

# ALERT

CALIFORNIA CHAMBER OF COMMERCE

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## Chamber Urging Veto of 8 Remaining 'Job Killers'



Strong opposition from the California Chamber and sympathetic lawmakers helped keep all but eight of the 45 "job killer" bills from passing this year.

"Through consistent and collaborative efforts to educate legislators on the detrimental impact these bills would have on California's economy, 37 'job killer' bills were either stopped, stalled or amended," said Dominic DiMare, Chamber vice president of government relations. "Unfortunately, eight 'job killers' remain, and each would damage California's jobs climate — and collectively, they could have a huge impact on California's economic recovery. We urge the Governor to veto each of these harmful proposals."

Governor Arnold Schwarzenegger has until October 9 to act on the following "job killers" currently awaiting his signature or veto:

● **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 billions annually by raising the state minimum wage to \$7.25 in 2006 and to \$7.75 in 2007, and indexing increases every year thereafter.

● **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

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## Chamber Urges California Companies to Help Small Businesses Rebuild After Katrina

To help speed the recovery of small businesses devastated by Hurricane Katrina, the California Chamber of Commerce is supporting a disaster relief fund set up by its counterpart in Louisiana.

The Chamber has sent a \$25,000 contribution and has received additional commitments from other statewide business associations with the solicitation assistance of the California Business Properties Association.

The Chamber is urging California businesses to also consider tax deductible donations to the Small Business Disaster

Relief Fund set up by the Louisiana Association of Business and Industry (LABI) with the assistance of the Baton Rouge Area Foundation.

"We are confident that this money will find its way to assist small business relief recovery efforts in Louisiana and encourage other California companies to respond," said Chamber President Allan Zaremberg. "The recovery of small businesses is essential to restoring economic vitality to the region hit by Hurricane Katrina."

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## Chamber Announces November Ballot Measure Positions



The California Chamber of Commerce Board of Directors voted last week to take positions on a number of measures on November's

special election ballot. Specifically, the Chamber Board voted to:

● **SUPPORT Proposition 75**, the "paycheck protection" measure;

● **SUPPORT Proposition 78**, the California State Pharmacy Assistance Program;

● **OPPOSE Proposition 80**, the Repeal of Electricity Deregulation and Blackout Prevention Act.

"In considering each of the measures, the California Chamber Board specifically looked at the impact each would have on California's economy and jobs climate," said Chamber President Allan Zaremberg. "We look forward to engaging in an honest debate on the true

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## Labor Law Corner

# How Private Employers Determine Federal Family Leave Coverage



**Sunny Lee**  
Senior Labor Law  
Advisor

*We average 45 to 50 employees on our payroll. Are we required to provide leave under the federal Family Medical Leave Act (FMLA)?*

To be covered under the FMLA, private sector employers must employ 50 or more employees each working day during

20 or more workweeks during the current or preceding calendar year.

The term "calendar year" refers to the year in which the employee requests the leave. The workweeks need not be consecutive.

In determining whether an employer must provide FMLA, due consideration must be given to the following employee classifications:

### ● Layoff and Leave of Absence.

The right to return to a position is a key factor in determining whether an employee is to be included in the count.

Employees who are permanently laid off or permanently disabled from working do not have a continuing employment relationship and, therefore, need not be counted in the total number of employees.

Employees who are temporarily disabled or on a leave of absence, however, do have a continuing employment relationship and must be counted.

● **Part-Time Employees.** FMLA legislative history clearly states Congress' intent to include part-time employees in determining coverage.

Even though a part-time employee may not work the requisite number of hours (1,250 per year) to be eligible for FMLA,

a part-time employee counts for purposes of determining the total number of employees.

● **Joint Employment Worksite: Temporary Employees.** Many employers have a core group of regular employees and also employ temporary employees through temporary employment agencies. For purposes of determining FMLA coverage, those temporary employees are required to be included in an employer's count of total employees. Federal regulations specifically address the joint employment requirements.

For example, an employer with 15 temporary employees and 40 employees on its payroll is responsible for granting FMLA leave to its 40 employees because it employs a total of more than 50 employees, including those working for the temporary employment agency.

For more information about employer obligations under the FMLA, refer to **HRCalifornia.com** or call the California Chamber's Labor Law Helpline.

*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](mailto:helpline@calchamber.com).*

### California Chamber Officers

**Eugene J. Voiland**  
Chair

**Donna F. Tuttle**  
First Vice Chair

**Russell Gould**  
Second Vice Chair

**To be elected**  
Third Vice Chair

**John W. Koeberer**  
Immediate Past Chair

**Allan Zaremborg**  
President

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Home page: [www.calchamber.com](http://www.calchamber.com).*

## Seminars/Trade Shows

For more information on the seminars listed below, visit [www.calchamber.com/events](http://www.calchamber.com/events).

### Business Resources

2005 Northern California Human Resources Association (NCHRA) Annual Conference and Trade Show. NCHRA. September 26-27, Oakland. (415) 291-1992.

Successful Strategies for Competing in a Low-Cost Manufacturing World. California Manufacturing Technology Consulting, 360vu and DLK. October

6, Industry Hills. (310) 263-3009. 48th Annual Professionals in Human Resources Conference. Professionals in Human Resources Association. October 6-7, Long Beach. (800) 734-5410.

### Government Relations

Southwest California Legislative Summit. Temecula Valley Chamber of Commerce. September 30, Temecula. (866) 676-5090.

GovLink Conference 2005. Federal Technology Center. October 17-19, McClellan. (916) 334-9388.

### International

Hong Kong-Guangdong Business Conference USA 2005. Government of Hong Kong Special Administration Region and the People's Government of Guangdong Province. October 14, San Francisco. [www.acteva.com](http://www.acteva.com).

**Next Alert:  
September 30**



# Election '05: Communication with Employees Essential to California's Economic Strength



I'm calling on my California colleagues — business owners, chief executive officers, and leaders of local chambers of com-

merce — to get directly engaged in the special election that is now less than eight weeks away.

As the campaign rhetoric rises, along with the quantity of information — and misinformation — employers must help their employees focus on what the ballot measures mean for their jobs, our businesses, and the future of the California economy.

## Communicate with Employees

Whatever is good for the economy is important to all workers in our companies. Many employees readily look to their business owners and CEOs for an informed opinion on important public policy issues that can determine the success or failure of a business. California companies don't operate in a vacuum; they operate in an integrated network, and a ballot measure that impacts one part of that network is quickly felt in many other parts of that network. That impact often arises because these measures can

affect such a wide array of cost categories — labor, energy, health care, workers' compensation, unemployment insurance, taxes, fees, rent, maintenance, utilities, property taxes, transportation and education.

As I said earlier this year, business owners are within their rights to inform their employees and stockholders about the potential impacts of ballot measures, and I encourage all California business

public employee's paycheck without the employee's permission.

Below are the Chamber's positions on each special election ballot measure, each of which reflects our assessment of the impact on business and the economy. A future issue of *Alert* will carry short recaps of the pros and cons of each measure and the Chamber's position.

## Share Information

A California Chamber brochure gives a quick overview of what employers can and can't do when communicating with employees about ballot measures. The brochure, "**Guidelines for Political Communications to Employees,**" is posted on the Chamber website at [www.calchamber.com](http://www.calchamber.com). Please feel free to share this brochure with other employers, if you have not already done so.

With so much at stake in this election, everyone needs to be involved to help set the future course of California. I urge you to share the Chamber's articles and analyses on the special election measures with your employees, colleagues or members and encourage them to help spread the information.

The more voters know, the more apparent it will become that the November ballot reforms are essential to strengthening the California economy.

*Eugene J. Voiland, 2005 chair of the California Chamber of Commerce Board of Directors, is president and chief executive officer of Aera Energy LLC, Bakersfield.*

## Commentary

By Eugene J. Voiland

owners to do so. Armed with the knowledge of how ballot measures affect our ability to do business, our employees and stockholders will be better equipped to make decisions that keep California businesses competitive and protect California jobs.

## Long-Term Impact

The top priorities for the California Chamber, because of their long-term impact on the economy, are the special election initiatives that are part of the Governor's reform package: Proposition 76, the budget reform; Proposition 77, the redistricting reform; and Proposition 74, the teacher tenure reform.

The Chamber **supports** these reforms, as well as Proposition 75, an important protection that ensures political contributions cannot be deducted from a

## California Chamber Positions on November Ballot Measures

<i>Proposition</i>	<i>Subject</i>	<i>Position</i>
Proposition 74 .....	Put the Kids First Act (teacher tenure) .....	Support
Proposition 75 .....	Paycheck protection (public employee union dues) .....	Support
Proposition 76 .....	Live Within Our Means Act (budget reform) .....	Support
Proposition 77 .....	Voter Empowerment Act (redistricting reform) .....	Support
Proposition 78 .....	Pharmacy assistance program (discount prescription drug program) .....	Support
Proposition 79 .....	CalRx Plus (discount prescription drug mandate) .....	Oppose
Proposition 80 .....	Limits on choices for electricity customers .....	Oppose



## Chamber Sends Aid, Urges Help for Small Business Hurricane Victims

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### Relief Fund

The Small Business Disaster Relief Fund will provide grants to help small businesses damaged by Hurricane Katrina get back into business as soon as possible. The grants will serve as “gap funding” to cover expenses not covered by insurance in order to bring as many enterprises as possible back on line quickly.

Contributions to the Small Business Disaster Relief Fund are tax deductible, can be made by check and mailed to:

Small Business Disaster Relief Fund/  
BRAFF  
402 N. 4th Street  
Baton Rouge, LA 70802

Contributions also can be made through LABI’s website, [www.labi.org](http://www.labi.org).

LABI reports that the contributions, dollar for dollar, will go directly to small

businesses that need the funds to recover. All applications will be handled anonymously to ensure fairness in the grant selection process. Volunteers from the CPA Society, local Bar Association, and Independent Insurance Agents association will be recruited to screen the applications.

