CALIFORNIA CHAMBER OF COMMERCE

Chamber-Led Coalition Releases 'Job Killer' List 40+ Bills That Will Hurt California's Economy



The Coalition for California Jobs (CCJ), a California Chamber of Commerce-led coalition of employer groups focused on stimulating job creation in California,

this week released its annual list of "job killer" bills, highlighting the negative impact these proposals will have on California's economy.

"California's economy is just starting to gain steam. On the heels of a successful overhaul of California's out-of-control workers' compensation system, we must

focus on reforms to further strengthen California's economy and bring jobs back to our state," said Chamber President Allan Zaremberg.

'Do No More Harm'

"Legislators must also make the commitment to 'do no more harm' to California's economy. Unfortunately, this list shows that the Legislature has not made job creation a priority when considering new laws," Zaremberg said.

"Why is a strong economy so important to California? Consumer prices, goods and services, and quality of life - including our schools, roads, infra-

See Chamber-Led: Page 4



Representatives of some of the groups in the California Chamber-led Coalition for California Jobs appear at a May 11 press conference to release the 2005 list of "job killer" bills. From left are Larry McCarthy, California Taxpayers' Association; Jack Stewart, California Manufacturers & Technology Association; Chamber President Allan Zaremberg; Rex Hime, California Business Properties Association; and Bill Dombrowski, California Retailers Association.

Governor Announces Full Funding of Proposition 42 Transportation Commitment

VOLUME 31, NUMBER 16 • MAY 13, 2005

Governor Arnold Schwarzenegger announced this week that the state's improving economy makes it possible for him to restore more than \$1.3 billion in transportation funds as part of the May revision to his 2005-06 budget proposal.

That allocation fully restores funds as called for by Proposition 42, the California Chamber of Commerce-supported proposal approved by voters in 2002 to require that the gasoline sales tax that drivers already pay at the gas pump be used to fix potholes and improve highways, local roads and mass transit.

"It's time for California to build again in the cities, the counties and everywhere across our state," said Governor Schwarzenegger in announcing the re-stored funding. "This will allow us to move ahead with new projects that were approved for construction years ago, and finish or expand current projects that have been stalled by the lack of funding."

Boost to Economy

"The Governor's commitment to transportation funding is a huge boost for California's economy," said Chamber President Allan Zaremberg. "Transportation infrastructure is essential to our jobs climate, and the restoration of Propo-See Governor: Page 7

Inside ——

2005 'Job Killer' List: Pages 5-6



<u>Labor Law Corner</u> Employers Must Reverify Expired Work Authorization Permits on I-9



Dana Leisinger Labor Law Advisor

My employees often use their driver license as one form of identity for the I-9 form. Must I update the I-9 when their license expires?

Employers do not need to update the I-9 form when a driver license expires. Documents from List B on the back of

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Allan Zaremberg President

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Permission granted to reprint articles if credit is given to the California Chamber of Commerce **Alert**, and reprint is mailed to **Alert** at address above.

E-mail: alert@calchamber.com. Home page: www.calchamber.com. the I-9 form, including driver licenses, simply establish identity and do not need to be reverified when they expire. Indeed, an employer may accept an expired document from List B to establish identity when hiring a worker.

Work Authorization

Employers must, however, reverify on the I-9 form when work authorization documents from List A expire. Reverification must occur before the date that work authorization expires.

If an employer knowingly continues to employ people who have become unauthorized to work in the United States, the penalty is a minimum of \$250 for each unauthorized alien.

To reverify work authorization, the employee must present a document that shows either an extension of the employee's initial employment authorization or new authorization.

The employer must review the document to determine if it reasonably appears on its face to be genuine and to belong to the person presenting it. If so, the employer must record the document title, number and expiration date (if applicable) in the "Updating and Reverification Section" on the I-9 (Section 3), and sign in the space indicated.

To keep track of when documents expire, it is advisable to set up a "tickler file" to remind the employer at appropriate times when these matters need attention.

More Information

For more information about I-9s, see

Chamber Calendar

Water Resources Committee: May 24, Sacramento Tourism Committee: May 24, Sacramento Volunteer Leaders Conference: May 24, Sacramento Board of Directors: May 24, Sacramento California Business Legislative Summit: May 25, Sacramento

the California Chamber's *California Labor Law Digest*.

More information also is contained in the "Handbook for Employers" on the website for the U.S. Citizenship and Immigration Services, formerly known as the Immigration and Naturalization Service (INS). The main website is *www.uscis.gov*, and the website for the handbook is *www.uscis.gov/graphics/ lawsregs/handbook/hand_emp.pdf*.

