California. CalChamber. [Webinar recording](#). (800)

331-8877.

California Employers’ Guide to AI Decision Making. CalChamber. [Webinar recording](#). (800) 331-8877.

**International Trade**

Foreign Trade Zone Seminar: Understanding Trade Disruptions & Tariffs. Industry Business Council. June 18, City of Industry. [See flyer](#).

Seafood Expo Bharat. India Marine Products Export Development Authority. July 1–3. Chennai, India. [Event website](#).

Farnborough Airshow. Governor’s Office of Business and Economic Development (GO-Biz) to lead delegation of economic developers. July 20–24, London, United Kingdom. [Event website](#).

Aquatech: California Pavilion. GO-Biz  
*See CalChamber-Sponsored: Page 3*

**Next Alert: June 19**

## Study Shows Importance of Foreign Investment to California Economy



A report recently released underscores the importance of foreign

direct investment to the California economy, highlighting the value that trade and investment brings both domestically and internationally.

**Foreign Direct Investment in California 2026**, delivers insight into foreign direct investment (FDI) in the golden state, and how the continued expansion of foreign-owned enterprises continues to grow many of the industries that dominate California's economy.

The report breaks down data into 13 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 (GO-Biz), notes in the foreword to the report: "Through changing federal administrations, a global pandemic, and natural disasters, we have

maintained our focus on job creation and building an economy that works for all Californians. We are proud to be the number one state for jobs supported by international companies."

The report highlights California as a top economy in the world in 2026, as foreign investment continues to flow into the state.

This year, 19,717 foreign-owned enterprises (FOEs) accounted for 847,245 jobs across the state — an increase of 33,143 jobs from 2025 — paying an estimated \$96.2 billion in wages to Californians.

### Top Employers

Japan has returned as California's top source of FOE employment in 2026, supporting 130,008 jobs across 3,501 establishments. This marks a net gain of more than 2,800 jobs from the previous year. Japan has a heavy investment in Southern California, with just more than 70% of all Japanese FOE employment in the state. Japan investment is concentrated in manufacturing and wholesale trade, but it has its mark in many other industries throughout California.

The United Kingdom ranked second among FOEs with 115,186 jobs across

2,163 establishments. UK FOEs saw a decline of 15,442 jobs and loss of around 52 establishments. This decline was seen mostly in high-wage service sectors, where the UK usually has dominated in prior years.

The report highlighted more notable movements this year from Bermuda, Luxembourg and China among the rankings.

- Bermuda saw itself in the top 15 for its first time, with a new total of 14,893 jobs — a gain of 11,720 jobs.

- Luxembourg rose notably with 5,788 jobs, totaling 17,353, with the gain possibly related to changes in capital flows or other industry factors.

- China saw a decline of 1,832 jobs to a total of 23,571.

The top 10 FDI rankings this year saw Japan back at number one, followed by the United Kingdom, Canada, France, Germany, Switzerland, the Netherlands, Ireland, China, and Taiwan.

Published by the World Trade Center Los Angeles, the FDI report was made possible through the support of the Port of Long Beach, the Center for International Business Education (CIBE) of Loyola Marymount University, and GO-Biz.

**Staff Contact: Susanne T. Stirling**

## Assembly Approves Cost Driver Bill Rewriting California's Antitrust Law

*From Page 1*

conduct of startup firms and the service providers on whom they rely.

"The late amendments to the bill have not offered any meaningful rules about how a business can structure its conduct

to avoid participating in an unlawful single-firm restraint of trade.

"We welcome conversations with legislators in the coming weeks about ways to ensure California antitrust law requires the kind of competition on which

consumers rely. AB 1776, however, fails to meet that goal."

The Assembly approved AB 1776 on May 27 on a vote of 44-17. The bill awaits assignment to a policy committee in the Senate.

## CalChamber Names Policy Advocate for Environmental, Housing Issues

*From Page 1*

During her tenure in the Air Force's Environmental Law and Litigation Division, she handled environmental permitting, hazardous waste, and PFAS issues.

Miller also has coauthored Clean Air Act legislation in Colorado and testified on behalf of the U.S. Department of Defense. She continues to serve as a JAG attorney in a reserve capacity.

Miller earned a B.A. in political science at the University of North Dakota, and a J.D. from Creighton University School of Law.

## CalChamber-Sponsored Seminars/Trade Shows

*From Page 2*

with U.S. Commercial Service. September 1–3, Mexico City, Mexico. Registration deadline: June 1 or until spaces are filled. [See flyer](#). Semicon Taiwan: California Pavilion.

GO-Biz. September 1–4, Taipei, Taiwan. Up to 8 California small businesses in semiconductor supply chain invited to apply. [See flyer](#). 2026 U.S. Business Day – Sourcing Meetings. Bureau of Foreign Trade

(BOFT), Ministry of Economic Affairs; Taiwan External Trade Development Council (TAITRA); Department of Investment Services (DOIS), Ministry of Economic Affairs. October 13, Taipei, Taiwan. [More information](#).

## Affordability Agenda: Cost Drivers Fail to Move; Cost Cutters Still Alive

From Page 1

ing a presumption that an applicant may not be denied a position if they have completed a sentence or possess a certificate or license for the position, regardless of the facts or circumstances of any prior convictions. *To Assembly Inactive File 5/28/2026.*

• **SB 1011 (McNerney; D-Pleasanton) Limits Use of Technology by Utilities.** Would have placed significant burdens on utilities' use of automated decision systems, which would impact systems already in widespread use to manage distribution systems as well as critical systems used to provide rapid emergency responses. *To Senate Inactive File 5/28/2026.*

### Cost Cutters

Continuing to move through the Legislature are the following **Cost Cutters**:

• **AB 2124 (Pacheco; D-Downey) Improves How the Legislature Evaluates the Cost of Energy Policy Decisions through Independent Ratepayer Impact Review.** Supports more cost-effective policymaking by creating a framework for independent evaluation of proposed legislation that imposes costs on utility customers, helping identify unnecessary or duplicative programs and reducing future rate pressure. *Passed Assembly; referred to Senate policy committee.*

• **AB 1693 (Zbur; D-Hollywood)**

### Accelerated Building Plan Approval.

Tenant Improvements. Streamlines permitting for tenant improvements at retail locations, while ensuring compliance with all applicable building, health, and safety requirements. *Passed Assembly; referred to Senate policy committee.*

• **SB 84 (Niello; R-Fair Oaks) Right to Cure.** Provides businesses with time to cure an alleged Americans with Disabilities Act (ADA) violation to curb frivolous litigation. *Two-Year Bill. In Assembly policy committee 6/18/2025.*

Visit the CalChamber website to view the current status of all bills on the [CalChamber Affordability Agenda](#).

## Fitness-for-Duty Exam? Best to Use Cautious, Case-by-Case Approach

From Page 2

In addition, a fitness-for-duty examination is not appropriate in the absence of objective facts supporting a reasonable concern that the employee cannot perform their job duties or may create a safety risk.

For example, a general suspicion that an employee may be unable to perform the job solely because they recently had surgery, without objective evidence of performance problems or a safety concern, is unlikely to support a fitness-

for-duty examination — especially if the employee has stated they are ready to return to full duty.

### Exercise Caution

Before sending someone for a fitness-for-duty examination, employers should:

- Document the specific conduct or performance issues;
- Confirm the examination is limited to the job-related concern; and
- Make sure the medical provider is asked only to address the employee's

ability to perform essential job functions or whether they pose a safety risk.

Employers who are uncertain should proceed carefully and consult legal counsel before requiring a fitness-for-duty examination.

*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](http://www.hrcalifornia.com).*

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