As an alternative, readers wishing to provide support to business victims of Hurricane Katrina can send a tax-deductible donation to the California Chamber’s affiliate, the California Foundation for Commerce and Education (CFCE), P.O. Box 1736, Sacramento, CA 95812-1736. Please note on the check that it is for Hurricane Katrina relief. One hundred percent of the contributions will go for disaster relief to the businesses of the Gulf Coast.

### Mississippi

Although it has established no separate fund dedicated to business relief from

Hurricane Katrina, the Mississippi Economic Council is encouraging support be provided through the Mississippi Hurricane Relief Fund set up by Mississippi Governor Haley Barbour. Former Netscape chief executive officer Jim Barksdale, a native of Mississippi, is heading a commission to work with local elected officials and business leaders to make recommendations on rebuilding. More information is available at the council’s website at [www.msmecc.com](http://www.msmecc.com).

Katrina’s long-term impact on the national economy is unclear, but estimates of the cost of Katrina continue to mount, with early assessments that the damage will be double that caused by Hurricane Andrew in 1992.

General donations to help Hurricane Katrina victims are being accepted by the Red Cross at [www.redcross.org](http://www.redcross.org) and the Salvation Army, [www.salvationarmyusa.org](http://www.salvationarmyusa.org).

**Staff Contact: Drew Savage**

## Have You Contributed to Hurricane Katrina Relief?

The California Chamber of Commerce would like to publish a list of members that have contributed to Hurricane Katrina relief efforts.

If your company has provided

help for the victims of Hurricane Katrina, please let us know what you did so that we can share the information with other Chamber members!

Please e-mail information, including

company name and contact name, to [alert@calchamber.com](mailto:alert@calchamber.com). If your company issued a news release announcing its contribution, simply forward a copy via e-mail.

## California Chamber Urging Veto of 8 Remaining ‘Job Killers’

From Page 1

pay equity violations.

● **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.

● **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 taxing agencies for a tax audit, exposing employers to an expensive, time-consuming fishing expedition for possible

employer tax code violations.

● **AB 1310 (Núñez; D-Los Angeles) Severance offers; increased litigation.**

Establishes new reasons to sue certain private sector employers 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.

● **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.

● **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.

● **SB 833 (Bowen; D-Redondo Beach) Onerous fax communication restrictions.** Increases costs by placing onerous administrative and economic burdens on businesses by in effect requiring written consent from their own customers and clients prior to sending certain fax communications.

### Action Needed

Contact Governor Schwarzenegger and ask him to veto these “job killer” bills.

For sample letters visit [www.calchamber.com/jobkillers](http://www.calchamber.com/jobkillers).

**Staff Contact: Dominic DiMare**

# California Chamber Status Report on Major Legislation for Business

The following list summarizes top priority bills for the California Chamber of Commerce and their status as of September 9, when the Legislature began its interim recess.

Legislation that has not gone to the Governor will not be considered further this year.

Within each subject area, the list presents bills in order of priority, with the

higher priorities at the top.

The Chamber will publish its final status report on major business bills in October. The last day for the Governor to sign or veto bills passed by the Legislature before it adjourned is October 9.

Each fall, the Chamber also publishes a record of legislators' votes on key bills affecting California's business climate. Generally, the bills selected for the vote

record have appeared in one of the status reports. This year's vote record will be published on November 4.

A bill listing a chapter number will become law on January 1, 2006, unless it is an urgency measure, which becomes law as soon as it is signed.

Federal bills are marked with an \*.

Status of bills as of September 9, 2005, when the Legislature began its interim recess. Dates listed are the latest date of committee action or when the bill reached the floor, unless action is stated.

Subject and Bill — Chamber Position	Status
<b>Agriculture and Natural Resources</b>	
<b>Development Projects: Disclosure Requirements.</b> AB 648 (Jones) creates new hurdles for development project applicants by requiring additional applicant information and includes changes in ownership as a reason for a supplemental environmental impact report. Oppose.	To Governor
<b>Pest Control: Violations.</b> SB 879 (Escutia) inappropriately imposes civil penalties for any pesticide violations that may pose a health or environmental hazard. Oppose.	Assembly Rules 7/7/05
<b>California Coastal Commission: Administrative Actions.</b> SB 929 (Kehoe) limits open communications between permit applicants and Coastal Commission members. Oppose.	Senate Inactive File 8/22/05
<b>Local Law Enforcement.</b> SB 453 (Poochigian) reduces thefts of crops, livestock and agricultural equipment by extending the sunset date of the Central Valley Rural Crime Prevention Program from July 1, 2005, to July 1, 2009. Support.	To Governor
<b>Motor Vehicle Fee Increase.</b> SB 658 (Kuehl) burdens vehicle fleet owners and businesses in coastal counties with the cost of dealing with a statewide issue by singling out vehicle owners in the coastal zone to pay a new vehicle registration tax to fund efforts to mitigate the impact of motor vehicles. Oppose.	To Governor
<b>Endangered Species: Crimes.</b> AB 734 (Parra) benefits California retailers by allowing the importation and sale of products made from non-endangered kangaroos, which are sold in other states. Support.	Senate Natural Resources & Water 7/14/05;
<b>Pest Control: Violations.</b> SB 455 (Escutia) inappropriately imposes civil penalties for any pesticide violations that may pose a health or environmental hazard. Oppose.	To Governor
<b>Air and Waste Management</b>	
<b>Gas Tax.</b> SB 757 (Kehoe) introduces a new mandate to reduce gasoline use 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. Oppose/ <b>Job Killer.</b>	Failed passage in Assembly Transportation 6/27/05; Reconsideration granted
<b>Ports: Goods Movement Cost Increase.</b> SB 764 (Lowenthal) 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. Oppose/ <b>Job Killer.</b>	Assembly Transportation 6/20/05

Subject and Bill — Chamber Position	Status
<b>Biomonitoring.</b> SB 600 (Ortiz) When introduced, this former “job killer” could have led to the elimination or reduction of use of certain chemicals which have not been scientifically proven harmful, based on mere detection. As amended, the measure authorizes a more modest program consistent with the protocols established by the Centers for Disease Control for implementing a state biomonitoring program. Neutral/ <b>Former Job Killer.</b>	To Governor
<b>Construction Industry; Cost Increase.</b> SB 497 (Simitian) 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. Oppose/ <b>Job Killer.</b>	Held in Senate Appropriations 5/26/05
<b>Ports: Regulatory Complexity.</b> AB 1101 (Oropeza) hampers operations at ports, rail yards, distribution centers and airports by shifting regulatory authority over mobile emissions from state to local entities, creating a patchwork of potentially inconsistent regulations statewide, creating conflicts with federal law. Oppose/ <b>Job Killer.</b>	Failed passage in Assembly 6/2/05; Reconsideration granted.
<b>Air Quality: Alternative Fuels.</b> AB 1007 (Pavley) This former job killer would have created the potential for a significant fuel cost increase and required the California Air Resources Board to develop and adopt a plan to transition away from petroleum-based products, abandoning the state’s policy of fuel neutrality. As amended, the bill requires only that specified agencies develop plans on how to increase the use of alternative fuels while minimizing the economic costs to the state and decreasing the state’s dependency on petroleum. Neutral/ <b>Former Job Killer.</b>	To Governor
<b>Elimination of Pro-Jobs Environmental Program.</b> AB 1430 (Goldberg) 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. Oppose/ <b>Job Killer.</b>	Assembly Inactive File 6/2/05
<b>Excessive Litigation.</b> SB 109 (Ortiz) increases litigation costs and potential lawsuits by allowing for both civil and criminal penalties for specified air quality violations. Oppose/ <b>Job Killer.</b>	Failed passage in Assembly 9/7/05
<b>Goods Movement; Cost Increase.</b> SB 459 (Romero) increases the cost of goods movement and discourages job creation by imposing an air quality mitigation fee on railroad companies that operate in the counties of Los Angeles, Riverside and San Bernardino. Oppose/ <b>Job Killer.</b>	Assembly Transportation 6/27/05
<b>Employer Penalties.</b> SB 870 (Escutia) 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. Oppose/ <b>Job Killer.</b>	Held in Senate Appropriations 5/26/05
<b>Fuel Tax.</b> AB 1407 (Oropeza) When introduced, this former job killer would have added a 5 cents per gallon tax on the sale of off-road diesel fuel. As amended, the measure requires the state Air Resources Board to study the impacts of imposing a 5 cents per gallon tax on off-road diesel. Neutral/ <b>Former Job Killer.</b>	Senate Environmental Quality 6/15/05
<b>Civil Litigation</b>	
<b>Predatory Litigation.</b> AB 528 (Frommer) 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. Oppose/ <b>Job Killer.</b>	Assembly Inactive File 6/2/05
<b>Proprietary Information.</b> AB 1700 (Pavley) exacerbates an already-hostile legal environment by impeding a business’s ability to maintain the confidentiality of its proprietary information. Oppose/ <b>Job Killer.</b>	Assembly Inactive File 6/2/05
<b>Health Care Cost Increase.</b> SB 399 (Escutia) 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. Oppose/ <b>Job Killer.</b>	To Governor