The Labor Law Helpline is a service to California Chamber 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 e-mail: helpline@calchamber.com.

Seminars

- For more information on the seminars listed below, visit www.calchamber. com/events.
- **Business Resources**
- Governor's Older Worker and Exemplary Employer Awards. Employment Development Department. May 17, Sacramento. (916) 654-7079.
- Society for Human Resource Management Annual Conference. Society for Human Resource Management. June 19-22, San Diego. (800) 283-7476.

International

- Global Logistics Symposium. San Diego World Trade Center. May 18, San Diego. (619) 615-0868, ext. 109.
- Mexico Economic Review and Political Outlook 2005. May 24, Los Angeles. (310) 586-7901.

Labor Law

Employee Discipline and Termination Web Seminar. California Chamber of Commerce. June 8. www. calchamberstore.com/Store/Products/ edt.

calchamber.com





Coalition Urges Legislators to Vote 'No' on 'Job Killers'



May 11, 2005

TO:	Members of the California Legislature
FROM:	Coalition for California Jobs
SUBJECT:	CCJ 2005 Job Killer List

California's economy is just starting to gain steam. On the heels of a successful overhaul of California's out-of-control workers' compensation system, we must focus on reforms to further strengthen California's economy and bring jobs back to our state.

However, it is with dismay that we today release our annual "job killer" bill list. With over 40 measures bearing this distinction, it is clear that the California economy is not a priority in the Legislature — and in fact, it seems as if the impact on California jobs is not a priority when considering new laws.

We ask you to change that impression by voting against these bills and making a commitment to "do no more harm" to California's economy.

The business community is working hard to make California attractive to job creators, stimulating our economy and creating jobs for hard-working Californians. But we are dismayed at the message the Legislature is sending. In addition to introducing dozens of "job killer" bills this session, the Legislature has rejected numerous proposals to help improve California's business climate. In fact, not one bill sponsored by the California Chamber of Commerce made it through its first policy committee this year.

Without a strong economy, we will not have the resources to invest in essential services like transportation, education and health care. Without an effort to further stimulate job creation, our economy will falter and we will increase the number of unemployed Californians.

When considering your vote on each and every "job killer" bill, you must ask yourself, "what will the impact of this bill be on job creation in California?" If the state's jobs climate is a priority for you, you will vote "no" on these "job killers."

Sincerely,

Allan Zaremberg, President & CEO California Chamber of Sommerce

Jack Stewart, President California Manufacturers & Technology Association

ex JHim

Rex Hime, President California Business Properties Association

Bill Hauck, President California Business Roundtable

William E. Dombrowski, President California Retailers Association

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Larry McCarthy California Taxpayers' Association

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Chamber-Led Coalition Submits Signatures for Budget Reform, Teacher Tenure Initiatives

Citizens to Save California (CSC), cochaired by California Chamber President Allan Zaremberg, has submitted signatures for the budget reform and teacher tenure initiatives supported by the Chamber.

The coalition turned in signatures for 23 counties in support of the budget reform initiative on May 6, submitting the remaining signatures on May 10. Signatures were submitted for the teacher tenure initiative later in the week, so both proposals can go on the ballot if the Governor chooses to call a special election.

"Today is a great day for the people of California, Governor Schwarzenegger and the champions of reform," said Zaremberg at the May 6 press conference to announce the success of the signature-gathering drive. "Clearly, the voters want to fix California's broken budget system by forcing our state to live within its means.

The Live Within Our Means Act seeks to stop the out-of-control spending in the Capitol and put in place stable spending policies. A stable budget process for the state will encourage economic growth and job creation. This measure also will help California better plan its economic future, thereby avoiding unpleasant surprise taxes and other drastic cuts to important services.

Budget Reforms

The Live Within Our Means Act will: • Place reasonable limits on the state's budget growth;

• Prevent legislators from creating new special programs that demand ongoing



(From left) California Chamber President Allan Zaremberg, co-chair of Citizens to Save California (CSC); Bill Hauck, CSC Board member; and Rick Claussen, Goddard Claussen Strategic Advocacy, provide details on the success of the CSC campaign to gather signatures for the Governor's reform initiatives at a May 6 press briefing. See story on page 7.

spending during economic booms;

• Allow California to proactively address budget deficits by giving the Legislature 45 days to address a shortfall in the event that a deficit is expected. If the problem is not addressed, the Governor may take action to reduce the deficit;

• Compel the state to use peak year revenue to build "rainy day funds" to prepare for inevitable downturns in revenue; and

• Use excess budget revenue to pay off debt, save and pay for one-time projects in education, transportation and infrastructure.

