

ALERT

CALIFORNIA CHAMBER OF COMMERCE

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Sports Group Chair to Head Chamber Board in 2006

**Donna F. Tuttle**

Donna F. Tuttle, co-owner and chairman of Elmore Tuttle Sports Group, has been elected as 2006 chair of the California Chamber of Commerce Board of Directors.

Tuttle succeeds Eugene J. (Gene) Voiland, president and chief executive officer of Aera Energy LLC in Bakersfield.

"I am honored to serve as the 2006 chair of the Chamber's Board of Directors, and look forward to continuing the hard work that has helped put California's economy back on the road to recovery," said Tuttle.

"I look forward to the coming year and will work hard with the Board of Directors, staff, and leaders and employers throughout the state to promote policies and objectives that will stimulate California's business climate and bring new jobs to our state."

Donna Tuttle

Tuttle is co-owner and chairman of Elmore Tuttle Sports Group; co-owner and chairman of Centennial Management, a company that specializes in managing arenas, stadiums, convention centers and amphitheatres; co-owner and chairman of Diamond Creations, a concession company that specializes in banquets, concessions and restaurants; chief executive officer of Les Frame Enterprises, owner of light manufacturing mobile park communities; and president of Korn Tuttle

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Chamber Announces New Policy Team Member

**Kyla Christoffersen**

The California Chamber of Commerce has announced the addition of a new legislative advocate to its policy team.

Kyla Christoffersen will serve as the Chamber's legislative advocate on tort reform and tax issues, lobbying both the executive and legislative branches.

"To keep its economy strong, California needs business-friendly tax policies and reforms to protect employers from excessive litigation. Kyla Christoffersen's background in employment law and state and federal regulatory compliance issues will enhance the Chamber's efforts to make California's business climate flourish," said California Chamber President Allan Zaremborg.

Decade of Experience

Christoffersen brings to the Chamber a decade of experience in litigation, government and politics.

She previously worked as an attorney for labor and employment law firms in Los Angeles and San Francisco, defend-

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Chamber Highlights Need for Preschool

Preschool Initiative Not Correct Mechanism, Board Says

The California Chamber of Commerce Board of Directors has affirmed its support for increased access to preschool.

However, the Chamber Board feels strongly that the Public Preschool Education for All Act — and in fact, the initiative process in general — is not the appropriate mechanism to achieve this laudable goal.

"I am a strong believer in cost-effective preschool. The business community in my hometown of Bakersfield has partnered with the public education community to provide a successful, cost-effective, five-week summer program

that utilizes existing facilities and certified personnel," said 2005 Chamber Board Chair Eugene J. Voiland. "I encourage the Legislature and Governor to look at this structure as a model for California."

An analysis by the California Taxpayers' Association found personal income tax rate increases during the 1990s to have a dampening effect on revenue collection. The Chamber Board also is concerned that existing programs, such as the University of California, California State University, health care and public safety, funded with the current 9.3 percent tax rate, would be

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Labor Law Corner

Unpaid Leave Requirements Differ for Exempt, Non-Exempt Employees



Dale Louton
Labor Law Advisor

As a cost-cutting measure, we want to implement an unpaid leave program — employees could be forced to take one week of unpaid leave in the next three months. Can we do this in California?

An employer can mandate time off without pay for both exempt and non-

exempt employees; however, there are important differences concerning notice and salary.

Notice is important for non-exempt employees' morale and personal planning, but no specific time is required. Exempt employees — that is executive, administrative and professional employees — should receive reasonable notice of unpaid weeks.

Mandated Paid Vacation

The State Labor Commissioner has determined that in mandating use of vacation by exempt employees, as much notice as possible, but generally no less than 90 days, must be given. While this position deals with paid vacation, employers should give serious consideration to equal notice for mandated weeks off without pay.

Maintaining Exempt Status

Non-exempt employees are guaranteed a minimum wage of \$6.75 per hour. Exempt employees are guaranteed a

monthly salary of at least \$2,340. While you can schedule an exempt employee for unpaid full weeks without pay, the employee's monthly salary cannot drop below the minimum of \$2,340 without him/her losing exempt status.

Losing the exempt status means this employee is no longer exempt from Sections 3 through 12 of the applicable wage order.

Compensation requirements for exempt employees are complex. Please refer to Chapter 16 of the California Chamber's **Labor Law Digest** for more information or visit www.hrcalifornia.com.