Subject and Bill — Chamber Position	Status
<b>Corporate Governance</b>	
<b>Investment Plans: Mandatory Defined Contribution and Other Mandatory Retirement Plans.</b> AB 310 (Umbert) may discourage financial institutions from offering their products and services to public employees in mandatory defined contribution plans by imposing various fees and requirements on persons performing investment or management services, mandating a minimum rate of return on assets, limiting management and service fees, and liability insurance. Oppose.	To Governor
<b>Unbalanced Trial Cost Recovery.</b> AB 153 (Assembly Budget Committee) gives Attorney General unfair settlement leverage in cases involving alleged violations of laws governing corporate securities, anti-trust and other laws relevant to corporate concerns by allowing the full recovery of all costs associated with the investigation and prosecution of such cases. Oppose.	To Governor
<b>Education</b>	
<b>Vocational Education: Requirements.</b> AB 1608 (Liu) promotes workplace readiness by providing middle school students with valuable information regarding the various choices in career technical education. Support.	Held in Assembly Appropriations 5/25/05
<b>Vocational Education: Requirements.</b> AB 1609 (Liu) promotes workplace readiness by informing the public of how many career technical classes are offered, the industries involved in the program, the number of students enrolled in these courses, and the graduation rates of students. Support.	To Governor
<b>California Career Resource Network.</b> SB 665 (Migden) promotes workplace readiness by providing students with valuable information about career paths and opportunities by creating the California Career Resources Network. Support.	Chapter 208
<b>Vocational Education: Requirements.</b> SB 845 (Scott) improves workplace preparation by expanding the number of eligible instructors for career technical education programs and adult education programs. Support.	Assembly Education 6/29/05
<b>Adult Education.</b> SB 1080 (Campbell) improves California's workforce by allowing businesses and local schools to provide English language skills classes at the worksite. Support.	Held in Senate Appropriations 5/26/05
<b>Education Courses: Preparation for Employment.</b> SCA 10 (Runner) promotes workplace readiness by amending the Constitution to emphasize the importance of career technical education in our public schools. Support.	Held at Assembly Desk 8/22/05
<b>Public School Textbooks: Adoption.</b> SCAX1 4 (Perata) takes away the authority of the State Board of Education to approve textbooks, potentially leading to reduced quality of instructional materials. Oppose.	Senate Elections, Reapportionment & Constitutional Amendments 3/15/05
<b>School Facilities: Lease-Leaseback Contracts.</b> AB 1097 (Mullin) eliminates competition by creating an inappropriate incentive for school districts to select union contractors over non-union contractors. Oppose.	To Governor
<b>Employee Relations</b>	
<b>Employment: Work Hours.</b> AB 640 (Tran) helps employees achieve greater flexibility in work schedules by allowing individual workers to request and their employers to mutually agree to a four-day workweek. Sponsor/Co-Sponsor.	Failed passage in Assembly Labor & Employment 4/20/05; Reconsideration granted
<b>Employment.</b> AB 822 (Benoit) expands employer's options for compensating employees to include electronic paycheck cards. Sponsor/Co-Sponsor.	Assembly Labor & Employment 5/4/05



Subject and Bill — Chamber Position	Status
<b>Workplace Postings.</b> AB 1709 (Wyland) reduces confusion and increases understanding of workplace rights and responsibilities by requiring all workplace posters to be written simply and in plain language. Sponsor/Co-Sponsor.	Failed passage in Assembly Labor & Employment 4/20/05; Reconsideration granted
<b>New Reasons to Sue.</b> AB 581 (Klehs) makes California less desirable as a place to establish or expand a business by opening new avenues to sue employers by establishing a broad new private right of action that permits joint labor management committees to sue any employer for certain Labor Code violations that may have occurred up to four years previously, among other provisions. Oppose/ <b>Job Killer.</b>	Held in Senate Appropriations 8/25/05
<b>Minimum Wage Increase.</b> AB 48 (Lieber) 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 billions annually by raising the state minimum wage to \$7.25 in 2006 and to \$7.75 in 2007, and indexing increases every year thereafter. Oppose/ <b>Job Killer.</b>	To Governor
<b>Excessive Litigation.</b> AB 169 (Oropeza) 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. Oppose/ <b>Job Killer.</b>	To Governor
<b>New “Sue Your Boss” Lawsuits.</b> SB 174 (Dunn) increases employer liability by providing new incentives for plaintiffs and their attorneys to file lawsuits by establishing new types of “sue your boss” lawsuits. Oppose/ <b>Job Killer.</b>	To Governor
<b>Family Leave Law Abuse.</b> SB 300 (Kuehl) opens California’s leave law to potential abuse by removing controls that require that the employee actually provides the care, among other provisions. Oppose/ <b>Job Killer.</b>	Assembly Appropriations Suspense File 8/25/05
<b>Severance Offers; Increased Litigation.</b> AB 1310 (Núñez) establishes new reasons to sue certain private sector employers 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. Oppose/ <b>Job Killer.</b>	To Governor
<b>Government Agency Potential Harassment of Employers.</b> AB 875 (Koretz) opens the door to potential harassment by government labor and taxing agencies by requiring the referral of an unspecified labor violation to taxing agencies for a tax audit, exposing employers to an expensive, time-consuming fishing expedition for possible employer tax code violations. Oppose/ <b>Job Killer.</b>	To Governor
<b>Employment: Wages.</b> AB 1093 (Matthews) makes a number of sensible changes to current payroll practices benefiting both employers and employees. Support.	Chapter 149
<b>Loss of Employer Rights: Wage and Hour Claims.</b> AB 879 (Torrico) significantly reduces employer rights to appeal wage claims. Oppose.	To Governor
<b>Severance Pay Mandate.</b> AB 985 (Torrico) is an anti-outsourcing measure that essentially creates an unreasonable severance pay mandate if jobs are outsourced while an employee is on military leave. Oppose.	To Governor
<b>Overtime Compensation.</b> AB 1012 (Nation) clarifies definition of computer programmer for purposes of overtime pay calculation. Support.	Senate Labor & Industrial Relations 6/22/05
<b>Ban of Deductions on Unearned Commissions.</b> AB 1172 (Chu) unreasonably forbids telecommunication industry employers from recouping commission payments for sales that were never completed. Oppose.	Senate Labor & Industrial Relations 6/22/05
<b>Civil Rights Act of 2005.</b> AB 1400 (Laird) originally exposed California businesses to nearly unlimited liability by providing the list of protected classes were only suggestions and could be expanded. Bill subsequently amended to eliminate unlimited liability provisions in order to remove Chamber opposition. Neutral.	To Governor
<b>Paystubs: Social Security Numbers.</b> SB 101 (Battin) is technical cleanup of law enacted in 2004 requiring employers to mask all but the last four digits of Social Security numbers on paychecks and paystubs. Support.	Chapter 103



Subject and Bill — Chamber Position	Status
<b>Energy and Communications</b>	
<b>Antiquated Regulations.</b> SB 1068 (Escutia) stifles innovation and limits consumer choices by imposing antiquated regulations developed for monopolistic landline telephone services on rapidly growing and competitive telecommunications industry. Oppose/ <b>Job Killer.</b>	Failed passage in Assembly Utilities & Commerce 7/6/05; Reconsideration granted
<b>Antiquated Regulations.</b> AB 1082 (Ruskin) stifles innovation and limits consumer choices by imposing antiquated regulations developed for monopolistic landline telephone services on rapidly growing and competitive telecommunications industry. Oppose/ <b>Job Killer.</b>	Assembly Utilities & Commerce 4/25/05
<b>Energy: Renewable Energy Resources: Million Solar Roofs Initiative.</b> SB 1 (Murray) increases energy costs significantly for small business and large industrial energy consumers by creating the Solar Homes Peak Energy Procurement Program to be funded by the existing public goods charge, the purpose of which is to finance the development and implementation of renewable energy sources. Oppose.	Assembly Utilities & Commerce 9/6/05
<b>State Energy Resources Conservation and Development Commission: Liquefied Natural Gas Plants.</b> SB 426 (Simitian) possibly exacerbates potential energy shortages by establishing a new permitting process that adds delay to the approval of pending LNG facility permit applications. Oppose.	Passed Assembly 9/8/05
<b>Energy Resources: Liquefied Natural Gas Terminals.</b> SB 1003 (Escutia) delays critically needed liquid natural gas facilities to meet our energy needs by establishing a permitting process at the California Energy Commission to the exclusion of all other city, state or local authorities. Oppose.	Assembly Appropriations Suspense File 8/17/05
<b>Public Utilities Commission: State Energy Resources Conservation and Development Commission: Commission Memberships.</b> SB 204 (Bowen) limits the Governor's ability to identify and appoint qualified candidates for the California Public Utilities Commission (PUC) by prohibiting anyone who received income from a corporation regulated by the PUC from being appointed as a member of the commission within two years of receiving such income. Further prohibits any commissioner from receiving income from regulated corporations while a member of the commission and for two years after leaving service as a commissioner. Moreover, prohibits commissioners from holding elected office and requires that civil service conflict of interest laws apply to commissioners. Oppose.	Failed passage in Assembly Elections & Redistricting 7/5/05; Reconsideration granted
<b>Energy Resources: Certification: Environmental Documents.</b> AB 1165 (Bogh) appropriately requires the use of the California Energy Commission's environmental documents as the controlling environmental document on proposed energy facilities. Support.	Senate Rules 9/1/05
<b>Energy: Agency Consolidation.</b> AB 1190 (Canciamilla) promotes more cohesive state approach to energy issues by consolidating the numerous agencies and commissions that regulate energy under an Energy Agency directed by a single secretary of energy for California. Support.	Failed passage in Assembly Utilities & Commerce 4/4/05
<b>Electric Transmission Corridors.</b> SB 1059 (Escutia) enables the California Energy Commission to identify the most appropriate locations for new transmission lines. Support.	Held at Assembly Desk 6/2/05
<b>Government Procurement</b>	
<b>Public Contracts: Bid Preferences.</b> AB 1654 (De La Torre) negatively affects California-based companies bidding on work in other states that will have points deducted from the bids in proportion to the preference they receive in California and may elicit retaliation from overseas trading partners by requiring state agencies to give a 5 percent bid preference to companies that bid on state contracts with the commitment that 90 percent of the work will be performed by California employees. Oppose.	Held in Assembly Appropriations 5/25/05
<b>Public Contracts: Bidding Requirements.</b> AB 524 (Chan) discourages businesses from bidding on state contracts, thereby reducing competition and increasing the costs of state contracts, by requiring businesses to provide information on work that would be conducted outside of the United States. Oppose.	To Governor