Other Initiatives

CSC also gathered and submitted signatures for the teacher tenure measure, the Put the Kids First Act, which extends from two years to five the number

of years a teacher must have served in order to receive tenure.

The coalition is continuing to gather signatures on The Excellence in Teaching Act, which extends the tenure requirement to five years of service, plus creates a system in which teachers are paid based on performance.

Signatures also have also have been submitted for the Chamber-supported Voter Empowerment Act, which turns redistricting over to a panel of retired judges. CSC supports that measure, but another coalition gathered the signatures.

More information on Chamber-supported initiatives is available at www. calchamber.com.

Information also is available on the coalition website, located at www.citizenstosaveca.com. Staff Contact: Sara Lee

Chamber-Led Coalition Releases 'Job Killer' List

From Page 1

structure and many other necessities ---are all contingent on a stable jobs climate in our state," continued Zaremberg.

Each year the Chamber and CCJ release a list of "job killer" bills to shine a light on legislation that will hamper California's economic growth and cost jobs. The Chamber and CCJ will continue

to track these bills and work to ensure legislators understand the severe impact they would have on California's economy.

Letter to Legislators

Zaremberg and other business leaders also sent a letter to the Legislature (see Page 3), asking them to consider

the major consequences for California of enacting any of the "job killer" bills.

The full list of "job killer" bills begins on Page 5. To follow the status of the "job killer" bills, visit www.calchamber. com/jobkillers.

Staff Contact: Sara Lee



2005 'Job Killer' List Exceeds 40 Bills

Following is the 2005 list of the "job killer" proposals under consideration in the Legislature. The 40+ proposals will have a negative im-

pact on California's economy and the competitiveness of employers here.

- 1 AB 6 (Chan; D-Oakland) Personal income tax increase.* Increases the tax burden on small business by increasing personal income tax rate to 10 and 11 percent and the alternative tax rate to 8.5 percent.
- 2 AB 9 (Coto; D-San Jose) Sales tax increase. Increases the cost of doing business by placing a sales tax on certain services.
- 3 AB 48 (Lieber; D-Mountain View) Minimum wage increase.* Provides significant disincentive for employers to create jobs in California by giving our state the highest minimum wage in the country. Increases the cost of doing business by over \$2 billion annually by raising the state minimum wage to \$7.25 in 2006 and to \$7.75 in 2007, and indexing increases every year thereafter.
- 4 AB 169 (Oropeza; D-Long Beach) Excessive litigation.* Negatively distinguishes California from the rest of the country by exposing every business to excessive litigation and increases the cost of doing business by mandating damage awards and new civil penalties for gender pay equity violations.
- 5 AB 391 (Koretz; D-West Hollywood) UI benefit expansion.* Increases the cost of doing business in California by forcing California employers to subsidize a strike against their own company by providing unemployment insurance benefits to workers unemployed due to a strike.
- 6 AB 528 (Frommer; D-Glendale) Predatory litigation. Increases predatory lawsuits and opens the door to the very type of litigation the voters of California sought to stop through the passage of Proposition 64 by expanding the potential for frivolous

litigation on alleged violations of permits, regulations, and statutes.

- 7 AB 802 (Wolk; D-Davis) General plans cost increase. Slows development of affordable housing and increases opportunity for unnecessary litigation by forcing local government to integrate two incompatible planning processes.
- 8 AB 875 (Koretz; D-West Hollywood) Government agency potential harassment of employers. Opens the door to potential harassment by government labor and taxing agencies by requiring the referral of an unspecified labor violation to the taxing agency for a tax audit and requiring the referral of an unspecified tax violation to the labor regulator, exposing employers to an expensive, time-consuming fishing expedition for possible employer tax or labor code violations.
- **9 AB 1007 (Pavley; D-Agoura Hills) Potential fuel cost increase.** Requires the California Air Resources Board to develop and adopt a plan to transition away from petroleumbased products, despite their ability to meet California's strict air quality standards, thus abandoning the state's policy of fuel neutrality, potentially increasing costs to consumers and employers.
- 10 AB 1101 (Oropeza; D-Long Beach) Ports: regulatory complexity. Hampers operations at ports, rail yards, distribution centers and airports by shifting regulatory authority over emissions from state to local entities, creating a patchwork of potentially inconsistent regulations statewide, creating conflicts with federal law.
- 11 AB 1310 (Núñez; D-Los Angeles) Severance offers; increased litigation. Establishes new reasons to sue private sector employers of all sizes by setting in statute a very detailed notice process that an employer must follow exactly in order to be able to utilize any severance agreement.
- 12 AB 1406 (Karnette; D-Long Beach) Ports and harbors: fee increase. Shifts cost responsibility from federal to state entities, thereby increasing the cost of goods movement by adding a \$10 fee on all

containers for port security purposes.