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.

California Chamber Officers

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Chair

Donna F. Tuttle
First Vice Chair

Russell Gould
Second Vice Chair

Edwin A. Guiles
Third Vice Chair

John W. Koeberer
Immediate Past Chair

Allan Zaremborg
President

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New Policy Member

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ing public agencies and private companies in federal and state litigation, including employment law and general civil and contracts law.

In addition to advising clients on a wide range of federal and state law, legislation and regulatory compliance issues, she authored materials and trained management on those issues. She also has served as a legislative aide and policy consultant as part of the California Senate Fellows program, working for then-Senator Ray Haynes.

Christoffersen earned her bachelor's degree with high honors in political science and English from the University of New Mexico. She earned her law degree from Pepperdine University School of Law.

Staff Contact: Dominic DiMare

Seminars/Trade Shows

For more information on the seminars listed below, visit www.calchamber.com/events.

Business Resources

A View of the Sacramento Region.

Wilcox Miller & Nelson. January 10, 2006, Sacramento. (916) 977-3700.

Labor Law

Labor Law Update Seminar. California Chamber of Commerce. January 19 - Sacramento; January 23 - Irvine; January 24 - Pasadena; January 25 - San Diego; January 30 - Oakland; January 31 - Santa Clara; February 7 - Sacramento. (800) 331-8877.

Labor Law Web Seminar. California Chamber of Commerce. February 21. (800) 331-8877.

Next Alert:
January 6, 2006



Training Deadline Looming for Employers



An important deadline is looming for employers throughout California — a new sexual harassment training requirement

mandates that all organizations with 50 or more employees, including contract personnel, put all supervisory employees through sexual harassment training by the end of the year.

Even if it hadn't been signed into law, training your employees is an essential step toward avoiding needless litigation and helping ensure that sexual harassment does not occur in the workplace. The most critical part, however, is that sexual harassment training is *now the law* and employers must comply.

AB 1825, signed by the Governor in 2004, mandates that by January 1, 2006, each supervisory employee needs to have completed at least two hours of training unless he or she had received some sexual harassment training during 2003 or 2004. Thereafter, companies will have to provide two hours of training every two years.

Education/Compliance Help

With just a couple of weeks left to comply with this new law, the California Chamber of Commerce is working to educate California employers on its

requirements and help employers comply with its provisions. The new law requires at least two hours of training that must include information regarding federal and state sexual harassment laws, harassment prevention and correction, and remedies available to victims.

The law applies to all organizations — businesses, government and non-profits — with 50 or more employees. Further, the law does not specify that the

Commentary By Allan Zaremborg

50 employees must be within the state, so the law applies to California employers with 50 *total* employees — including those outside the state.

Under AB 1825, training must be

Training your employees is an essential step toward avoiding needless litigation and helping ensure that sexual harassment does not occur in the workplace.

provided to all employees who have “supervisory authority” — a broadly defined term in California. In all, an estimated 1.7 million California supervisory employees will be required to receive training because of the law.

Organizations that don't complete the training are subject to a corrective order from the Fair Employment and Housing Commission, as well as the potential for harassment claims, lawsuits and increased damages for harassment claims.

Online Training Solution

The mission of the Chamber is to help California businesses do business — and a major component of that mission is helping employers comply with California's complex array of labor laws. With this in mind, the Chamber is providing businesses with a cost-effective, online training program to meet this requirement. Since the program was rolled out in May, more than 40,000 managers have been successfully trained.

In addition to the mandate provided in AB 1825, the Chamber encourages employers of all sizes in California to train their employees to help prevent sexual harassment in the workplace. The California Supreme Court has provided employers with a clear strategy to reduce their liability in sexual harassment lawsuits, and a major component is training non-supervisory employees.

The Chamber encourages employers throughout the state to help stop harassment in the workplace by training all employees, regardless of business size or employee designation.

If they haven't yet done so, employers should immediately make plans to comply with this law. There isn't much time left.

For more information on the requirements for business under AB 1825, visit www.calchamber.com/training.

Allan Zaremborg is president and chief executive officer of the California Chamber of Commerce.

Visit www.calchamber.com for the latest business legislative news plus products and services to help you do business in California.

Sports Group Chair to Head Chamber Board in 2006

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Capital Group, a diversified investment company.