Subject and Bill — Chamber Position	Status
<b>Health</b>	
<b>Government-Run Health Care.</b> SB 840 (Kuehl) imposes a government-run health care system on all Californians. Oppose/ <b>Job Killer.</b>	Assembly Rules 7/12/05
<b>Health Care Cost Increase.</b> SB 593 (Alarcón) 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. Oppose/ <b>Job Killer.</b>	Senate Health 5/4/05
<b>Health Care Coverage Limitations.</b> AB 977 (Nava) reduces employer choice and options to purchase affordable health care coverage for their employees by requiring a health plan or health insurer to seek prior approval from its regulator before adjusting co-pays, deductibles and other out-of-pocket costs or limiting benefits or coverage on any of its products. Oppose.	Failed passage in Assembly 6/2/05
<b>Health Care Rate Regulation.</b> SB 425 (Ortiz) decreases competition in the health care insurance market by requiring a health insurer to obtain prior approval of premium rate increases, which will lead to higher premiums, less consumer choice and a reduction in access to care. Oppose.	Senate Health 4/18/05
<b>Health Care: Employer List of Shame.</b> AB 89 (J. Horton) inappropriately places employers on a list of shame if any of their employees applies for public health care, even if the employer provides health care but the employee decides to apply for a government program. Oppose.	To Governor
<b>Product Ban.</b> AB 319 (Chan) bans a wide range of popular consumer products that are intended for use by children that may contain Bisphenol A and Phthalates, without a sound scientific basis and consideration of the potential dire economic impacts. Oppose.	Assembly Appropriations 5/11/05
<b>Mandated Benefit.</b> SB 189 (Chesbro) increases health care premiums by mandating health care service plans to cover substance-related disorders. Oppose.	Senate Banking, Finance & Insurance and Health 2/24/05
<b>Increased Litigation.</b> AB 73 (Frommer) undermines California's biotech industry, puts California residents' health and safety at risk, and makes the state vulnerable to costly lawsuits by facilitating importation of drugs from Canada, England and Ireland. Oppose.	To Governor
<b>Price Controls.</b> AB 75 (Frommer) will lead to cost shifting to the private sector by establishing price controls on pharmaceuticals sold to the state of California by drug manufacturers. Oppose.	Senate Health 6/28/05
<b>Pharmacy Benefits Management.</b> AB 78 (Pavley) inappropriately interferes in privately negotiated contracts and results in higher prescription drug costs by requiring pharmacy benefit managers (PBMs) to make various disclosures to purchasers and the public and requiring PBM contracts to include specified provisions. Oppose.	To Governor
<b>Mandated Benefit.</b> SB 576 (Ortiz) increases health care premiums by mandating health care service plans to cover tobacco cessation services. Oppose.	To Governor
<b>Discount Health Program Disruption.</b> AB 562 (Levine) completely disrupts the current operation and marketing of discount health care programs offered by legitimate associations, companies and organizations, and enjoyed by millions of persons across California by banning the offering of discounted physician and hospital services, and by severely hampering, and possibly eliminating altogether, the ability of consumers to receive pre-negotiated discounts on other critical health care services. Oppose.	Assembly Appropriations 5/25/05
<b>Mandated Benefits.</b> AB 1698 (Núñez) increases cost to employers purchasing dependent health care coverage for their employees by extending the age at which dependents are covered by as much as seven years. Oppose.	To Governor
<b>Increased Health Care Costs.</b> SB 363 (Perata) increases the costs of health care by mandating that hospitals implement a "zero lift" policy. Oppose.	To Governor
<b>Mandated Benefit.</b> AB 976 (Emmerson) increases health care premiums by mandating health care service plans to cover orthotic and prosthetic devices. Oppose.	Assembly Health 4/12/05

Subject and Bill — Chamber Position	Status
<b>Housing and Land Use</b>	
<b>General Plans Cost Increase.</b> AB 802 (Wolk) slows development of affordable housing and increases opportunity for unnecessary litigation by forcing local government to integrate two incompatible planning processes. Oppose/ <b>Job Killer.</b>	Assembly Inactive File 6/1/05
<b>Affordable Housing Development Impediment.</b> SB 44 (Kehoe) slows development of affordable housing and increases the opportunities for unnecessary litigation by forcing local government to integrate two incompatible planning processes. Oppose/ <b>Job Killer.</b>	Failed passage in Assembly 9/8/05
<b>General Plans; Increased Complexity.</b> SB 409 (Kehoe) 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 inserting new water supply requirements into general plans. Oppose/ <b>Job Killer.</b>	Failed passage in Assembly Water, Parks & Wildlife 6/28/05; Reconsideration granted.
<b>Affordable Housing.</b> AB 712 (Canciamilla) increases affordable housing availability by setting guidelines that must be followed by local agencies before they move to halt the construction of high-density developments. Support.	To Governor
<b>Affordable Housing.</b> AB 1460 (Umberg) reduces the costs for developing new homes by establishing a time frame for the release of improvement or performance bonds provided by developers to local governments to ensure that infrastructure is properly built and turned over to the public. Support.	To Governor
<b>Industrial Safety and Health</b>	
<b>New Customer Reporting Mandate: Chemicals and Commercial Products.</b> AB 816 (Lieber) is unreasonable mandate that orders all businesses to turn over names and addresses of customers who purchase certain chemical or commercial products containing certain chemicals. Oppose.	To Governor
<b>Diminished Standards Board Authority.</b> AB 815 (Lieber) is an unwarranted attempt to take away the ability of the Cal/OSHA Standards Board to craft and adopt consensus workplace safety and health standards and adds unreasonable new customer reporting mandate that orders all businesses to turn over names and addresses of customers who purchase certain chemicals or commercial products containing the chemicals. Oppose.	Held in Senate Appropriations 8/25/05
<b>Cal/OSHA: New Compliance Mandate and New Crime: Heat Stress.</b> AB 805 (Chu) is unreasonable mandate to force Cal/OSHA Standards Board to adopt unworkable heat stress standards for most industries, as well as establishing new employer crime. Oppose.	Held in Senate Appropriations 8/25/05
<b>Insurance</b>	
<b>Insurance Affordability.</b> SB 603 (Ortiz) threatens the availability and affordability of insurance by prohibiting the use of credit-related information in the rating, underwriting and pricing of homeowners and automobile insurance in California. Oppose.	Failed passage in Assembly Insurance 6/29/05; Reconsideration granted.
<b>Insurance Affordability.</b> SB 2 (Speier) would have driven up the cost of homeowner's insurance, contributing to the problem of unaffordable housing by mandating excessive claims payments to a small group of policyholders. Amended to address Chamber concerns. Neutral/ <b>Former Job Killer.</b>	To Governor
<b>Additional Insurance Requirements; Cost Increase.</b> SB 150 (Escutia) increases the cost of insurance for business and individuals by adding new burdensome and unnecessary requirements on insurance carriers. Oppose/ <b>Former Job Killer.</b>	To Governor
<b>Insurance Affordability.</b> SB 518 (Kehoe) would have driven up the cost of homeowner's insurance, contributing to the problem of unaffordable housing by mandating excessive claims payments to a small group of policyholders. Amended to address Chamber concerns. Neutral/ <b>Former Job Killer.</b>	To Governor

Subject and Bill — Chamber Position	Status
<b>International Trade</b>	
<b>*Trade Promotion Authority.</b> S. Res. 100 (Dorgan) is a resolution disapproving the request of the President for extension of trade promotion authority until 2007. Oppose.	Died
<b>*U.S.-Bahrain Free Trade Agreement.</b> A bilateral free trade agreement that will foster increased trade and investment between both countries. This agreement is an important step in President Bush's plan to create a Middle East Free Trade Area by 2013. Support.	Pending Congressional Action
<b>*U.S.-Dominican Republic/Central American Free Trade Agreement (DR-CAFTA).</b> H.R. 3045 (DeLay) is a regional free trade agreement that will reduce trade barriers and encourage business development and investment among the United States, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic. Support.	Passed U.S. Senate 6/30/05; Passed U.S. House 7/28/05; signed by President 8/2/05
<b>*World Trade Organization.</b> HJ Res. 27 is a motion to withdraw congressional approval of the 1994 agreement establishing the Geneva-based trading body. Oppose.	U.S. House rejected 6/9/05
<b>International Trade Agreements.</b> SB 348 (Figueroa) provides the state Legislature with the authority to control provisions of a proposed international trade agreement by requiring Legislature to enact a statute before any state official, including the Governor, can make such an agreement. Oppose.	To Governor
<b>Other</b>	
<b>Duplicate Regulations.</b> SB 484 (Migden) places unnecessary economic burdens and duplicative data regulations on cosmetics and personal care product manufacturers which result in no further public benefit. Oppose.	To Governor
<b>Additional Restrictions.</b> SB 12 (Escutia) unnecessarily limits the sale of certain beverages and food items at schools, as well as placing portion size restrictions. Oppose.	To Governor
<b>Additional Restrictions.</b> SB 965 (Escutia) further restricts the use of certain products by banning the sale of soda and other beverages not meeting specific standards in high schools. Oppose.	To Governor
<b>Limits on Protected Speech.</b> AB 1179 (Yee) ignores protected speech under the First Amendment as ruled by the courts by prohibiting the sale and rental of certain video games to individuals under the age of 18. Oppose.	To Governor
<b>Limits on Protected Speech.</b> AB 450 (Yee) ignores protected speech under the First Amendment as ruled by the courts by prohibiting the sale and rental of certain video games to individuals 16 years old and younger. Oppose.	Assembly Inactive File 9/7/05
<b>Mandated Food Choices.</b> SB 522 (Torlakson) ignores consumer demand by restricting what items can be sold in vending machines on state property according to certain nutritional guidelines. Oppose.	Senate Inactive File 5/26/05
<b>Privacy and Confidentiality</b>	
<b>Onerous Fax Communication Restrictions.</b> SB 833 (Bowen) increases costs by placing onerous administrative and economic burdens on businesses by in effect requiring written consent from their own customers and clients prior to sending certain fax communications. Oppose/ <b>Job Killer.</b>	To Governor
<b>Business Cost Increase.</b> SB 852 (Bowen) imposes unworkable requirements governing non-electronic data on government agencies, education institutions, businesses and non-profits. Oppose/ <b>Job Killer.</b>	Failed passage in Assembly Business & Professions 6/28/05; Reconsideration granted