- 13 AB 1407 (Oropeza; D-Long Beach) Fuel tax. Increases taxes on certain industries by adding 5 cents per gallon to off-road diesel.
- 14 AB 1430 (Goldberg; D-Los Angeles) Elimination of pro-jobs environmental program. Limits job creation and worsens the state's air quality problems by eliminating current emissions reduction trading programs, which provide balance between job growth and the environment.
- 15 AB 1549 (Koretz; D-West Hollywood) Workers' compensation; unqualified medical providers. Increases costs and uncertainty in the workers' compensation system by allowing unqualified medical providers like acupuncturists to determine disability and inappropriately become Independent Medical Reviewers — giving them the power to overrule medical decisions by doctors.
- 16 AB 1644 (De La Torre; D-South Gate) Tax credit elimination. Increases taxes, making California unattractive to cutting-edge industries by eliminating certain tax credits and reduces California's business competitiveness by restricting the tax treatment of subchapter "S" corporations, costing California employers approximately \$900 million.
- **17 AB 1700 (Pavley; D-Agoura Hills). Proprietary information**. Exacerbates an already hostile legal environment by impeding a business' ability to maintain the confidentiality of its proprietary information.
- 18 ACA 7 (Nation; D-San Rafael) Tax vote. Gives local governments unprecedented authority to enact a special tax assessed at local level with a simple majority of voters, adding complexity and uncertainty to California's already complex and uncertain tax structure.
- SB 2 (Speier; D-San Francisco/San Mateo)/SB 518 (Kehoe; D-San Diego). Homeowner's insurance cost increase. Drives up the cost of homeowner's insurance, contributing to the problem of unaffordable housing, by mandating excessive claims See 2005: Page 6



2005 'Job Killer' List Exceeds 40 Bills

From Page 5

payments to a small group of policyholders.

- 20 SB 17 (Escutia; D-Norwalk) Property tax increase. Increases property taxes on business when more than 50 percent of ownership changes and imposes burdensome reporting requirements and harsh tax penalties for errors.
- 21 SB 27 (Escutia; D-Norwalk). Tax liability increase. Increases taxes on California employers by reducing the amount of tax credits that a corporation may use to reduce its liabilities, making California less competitive for jobs.
- 22 SB 44 (Kehoe; D-San Diego) Affordable housing development impediment. Slows development of affordable housing and increases the opportunities for unnecessary litigation by forcing local government to integrate two incompatible planning processes.
- 23 SB 109 (Ortiz; D-Sacramento) Excessive litigation. Increases litigation costs and potential lawsuits by allowing for both civil and criminal penalties for minor air quality violations.
- 24 SB 150 (Escutia; D-Norwalk) Additional insurance requirements; cost increase. Increases the cost of insurance for business and individuals by adding new burdensome and unnecessary requirements on insurance carriers.
- 25 SB 174 (Dunn; D-Garden Grove) New "sue your boss" lawsuits. Increases employer liability by providing new incentives for plaintiffs and their attorneys to file lawsuits by establishing new types of "sue your boss" lawsuits.
- 26 SB 300 (Kuehl; D-Santa Monica). Leave law abuse. Opens California's leave law to potential abuse by removing controls that require that the employee actually provides the care, among other provisions.
- 27 SB 399 (Escutia; D-Norwalk) Health care cost increase. Increases litigation costs on insurers and the self-insured by requiring medical payments in excess of Medi-Cal reimbursement rates and increasing non-economic damage awards.

28 SB 409 (Kehoe; D-San Diego) General plans; increased complexity. Slowe development of afford

ity. Slows development of affordable housing by adding increased complexity and delay to the planning process and creates another opportunity for legal challenges to new housing by making urban water management plans subject to the California Environmental Review Act.