Tuttle currently co-chairs with Leon Panetta the Base Realignment and Closure (BRAC) Council, to which she was appointed by Governor Arnold Schwarzenegger. She also is a current member of the National Collegiate Athletic Association (NCAA) Leadership Advisory Board, among other groups. Tuttle also served as deputy secretary of commerce during the Reagan administration.

2006 Officers

Serving with Tuttle as 2006 officers of the Chamber Board are:

- **First Vice Chair Russell Gould**, senior vice president, Wachovia Bank, Los Angeles.

- **Second Vice Chair Edwin A. Guiles**, group president, regulated business units, Sempra Energy, San Diego.

- **Third Vice Chair Frederick R. Ruiz**, chairman, Ruiz Foods, Dinuba.

Executive Committee

The Executive Committee of the Chamber Board also named its two new at-large members for 2006.

Serving in the one-year rotating positions will be Larree M. Renda, executive vice president of Safeway Stores, Inc., Pleasanton; and Diego Tomas Ruiz, vice president and general manager of Univision, Sacramento.

2006 Officers of California Chamber of Commerce



Russell Gould



Edwin A. Guiles

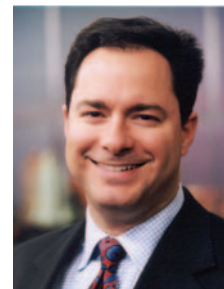


Frederick R. Ruiz

At-Large Members of Executive Committee



Larree M. Renda



Diego Tomas Ruiz

In addition to these at-large members, the Chamber Executive Committee consists of the current chair and three vice chairs of the Board and the last three Board chairs.

The Executive Committee works with

the Chamber's top management to determine policy, financial and program direction, including, when necessary, providing policy guidance between the Board's regular quarterly meetings.

Staff Contact: Dave Kilby

Governor's New Chief of Staff Addresses Chamber Board



Two days after being named chief of staff to Governor Arnold Schwarzenegger, Susan Kennedy speaks to the California Chamber of Commerce Board of Directors on the reaction to her selection and on her desire to help solve the pressing issues facing the state. Kennedy had been serving as a member of the Public Utilities Commission (PUC). Her comments to the Chamber Board earlier this year while a member of the PUC are available in the Government Relations section at www.calchamber.com.



National, State Economic Growth May Depend on Housing Outlook

National Economy

Third quarter economic growth was supposed to be affected by the hurricanes and higher gasoline prices. Instead of slowing sharply, advance gross domestic product (GDP) growth for the third quarter of the year was 3.8 percent.

Economic releases since the advance figures suggest that third quarter GDP growth might get revised to around 4 percent. That might be so despite a worsening of the trade deficit in September to \$66.1 billion from \$59.3 billion, which was hit hard by the Boeing strike curbing export of aircraft, sharp declines of exports from the Gulf Coast, and the increase in oil prices and gasoline prices in September.

Consumer Spending

Consumer spending in the third quarter actually stayed at a good 3.9 percent rate, while business investment rose 6.2 percent, down only a little from the 8.8 percent growth the quarter before.

However, real retail sales started weakening in the third quarter and the weakening seems to be widespread.

As a result, growth of consumer spending is likely to slow down in the fourth quarter, almost entirely the result of the increase in energy prices in the second quarter. Since gasoline prices are down 20 percent or more since early September and may come down even further, the current slowing in consumer spending, while creating much ranting in headlines, should be temporary.

A serious slowdown in home equity extraction, a distinct danger, does not yet seem to be in the works right now, thanks to still-solid home sales levels, rising prices with a few exceptions in high-priced coastal regions, and still-low mortgage rates. Further, nominal

wage and salary income growth has been strengthening, as indicated by strong numbers on hourly wages and wages and salary income in the October employment report, when average hourly earnings rose to about 3.5 percent during the last six months from lows of 1.5 percent two years ago.

ter than expected and much less than the 1.2 percent of total inflation during the same month.

What muddles the inflation picture even more is that rising natural gas prices are keeping the owner's equivalent rent artificially low, which biases the CPI downward. The core CPI numbers are

probably understated also for other technical reasons. There is not the kind of price weakness out there that is indicated by these numbers. They just "do not feel right."

Additionally, the indicators of supply chain bottlenecks point to higher core inflation in 2006 and 2007. Combining this view on inflation and the resumption of normal economic growth, next year will probably mean that monetary tightening will continue into the first half of 2006, which eventually will slow down housing more than is visible right now.