Subject and Bill — Chamber Position	Status
<b>Unnecessary Regulatory Burden.</b> SB 550 (Speier) exposes data brokers to onerous and costly disclosure regulations that are impractical. Oppose.	Failed passage in Assembly Banking & Finance 7/6/05; Reconsideration granted
<b>Technology Restrictions.</b> SB 682 (Simitian) jeopardizes use of technologies that ensure safety and security by limiting use of developing radio frequency identification devices in government identity documents. Oppose.	Assembly Appropriations Suspense File 8/25/05
<b>Consumer Access Limitations.</b> SB 440 (Speier) decreases consumer access to free products by conditioning the offer on their agreement to disclose certain information. Oppose.	Failed passage in Assembly Judiciary 6/21/05; Reconsideration granted.
<b>Consumer Credit Reports: Unreasonable Limits.</b> SB 986 (Escutia) increases opportunity to file employment-related lawsuits by unreasonably limiting the use of credit reports by employers when making employment decisions, among other provisions. Oppose.	Senate Judiciary 5/3/05
<b>Small Business</b>	
<b>Stops Predatory Lawsuits.</b> SB 855 (Poochigian) helps stop predatory shakedown Americans with Disabilities Act (ADA) lawsuits by requiring a specific notice of intent to sue and brief period of time where a business can repair an ADA access problem. Sponsor/Co-Sponsor.	Failed passage in Senate Judiciary 5/3/05; Reconsideration granted
<b>Stops Predatory Lawsuits.</b> AB 20 (Leslie) helps stop predatory ADA litigation by establishing much-needed definitions of what constitutes an ADA access barrier and to whom it constitutes a barrier, among other provisions. Sponsor/Co-Sponsor.	Assembly Judiciary 2/28/05
<b>Reduces Regulatory Red Tape.</b> AB 348 (Arambula) helps California small business reduce red tape burden by permitting state agencies to accept same local government small business contractor certification in lieu of state certification. Support.	Chapter 185
<b>Taxation</b>	
<b>Personal Income Tax Increase.</b> AB 6 (Chan) 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. Oppose/ <b>Job Killer.</b>	Assembly Floor 6/20/05
<b>Sales Tax Increase.</b> AB 9 (Coto) increases the cost of doing business by placing a sales tax on certain services. Oppose/ <b>Job Killer.</b>	Held in Assembly Revenue & Taxation 4/25/05
<b>Property Tax Increase.</b> SB 17 (Escutia) increases property taxes on business when more than 50 percent of ownership changes and imposes burdensome reporting requirements and harsh tax penalties for errors. Oppose/ <b>Job Killer.</b>	Senate Inactive File 6/2/05
<b>Business Investment Incentive.</b> AB 80 (Houston) encourages investment in California through a sales tax exemption on manufacturing and telecommunication equipment. Support.	Held in Assembly Revenue & Taxation 5/16/05
<b>Business Investment Incentive.</b> AB 344 (Villines) helps revitalize the manufacturing industry by reinstating manufacturer's investment credits that provide sales and use tax exemption for qualified personal property and allows a credit for certain personal income and corporation taxes. Support.	Held in Assembly Revenue & Taxation 5/16/05
<b>Tax Vote.</b> ACA 7 (Nation) 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. Oppose/ <b>Job Killer.</b>	Held in Assembly Appropriations 5/25/05
<b>Tax Liability Increase.</b> SB 27 (Escutia) 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. Oppose/ <b>Job Killer.</b>	Senate Revenue & Taxation 4/27/05

Subject and Bill — Chamber Position	Status
<b>Tax Credit Elimination.</b> AB 1644 (De La Torre) increases taxes, making California unattractive to cutting-edge industries by suspending certain tax credits for one year beginning January 1, 2006, and reduces California's business competitiveness by restricting the tax treatment of subchapter S corporations. Oppose/ <b>Job Killer.</b>	Assembly Revenue & Taxation 6/14/05
<b>Tax Increase.</b> AB 34 (Ruskin) increases taxes on many corporations by expanding the list of specified affiliated companies to include a corporation that is incorporated, headquartered or located in a tax haven country. Oppose.	Assembly Third Reading 6/20/05
<b>Tax Increase.</b> AB 441 (Chu) increases the cost of doing business in California by treating a legally structured foreign entity as a California domiciled company for purposes of the water's-edge election. Oppose.	Failed passage in Assembly 8/31/05
<b>Tax Increase.</b> SB 663 (Migden) makes significant changes to the water's-edge election, thereby increasing the cost of doing business in California and negatively impacting California high tech and financial corporations. Oppose.	Assembly Inactive File 9/2/05
<b>Tax Increase.</b> SB 656 (Romero) increases the cost of doing business by authorizing counties to impose an additional 5 percent tax on the sale of beer, wine and distilled spirits. Oppose.	Senate Revenue & Taxation 4/13/05
<b>Tax Increase.</b> AB 1612 (Pavley) increases the cost of doing business by imposing a tax on cigarette manufacturers to fund the Cigarette Pollution Act of 2005. Oppose.	Held in Assembly Appropriations 5/25/05
<b>Tax Increase.</b> SB 942 (Chesbro) increases the cost of doing business by imposing a tax increase on tobacco manufacturers. Oppose.	Held in Senate Appropriations 5/26/05
<b>Business Investment Incentive.</b> AB 1580 (Torrico) encourages investment in California by creating a sales tax exemption for the use of manufacturing and telecommunication equipment. Support.	Assembly Revenue & Taxation 6/1/05
<b>Business Investment Incentive.</b> SB 552 (Alquist) encourages investment in California by providing for a sales tax exemption for manufacturing equipment and telecommunication activities. Support.	Senate Revenue & Taxation 4/27/05
<b>Tourism</b>	
<b>Tax Increase.</b> AB 655 (Leno) increases taxes on customers in California's entertainment venues, driving up ticket prices of a crucial economic sector. Oppose.	Held in Assembly Arts, Entertainment, Sports, Tourism & Internet Media 4/19/05
<b>Costly Mandate.</b> AB 768 (Nation) imposes costly new mandates on the travel industry. Oppose.	Assembly Inactive File 6/2/05
<b>Transportation</b>	
<b>Ports: Goods Movement Cost Increase.</b> SB 760 (Lowenthal) increases the cost of goods movement in California by assessing a \$30 fee per twenty-foot equivalent unit on containers processed through the Los Angeles and Long Beach ports. Oppose/ <b>Job Killer.</b>	Assembly Appropriations 8/17/05
<b>Ports: Cost Increase.</b> SB 762 (Lowenthal) 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 state's major ports. Oppose/ <b>Job Killer.</b>	Assembly Transportation 6/20/05
<b>Ports and Harbors: Fee Increase.</b> AB 1406 (Karnette) When introduced, this former job killer would have increased cost of goods movement by adding a \$10 fee on all containers moving through the ports. As amended, the measure no longer has fee authority and simply requires the Office of Homeland Security to establish a grant program to enhance security at the ports. Neutral/ <b>Former Job Killer.</b>	To Governor

Subject and Bill — Chamber Position	Status
<b>Unemployment and Disability Insurance</b>	
<b>Employment Tax Amnesty.</b> AB 793 (Benoit) increases revenue level of the nearly insolvent Unemployment Insurance Trust Fund by creating a one-time unemployment insurance tax amnesty program. Sponsor/Co-Sponsor.	Assembly Insurance 4/20/05
<b>UI Benefit Expansion.</b> AB 391 (Koretz) 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. Oppose/ <b>Job Killer.</b>	To Governor
<b>Anti-UI Claim Fraud.</b> SB 146 (McClintock) requires Employment Development Department to verify claims are legitimate before mailing UI benefit checks. Support.	Senate Labor & Industrial Relations 3/23/05
<b>Water Supply and Quality</b>	
<b>Water Discharge.</b> SB 646 (Kuehl) jeopardizes jobs and agriculture and timber industry revenues by imposing mandatory annual fees for water discharge waivers with no accountability requirements. Oppose/ <b>Job Killer.</b>	Failed passage in Assembly 9/8/05
<b>New Reporting Requirements.</b> SB 820 (Kuehl) burdens landowners by imposing new groundwater use reporting requirements; levies penalties for failure to report water usage; and requires small water districts to develop ag management plans. Oppose.	To Governor
<b>Unscientific Mandate.</b> SB 187 (Soto) permits unscientific information to be used to force re-evaluation of perchlorate levels in drinking water. Oppose.	Assembly Environmental Safety & Toxic Materials 6/28/05
<b>New Fee.</b> AB 342 (Baca) intends to impose a fee on products containing perchlorate to fund cleanups of contaminated drinking water wells. Oppose.	Assembly 2/11/05
<b>Workers' Compensation</b>	
<b>Workers' Compensation: Unqualified Medical Providers.</b> AB 1549 (Koretz) 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. Oppose/ <b>Job Killer.</b>	Assembly Insurance 4/27/05
<b>Workers' Compensation: Rate Regulation.</b> SB 46 (Alarcón) regulates workers' compensation insurance rates, levies increased fees on employers and creates a litigious rate review process. Oppose.	Failed passage in Assembly Insurance 6/29/05; Reconsideration granted
<b>Workers' Compensation: New Mandates.</b> SB 538 (Kuehl) creates hasty and costly new mandates on the recently created workers' compensation Medical Provider Networks. Oppose.	Assembly Appropriations Suspense File 7/13/05
<b>Workers' Compensation: Unnecessary Penalty Structure.</b> SB 1023 (Dunn) increases workers' compensation rates by encouraging litigation in the workers' compensation system. Oppose.	To Governor
<b>Workers' Compensation: Reducing Program Costs.</b> SB 292 (Speier) reduces out-of-control pharmaceutical costs for repackaged drugs. Support.	Assembly Appropriations 8/25/05

# U.S. House Expected to Overhaul Federal Endangered Species Act



U.S. Representative Richard Pombo (R-Tracy), chair of the U.S. House Resources Committee, is expected to introduce legislation in the U.S. House of Representatives this month to reform the 32-year-old federal Endangered Species Act (ESA).