- 29 SB 459 (Romero; D-Los Angeles) Goods movement; cost increase.* Increases the cost of goods movement and discourages job creation by imposing a fee on railroad companies that operate in the counties of Los Angeles, Riverside and San Bernardino.
- 30 SB 497 (Simitian; D-Palo Alto) Construction industry; cost increase. Potentially destroys California's construction industry by requiring specified off-road equipment engines be repowered with newer engines within a specific time frame in order to be eligible to bid for a state infrastructure contract.
- 31 SB 593 (Alarcón; D-San Fernando Valley) Health care cost increase. Increases costs to California's businesses by unfairly implementing a tax on certain employers to reimburse the state for the costs incurred in providing health care coverage to the employer's employees and their dependents who are enrolled in the Healthy Families Program or Medi-Cal.
- 32 SB 600 (Ortiz; D-Sacramento) Biomonitoring.* Makes California unfriendly to business by establishing a biomonitoring program that could potentially lead to the elimination or reduction of use of certain chemicals which have not been scientifically proven harmful, based on mere detection.
- 33 SB 646 (Kuehl; D-Santa Monica) Water discharge; burdensome requirements. Jeopardizes jobs and agriculture and timber industry revenues by imposing mandatory annual fees for water discharge waivers with no accountability requirements.
- 34 SB 757 (Kehoe; D-San Diego) Gas tax.* Introduces a new mandate to cut gasoline use by 15 percent, without taking population growth into

consideration, which would likely lead to a massive gas tax, causing higher gasoline prices, increased costs for consumer goods and thousands of lost jobs for California.

- 35 SB 760 (Lowenthal; D-Long Beach) Ports: Goods movement cost increase. Increases the cost of goods movement in California by assessing a \$30 fee per 20-foot equivalent unit on containers processed through the Los Angeles and Long Beach ports.
- 36 SB 762 (Lowenthal; D-Long Beach) Ports: cost increase. Makes California ports less competitive by assessing a fee on motor carriers and creating a government-run bureaucracy to regulate truck movement in and out of the ports.
- 37 SB 764 (Lowenthal; D-Long Beach) Ports: Goods movement cost increase.* Increases the costs of goods movement and drives business and jobs from California ports by requiring the City of Los Angeles and the City of Long Beach to prohibit any growth at their respective ports unless that growth can be accomplished with no air pollution increases.
- **38** SB 840 (Kuehl; D-Santa Monica) Government-run health care.* Imposes a government-run health care system on all Californians.
- **39** SB 852 (Bowen; D-Redondo Beach) Business cost increase. Imposes unworkable requirements governing non-electronic data on government agencies, education institutions, businesses and non-profits.
- 40 SB 870 (Escutia; D-Norwalk) Employer penalties. Restricts flexibility for local agencies to assess penalties that fit the infraction for certain air quality violations, and directs the majority of those revenues to an unrelated program.
- 41 SB 833 (Bowen; D-Redondo Beach) Onerous fax communication restrictions. Increases costs by placing onerous administrative and economic burdens on associations and employers by requiring express written consent from their own members and/or customers prior to sending certain fax communications.

*Bill either vetoed or failed last year.



Governor Announces Full Funding of Prop 42 Transportation Commitment

From Page 1

sition 42 funding is critical at a time when California's infrastructure is being pushed to and past its capacity."

Zaremberg noted that a well-maintained transportation system "is essential to the smooth flow of goods and services upon which the continued economic wellbeing of the state depends."

In addition, the investment in solving California's infrastructure crisis will create thousands of jobs.

"This announcement is yet another message to the world that California is back in business and welcomes job growth in our state," Zaremberg said. "We encourage the Legislature to consider carefully this essential funding to help keep California's economy and job growth on track, and we applaud Governor Schwarzenegger's continued commitment to California jobs."

Restored Funds

The \$1.3 billion is to be distributed as Proposition 42 prescribes:

• \$678 million to the Transportation Congestion Relief Program;

• \$254 million to the State Highway Account for State Transportation Improvement Program (STIP) projects;

• \$254 million to cities and counties for deferred maintenance of local roads (\$127 million to cities, \$127 million to counties);

• \$127 million to the Public Transportation Account, with half (\$63.5 million) of those funds available for STIP projects and half (\$63.5 million) for State Transit Assistance.

Proposition 42 was partially suspended in the 2003-04 budget and fully suspended in the 2004-05 budget.

The Governor credited an improving

economy for reversing the need to borrow money earmarked by the voters for transportation.

"Our economic recovery plan is working and as a result we have more revenues coming to the state," the Governor said. "We're going to create an infrastructure that reduces the gridlock on our roads, builds the facilities that our cities need, speeds up the movement of goods in our state and creates more jobs. I want a California where people spend less time sitting on the freeway and more time with their families at home."

Constitutional Amendment

The Governor's current legislative budget control proposal, ACA 4X Keene (R-Chico), prohibits further suspension of Proposition 42 beginning in 2007-08.

ACA 4X also calls for repayment of all Proposition 42 suspensions in equal annual increments by 2021-22.

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