The council sees the federal funds rate to go up to 4.5 percent, with some not rejecting the notion that it may rise

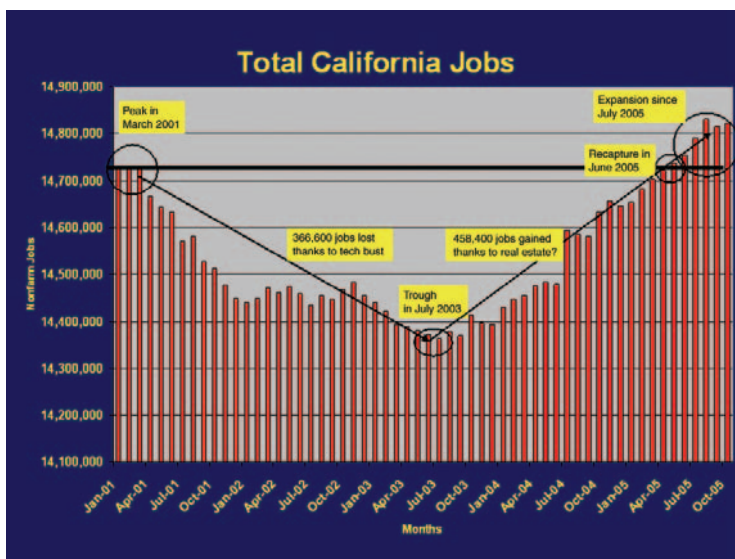
to 5 percent. To see how the slowing of housing might affect consumer spending will be interesting in this context, but any negativity could be compensated by rising salary incomes.

California

Officially, California non-farm payrolls declined 23,700 jobs in September, a number the council found unbelievable. The decline was probably due to a change in public school starts. However, some on the council felt that the report was not good overall, while others pointed to record high household employment numbers.

In any event, the recent jobs data showing weakness runs a bit counter to other trends: Personal income growth in

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Employment

The only real weakness was employment itself, but October's meager 56,000 rise in non-farm payrolls came as no surprise since there were 250,000 additional hurricane-related unemployment insurance claims. In this context it is somewhat astonishing that the Bureau of Labor Statistics did not see the puny job increase being held down by the hurricanes. The underlying trend points toward 200,000 payroll increases in the months ahead.

Inflation Trends

The inflation trend is currently rather muddled by a serious discrepancy between core and regular inflation in both the Producer Price and Consumer Price indices. For example, core inflation in September increased just 0.1 percent, bet-



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the second quarter was up 6.4 percent, following 6.5 percent growth the quarter before. California real gross state product in 2004 was up 5.6 percent, better than the nation's. State revenues are coming in stronger than expected, probably boosted by recent real estate gains, that is, property taxes and capital gains taxes.

Looking forward and given national trends, the council did not see much of a slowdown ahead unless real estate weakens considerably. It seems to represent half of the trend jobs growth in California. Another possible thing helping the state budget picture could be rising year-end bonuses and recurring stock option activity in finance and high tech. A more vigorous stock market could also make a dent in the state budget deficit.

Regionally, the most important mini-trend may be the budding recovery of the Bay Area, as indicated by rising net office and warehouse absorption numbers and annual job growth turning positive, essentially since October 2004.

Banking

Bank lending continues to boost the economy. Nationally, commercial bank lending has been rising at a strong pace. Total loans were up 11 percent to 12 percent annually for the past three quarters. Commercial and industrial loans also look better, growing in low double digits. Real estate lending experienced a strong annual 14 percent increase year over year through the third quarter.

Banks are reporting good demand for loans from business, but the environment is also very competitive, and credit standards are weakening as a result. However,

problem loans are currently at very low levels.

Overall, business-borrowing cost has risen markedly over the last 12 months. This together with a flattening of the

sector continued to improve in the third quarter with Southern California doing very well and Northern California recovering. The business community appears to be feeling better about the economic

outlook as indicated by positive net office and industrial absorption, an occurrence limited so far to Southern California, but now spreading into the Bay Area and Sacramento.

Residential real estate continued to weaken here and there in California with sales declines in Sacramento, the Tri-Valley commuter markets, and San Diego. Price appreciation appears to be flat lining since this summer, thanks also to a sharp rise in listings in many sub-markets. Pricing frenzies are a thing of the past.

Creative financing is easing off, mortgage rates are rising, and interest-only loans are becoming less attractive because of the flattening of the yield curve.