Despite failures to overhaul the act in the past, many lawmakers on Capitol Hill are welcoming Pombo's efforts to modernize the law.

## Changes Needed

The current ESA has been criticized for failing to restore the populations of all but a handful of species it lists as "endangered," while placing onerous restrictions on private property owners.

Advocates of private property rights argue that, given the inefficiency of the current law, the burden placed upon landowners is unacceptable.

Although very few of the listed endangered species have recovered to a point where they no longer require protection, conservationists point out that the bill has worked very well at preventing species from becoming extinct.

Earlier this summer Congressman Pombo's office leaked a draft of his bill that attempts to resolve some private property issues while improving the ESA's ability to recover endangered species.

## Concerns with Draft Bill

Both private property and environmental groups, however, have expressed concern about the proposals found in the draft bill. Private property advocates are unhappy with language authorizing compensation for landowners only when

ESA regulations devalue their property by 50 percent or more. Conservationists are troubled by language eliminating the ESA in 2015 and reducing protections for streams and forests.

Congressman Pombo has acknowledged that the ESA's effectiveness depends on finding compromises that reduce conflicts between listed endangered species and economic development.

One successful approach has been the creation of Habitat Conservation Plans (HCPs), documents in which landowners agree to conservation measures in exchange for a permit to "take" listed species in connection with economic activity.

HCPs can facilitate the peaceful co-existence of economic development and species protection. Under an HCP, private landowners have assurances that their economic activities are lawful and consistent under the ESA.

## Chamber Position

The California Chamber of Commerce **supports** modernizing the Endangered Species Act and the continued use of Habitat Conservation Plans.

**Staff Contact:** Valerie Nera

# Federal Appeals Court Voids Pro-Union Law

Last week the 9th U.S. Circuit Court of Appeals struck down a 2000 California law that prohibited private companies participating in state programs or doing business with the state from spending funds received from the state to assist, deter or promote union-related speech.

**AB 1889 (Cedillo; D-Los Angeles; Chapter 872, Statutes of 2000)**, which was **opposed** by the California Chamber of Commerce in 2000, also mandated extensive bookkeeping and reporting requirements for all businesses that contract with the state and established Labor Commissioner intervention, Attorney General litigation and private "bounty hunter" civil actions to force compliance.

## Court Ruling

The appeals court ruled that "the California statute chills employers from



exercising their free speech rights that are explicitly protected by Congress under the National Labor Relations Act" and, in doing so, "operates to impel employers themselves to take a position of neutrality with respect to labor relations, in direct conflict with employers' rights as granted by the National Labor Relations Act."

In 2004 the appeals court upheld a trial court's ruling that the state law encroached upon companies' rights under the National Labor Relations Act. However, the state's petition to have the case reheard was granted earlier this year.

In response to the ruling last week, Chamber spokeswoman Sara Lee said the court "was right in their ruling last year and right in their ruling again today. AB 1889 would have limited employers' right to communicate with their employees."

**Staff Contact:** Julianne Broyles

# Chamber Positions

*From Page 1*

merits of these and other key measures on the ballot."

The Chamber had previously taken positions on other November ballot measures:

- **SUPPORT Proposition 76** - California Live Within Our Means Act;
- **SUPPORT Proposition 74** - Put the Kids First Act;
- **SUPPORT Proposition 77** - Voter Empowerment Act;
- **OPPOSE Proposition 79** - CalRx Plus.

The Chamber Board also voted to **oppose** the Corporate Political Accountability Act, which is pending for a future ballot.

**Staff Contact:** Sara Lee





# Many Positive Indicators So Far for U.S./State Economic Outlook

## National Economy

Deflationary worries are gone: The U.S. economy appears to be in a good place right now.

Preliminary gross domestic product (GDP) growth was a fine 3.4 percent in the second quarter, with total final sales up 5.8 percent. The National Product and Income Accounts are revealing few caveats.

Business investment growth recovered to 9.2 percent, up from 5.7 percent in the first quarter of the year. Consumption slowed a tad to 3.3 percent last quarter from 3.5 percent in the first quarter, but it should have done so anyway, thanks to rising oil prices, which act like a consumption tax.

If anything, one wonders why consumption has not slowed more. Indeed, recent retail numbers (for July) were somewhat confusing: On the one hand retail sales were up 1.8 percent from the month before, but that was because motor vehicle and gasoline shot up. On the other hand, without those, July retail sales were unchanged, following a 0.7 percent increase in June and none in May.

Is consumer spending strengthening or weakening? Rising oil and gas prices should weaken it. Acting as a counterforce, private sector wage and salary growth is up relatively strongly and should bolster consumption. After all, raises are the most fundamental driver of consumption around (other than home equity and other wealth extractions).

Decent job growth of 207,000 in July resulted in an average monthly job growth this year of 191,000 compared to 183,000 last year — pretty good

and probably responsible for a 6 percent growth in private wage and salary incomes in the third quarter after a 5.6 percent growth rate in the second quarter.

With a good real economy came also excellent inflation numbers. They were probably too radiant to last. Core producer price index (PPI) numbers and

growth kind of an economy with continued manageable inflation, albeit a little higher? It could be the future of interest rates, the shape of the yield curve and their impact on the economy and/or housing.

Bond trader consensus is that the Fed will continue to tighten, which some

may consider deflationary with a cooling impact on the economy. This might bring to pass that the Federal Funds rate moves up to 4.5 percent while the 10-year Treasury drops to 4.0 percent as inflationary expectations dissipate. The yield curve could invert, which is likely to result in all kinds of economy-slowng behavior mediated by the financial sector.

The other school of thought is suggesting that the Federal Reserve might get frustrated and actually decide to let inflationary expectations rise a bit to steepen the yield curve, in which case it stops tightening soon, while the 10-year Treasury rate goes up.

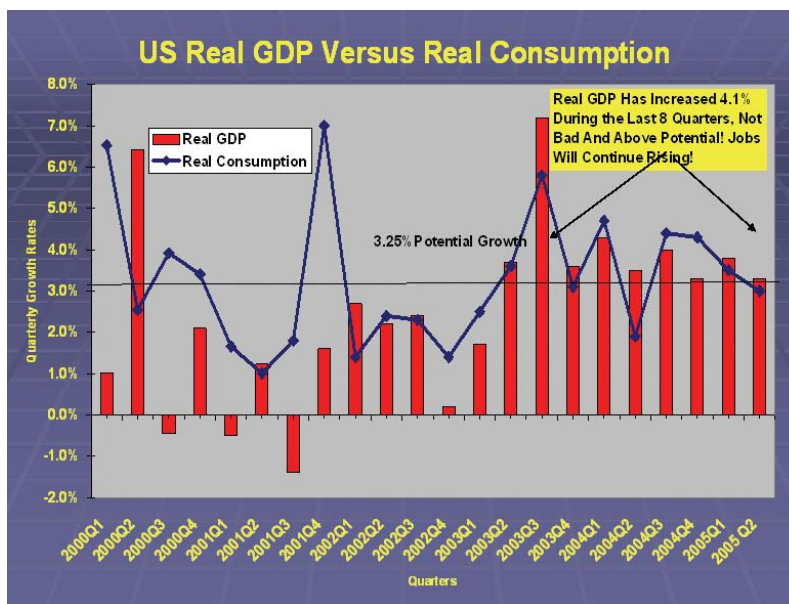
Whatever scenario

or variation thereof becomes true, it is probably not great for housing. In one case, the economy slows first, depriving housing of its fundamental energy. In the other, housing slows first, depriving the consumer of a source of further financing boats, cars, furniture, vacations, children's education, etc., via home equity extractions.

In any event, a slowing in the U.S. growth rate to 2.5 percent-3.0 percent is possible in 2006, at least according to some on the council.

It must also be stated, however, that not much of that slowing is yet evident in the numbers. Ultimately, the fact that the Federal Reserve is not unabashedly on

*See Next Page*



core consumer price index (CPI) numbers were great, but the good news is exaggerated, given continued high crude oil prices and moderately strengthening labor markets.

Not that inflation is likely to accelerate too much: Just from a 2.2 percent-2.4 percent core PPI rate in recent months to something approaching 4.0 percent in 2006. Core CPI, which has been at 1.5 percent during the last four months, could turn up to 3.0 percent during 2006. Temporary factors such as large fluctuations in apparel, airline fares and lodging away from home, the rise in the dollar, and the inventory cycle have kept core inflation numbers unsustainably low.

What's the caveat then in a good



## Many Positive Indicators So Far for U.S./State Economic Outlook

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the side of housing anymore will slow it down. In addition, the new “funky” mortgage financing techniques may have run their course in bringing in new homebuyers into the system.

### Foreign Sector

The foreign sector actually strengthened modestly on balance. There may be some pick up in Europe, even with some “reform” progress in Germany or the prospect thereof, as the Christian Democrats are on the verge of regaining power in the September 18 elections.

Also, the UK Central Bank, which had been tightening to curb its own housing bubble, has just recently cut its repo rate from 4.75 percent to 4.5 percent.

Meanwhile, Japan seems to have turned the corner, although it grew only 1.1 percent during the second quarter. The composition of economic growth, however, is shifting to domestic consumption, while exports remain strong. Japan will also have elections in September. Then the decision will ultimately be if that huge savings depository, the Japanese postal system, should be privatized or not.

China, meanwhile, is still growing 8 percent to 9 percent. The Chinese government is trying to curb investment spending and rein in speculation, particularly in real estate. Consumer spending is picking up the slack, however. So growth will not slow significantly.

Also, China devalued its currency recently by 2 percent. An additional 2 percent may be coming when the Chinese premier visits Washington in September. Those devaluations are not having an impact on global output and growth, but may signal further revaluations. Those could have a subtle impact on the U.S. bond market, which has to be concerned

about even tiny portfolio shifts of a large holder of dollar reserves. This is another reason one might want to expect changes in the direction of the 10-year Treasury rates.

### California

Officially, California non-farm pay-

rollians were shopping again. Taxable sales growth in the fourth quarter of 2004 was up 7.4 percent. Housing permits continued to run at 225,000 in the second quarter of this year.

Concerns continue to exist about interest rate increases, although there is no strong momentum in inflationary

pressures. Nevertheless,

California is more prone to interest rate risks than other states, mainly because of its high housing cost and the large share of shorter-term mortgage instruments to finance those high prices.

As the rate spreads between short- and long-term mortgages shrink, adjustable options will become less attractive, which could begin to repel some buyers on the edge.

### Banking

Bank lending continued to go along with economic growth and support it. Overall, loans in the United States were up \$125 billion during the second quarter of this year from the quarter before.

All types of banks provided strength, including foreign banks.

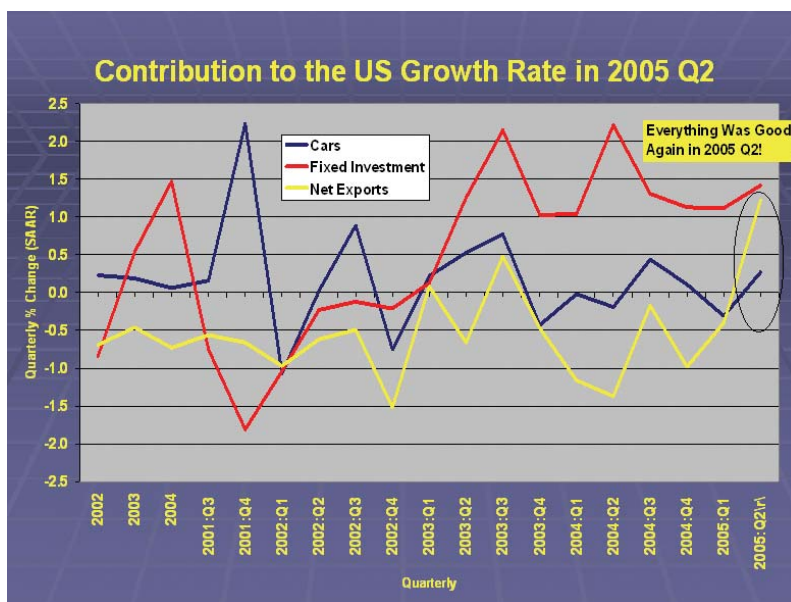
More than half of the U.S. loans were in real estate, while commercial loans have risen in the second quarter of this year for the fourth quarter in a row, a performance not seen since 2000.

The commercial strength is driven by the commercial inventory cycle, business investment and a pickup in mergers and acquisitions.

Real estate loans were up \$70 billion sequentially during the second quarter, which brought it up 13 percent from the year before.

Most of the action is driven by small U.S. banks. Commercial and industrial loans were up \$29 billion sequentially in the second quarter for an annual increase of 11.5 percent. Foreign banks participated in the increase.

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rolls gained 29,900 jobs in July this year. This followed a gain of 16,600 jobs in June.

On a year-over-year basis, California job growth was 189,700 in July. Growth sectors were construction, manufacturing, trade, transportation and utilities, financial activities, professional and business services, leisure and hospitality, and government.

Reflecting stronger economic fundamentals, personal income growth continued to improve in the first quarter, with an annual growth rate of 7.1 percent. This follows a 7.9 percent growth rate in the fourth quarter of 2004, when California personal income was inflated by dividends paid by Microsoft.

Tax withholdings also continued to be strong in the second quarter, with an increase of 6.7 percent over the year before.

Reflecting more good economic news,



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Credit standards continue to loosen, according to credit officers surveyed by the Federal Reserve. Meanwhile, credit quality spread between 10-year Treasuries and high yield corporates were narrowing.

Looking at California, long-term trends show that the number of institutions has been shrinking since 1994 from about 500 to 328 in 2004. The number of offices and deposits are up, however, signaling an improving retail story in the California banking environment, a good signal for California banking.

### Real Estate

The California commercial real estate sector continued to improve in the second quarter, with Southern California doing very well and Northern California catching up.

Overall, the business community appears to be feeling better about the economic outlook as indicated by positive net office and industrial absorption, particularly in Southern California. Orange County is getting better also and industrial vacancy rates remained quite tight through the southern portion of the state.

Overall, liquidity has pushed yields on new investments to new lows, but most investors remain active buyers, citing the ongoing attractiveness of the asset class relative to others. Ironically, this might change when the Federal Reserve stops tightening and if the stock market experiences a pickup again.

Residential real estate was experiencing somewhat of a cooling this summer after a recovery earlier this year from a weak second half of 2004. Sales volumes declined and price increases flattened out, thanks to increases in listings. As a result, the pricing frenzy in many of California's housing markets has waned.

Creative financing and still-low

mortgage rates (despite Greenspan's "tightening") are maintaining high levels of demand, but are probably done with providing an additional stimulus. Rising short-term rates are beginning to cut new loan originations as the spread between long- and short-term rates is narrowing.

Speculation in downtown high-rise

state is improving. Both rate and occupancy levels are moving in the right direction. Camping and RVing remain strong to this point, despite rising gas prices.

Many industry segments report the best early summer business since 2001, with July being exceptionally strong.

Disneyland is doing very well with its 50th birthday celebrations. Carmel-Monterey has finally rebounded; so has tourism in San Francisco. Both areas have lagged so far. The King Tut exhibit in Los Angeles is helping tourism there.

### Agriculture

This year is on its way to being a good one overall for agriculture and the industry expects good profitability with good prices and adequate crop volumes.

Dairies' profitability is being sustained by good prices for milk, although prices are not as high this year as in 2004. Cattle feeding conditions are significantly improved because of better precipitation.

However, animal feeding margins have been tight, because of higher feeder cattle prices.

The grape industry expects strong price trends to continue this year. Producers of tree fruit experienced better fruit quality this year to date, but yields have been reduced, somewhat offset by improved prices.

The markets for nuts, almonds, pistachios and walnuts are extremely strong because of high export demand and lower anticipated yields this year.

Water conditions were much improved this year, but higher fuel costs have reduced margins. Rising labor costs also are having a negative impact on all agricultural sectors.

### Southern California

International trade remains a bright

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condos, cheaper regions and affordable new housing projects raises concerns about the possibility of speculator-induced housing market correction in California.

Pent-up housing demand from years of housing production neglect should provide a pricing floor once the air starts hissing. However, pent-up demand, the gap between what's being produced and latent demand, appears to be shrinking.

### Tourism

The tourism industry is cautiously optimistic. The Governor's successful effort to restore \$7.3 million to the budget for marketing California tourism will help to reverse California's market share in tourism. Also, an industry-financed advertising campaign should help, especially with our Governor at the helm of such an effort.

Business in every category around the





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spot for Southern California. Capacity and congestion issues seem to have improved. Entertainment activity continued to be good so far this year.

Location production days were up 10.9 percent in the second quarter of the year, compared to the previous year. Most of this heightened activity was by feature films and TV production. Reality TV is having problems. Run-away production is still a concern. Major studios still opt to go abroad.

Tourism is good. Room occupancies are improving in the Southland. So far this year, the occupancy rate is up 7.8 percent in Los Angeles, 5.0 percent in Orange County and 6.7 percent in San Diego.

The office and industrial real estate sectors are getting better, and vacancy rates are low or declining. Year to date, business expansion plans in Los Angeles County are up from a value of \$900 million last year to \$1.2 billion this year.

The Southern California economy is rumbling right along. Caveats are rising land costs and a sluggish manufacturing sector in San Diego and Los Angeles.

Another concern remains potentially underfunded pension plans of local governments. San Diego is not an exception in this regard, and Orange County and other governments are getting nervous.

### **Resources**

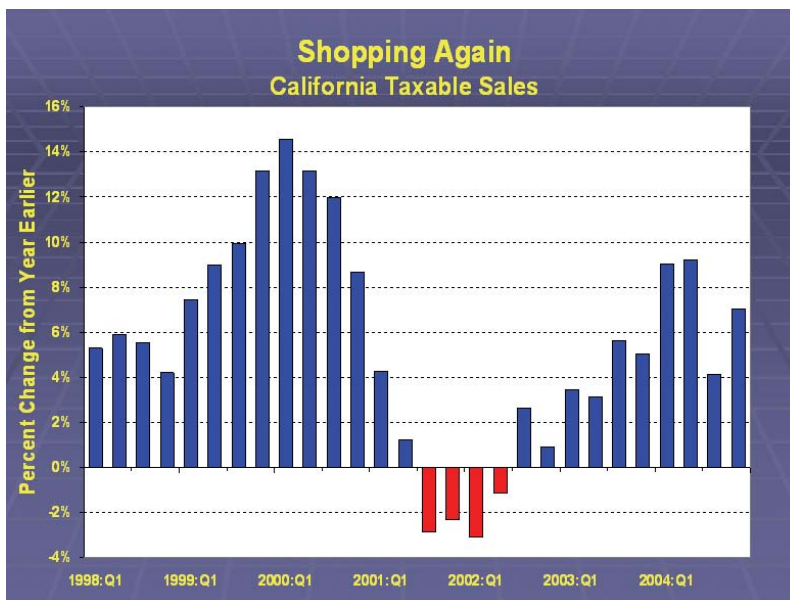
Water, obviously, has improved. Most in-state reservoirs are doing well, with all reservoirs reporting above-average levels for this time of the year. The Colorado

River drought is over, but concerns remain.

Political squabbles are also under way about what to do when another drought hits. Other water-related issues are an engineering problem with the Lake Perris Dam, which may not be strong enough to

snapped up by other states. Interest rate risks are more severe in California than in other states because of its dependence on residential real estate.

**Staff Contact: Dave Kilby**



*The California Chamber of Commerce Economic Advisory Council, made up of*

*leading economists from the private and public sectors, presents a report each quarter to the Chamber Board of Directors. The council is chaired by G.U. Krueger, senior vice president for Institutional Housing Partners. The vice chair is Sheldon Engler, Ph.D., vice president and head of fixed income research for Charles Schwab Investment Management, Inc. The Board liaison is E. Jane Arnault, Ph.D., president and chief executive officer of JurEcon, Inc.*

withstand a maximum likely earthquake in a nearby fault.

Meanwhile, the electric supply system is holding up. Restricted outages in Southern California this summer were caused by lightning strikes, not by system shortages. Transmission lines, however, remain the weakest link in the California electricity supply system.

### **Risks**

A risk for Southern California continues to be that the defense budget could be trimmed and that some weapons and space programs with California content might be cut back, not renewed, or

*Publication of this report is a project of the California Foundation for Commerce and Education.*



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## California Chamber Board Examines Prospects for Education Reform



James S. Lanich, Ph.D., president of California Business for Education Excellence (CBEE), highlights for the California Chamber of Commerce Board of Directors how data available at [www.jftek-ca.org](http://www.jftek-ca.org) makes it easy to identify schools that are using the resources available now to make sure that students are meeting or exceeding academic standards.



Alan Bersin, named secretary of education on July 1 by Governor Arnold Schwarzenegger, describes the administration's approach to education issues, including vocational education, at the recent meeting of the California Chamber Board of Directors.

## San Diego Talk Show Host Offers Perspectives on State Politics



Roger Hedgecock, host of a San Diego radio talk show and former mayor of San Diego, comments on state politics and the upcoming special election at the recent dinner gathering of the California Chamber Board of Directors.

## Chamber Board Selects Third Vice Chair



Edwin A. Guiles, group president, regulated business units for Semptra Energy, San Diego, has been elected third vice chair of the California Chamber Board of Directors.

## Finance Panelists Describe Changing Expectations in Industry

The new federal corporate accountability law and its impact on business finance and accounting is the focus of a panel discussion at the recent meeting of the California Chamber Board of Directors. From right are Anthony K. Anderson, Ernst & Young LLP; Philip R. Schimmel, KPMG LLP; and Mark A. Edmunds, Deloitte. — all members of the Chamber Board; and Hal Schultz, PriceWaterhouseCoopers.



# Legislative Outlook

An update on the status of key legislation affecting businesses. Visit [www.calchamber.com/position\\_letters](http://www.calchamber.com/position_letters) for more information, sample letters and updates on other legislation. Staff contacts listed below can be reached at (916) 444-6670. Address correspondence to legislators at the State Capitol, Sacramento, CA 95814. Be sure to include your company name and location on all correspondence.

## Onerous Fax Bill Goes to Governor



Despite the **opposition** of the California Chamber of Commerce, legislation that puts California at odds with federal fax law has gone to the Governor. Although the bill was amended to exempt non-profit professional and trade associations, the Chamber still considers **SB 833 (Bowen; D-Redondo Beach)** a “job killer.”

The bill continues to place onerous administrative and economic burdens on businesses by in effect requiring written consent from their own customers and clients before sending certain fax communications. Although the bill calls for “express permission” before sending the faxes, it is highly unlikely that anything less than written consent will protect employers from the penalties in SB 833.

Federal legislation signed by President George W. Bush in July restricts so-called “junk faxes,” but maintains an exemption if the sender and the recipient have an established business relationship. SB

833 does not provide for this exemption, thereby intruding into legitimate business communications between customers and businesses and business-to-business relationships. The bill will affect a wide range of daily business transactions, such as subscription renewals, updated price quotes from suppliers, new catering menus, advertisements in telephone books or newspapers, price quotes between financial institutions and real estate brokers.

SB 833 affects communication between all kinds of businesses, like restaurants, manufacturers, vendors, retailers, insurance companies and banks. All rely on faxes as a source of communication and marketing to meet customer needs.

### Action Needed

Join the Chamber in urging the Governor to **veto SB 833**.

**Staff Contact: Valerie Nera**

## Veto Urged on Bill Boosting Health Care Costs



California Chamber of Commerce-**opposed** legislation that increases health care costs for dependent coverage passed the Legislature last week on a vote of 48-30.

The Chamber is urging the Governor to **veto AB 1698 (Núñez; D-Los Angeles)** because it increases costs to employers purchasing dependent health care coverage for their employees by extending the age at which dependents are covered by as much as seven years, extending dependent coverage to age 26.

This extension of coverage will make dependents cost more to insure and may cause employers to drop such coverage, obliging employees to pick up full costs for dependent coverage on their own.

AB 1698 also creates an administrative and tax compliance burden by generating a conflict with federal law that could result in employer contributions becoming taxable to employees and triggering increased employer payroll deductions.

Finally, AB 1698 institutes exemptions that would leave only non-unionized,

small and medium-sized employers as the only employers immediately affected by its requirements.

The Chamber believes it is inappropriate to place the burdens of this bill on those employers least able to pay increased dependent coverage costs or to deal with the confusing tax implications.

AB 1698 will have the opposite effect on the uninsured than is intended, likely increasing, rather than diminishing, the number of uninsured children in the state.

### Action Needed

The Chamber urges all employers to contact Governor Schwarzenegger and let him know how this legislation will affect your business. Ask him to **veto AB 1698** and stop it from becoming law.

For sample letters and more information on AB 1698 visit the Government Relations section at [www.calchamber.com](http://www.calchamber.com).

**Staff Contact: Charles Bacchi**

## Chamber Opposes Bill Increasing Litigation Costs



California Chamber of Commerce-**opposed** legislation creating unbalanced trial costs recovery passed the Legislature last week. It now awaits consideration by Governor Arnold Schwarzenegger.

**AB 153 (Assembly Budget Committee)** gives the Attorney General unfair settlement leverage in cases involving alleged violations of laws governing corporate securities, anti-trust and other laws relevant to corporate concerns by allowing the full recovery of all costs associated with the investigation and prosecution of such cases.

AB 153 threatens investors, pension plans and publicly traded companies by allowing the Attorney General to recover all costs of investigations, expert witnesses and attorney's fees in an action alleging a corporate securities violation or anti-competitive practices.

The language in AB 153, in effect forces defendants in such actions to fund the Attorney General's office, thereby creating a tension between choosing cases that must protect the public and advance business integrity and cases that have the most potential for augmenting

the Attorney General's budget.

Also of concern is the possibility that AB 153 may be interpreted to allow the Attorney General to contract with private law firms to bring these lawsuits.

The Legislature has tried several times to pass legislation similar to AB 153; those bills all failed passage or were struck down by the courts.

The Chamber believes this legislation will hurt consumers, investors and corporations, drive up costs to businesses and taxpayers, and further damage the state civil justice system's already hostile reputation toward businesses.

### Action Needed

The Chamber urges all employers to contact Governor Schwarzenegger and ask him to **veto AB 153**.

**Staff Contact: Dominic DiMare**

## Chamber Seeks Veto of Bills Hurting Prescription Drug Availability



The California Chamber of Commerce is urging Governor Schwarzenegger to **veto** two bills that will affect the availability and affordability of prescription drugs for Californians.

The Chamber **opposes AB 73 (Frommer; D-Glendale)** and **AB 78 (Pavley; D-Agoura Hills)** because of their negative impact.

- **AB 73** undermines California's biotech industry, puts California residents' health and safety at risk, and makes the state vulnerable to costly lawsuits by facilitating the importation of drugs from Canada, England and Ireland. It is similar to legislation vetoed by the Governor last year.

AB 73 places consumers at risk of purchasing counterfeit or adulterated drugs; increases state liability for lawsuits that might arise alleging injuries from the imported drugs; and discourages biomedical research and development firms from investing in medical innovation.

- **AB 78** inappropriately interferes in privately negotiated contracts and results in higher prescription drug costs by requiring pharmacy benefit managers (PBMs) to make various disclosures to

purchasers and the public, and requiring PBM contracts to include specified provisions. Analysis of a similar bill by PriceWaterhouseCoopers estimated prescription drug costs in California would increase by 7 percent or \$17 billion over the next decade if the proposal becomes law.

The Chamber believes a better approach to address the affordability of prescription drugs is outlined in Chamber-supported **Proposition 78**, the pharmacy assistance program proposal on the November special election ballot.

Proposition 78 is modeled on an Ohio drug program in which every major prescription drug company participates. On average the Ohio program saved consumers 31 percent, resulting in a \$15.31 savings per prescription. The California Department of Health Services concludes that Proposition 78 will result in discounts of more than 40 percent.

### Action Needed

The Chamber urges employers to ask the Governor to **veto AB 73** and **AB 78**.

**Staff Contact: Charles Bacchi**

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