Rising short-term rates are beginning to cut into margins of mortgage originators, which are compensating by creating more volume with more favorable financing. A changed interest rate environment will make this strategy harder to maintain. The sub-prime market may already have gone the other way.

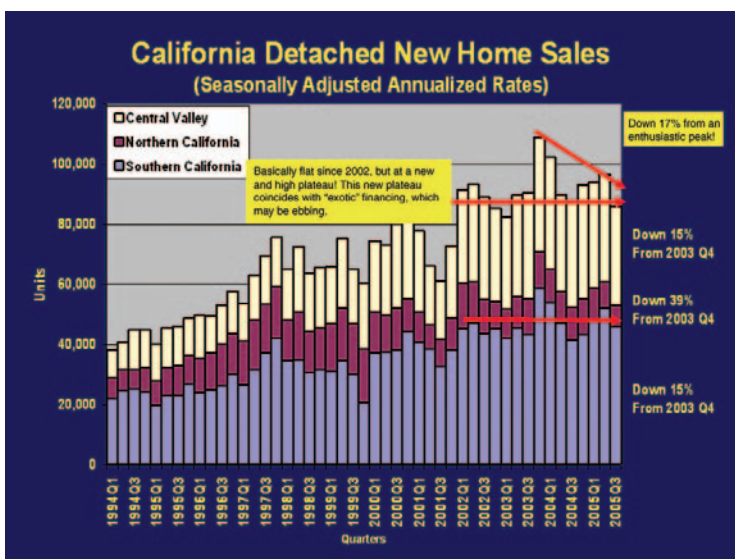
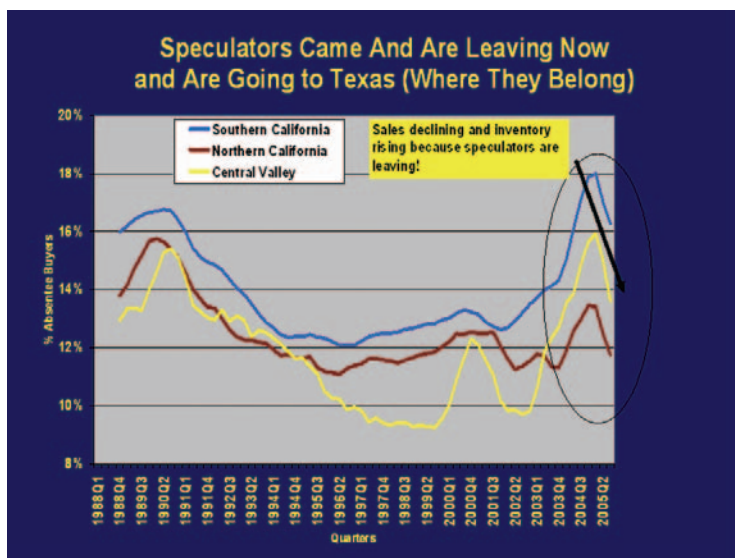
Tourism

The tourism industry was worried about rising gas prices. Innkeepers around the state reported giving deals to guests to help offset the cost of gas — for example, giving guests

a free tank of gas, a gas discount off the room rate, etc. However, with gasoline prices down, the pressure is subsiding.

Tourism appears not to have many problems now. The King Tut show in Los Angeles at the County Museum of Art

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yield curve probably could have a slowing impact on the economy. However, a credit crunch is not apparent yet and will not be unless some big deals go sour.

Real Estate

The California commercial real estate



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and the 50th birthday of Disney continue to be good for the industry in Southern California.

Agriculture

This year looks like it will be a good one, although not as good as last year. Stone fruit are doing better, but they are not doing great. There seems to be too much product. Inventories in the grape industry are too high. Due to the rains last spring, raisins are late with their drying process. Producers of tree fruit are hoping for better fruit quality and more favorable weather conditions than the last few years. The markets for nuts, almonds, pistachios and walnuts are strong because of high export demand. As a result, prices for open "ag" land have risen 25 percent, but may be peaking. Foreign investments are putting pressure on pricing. Weather conditions have improved the water outlook for the rest of the year.

Southern California

International trade remains a bright spot for Southern California. It is good news in this context that congestion at the ports is under control. Container counts are up 9.4 percent year over year. Improvements are also visible at the Oakland port. Traffic at LAX and SFO has been rising also.

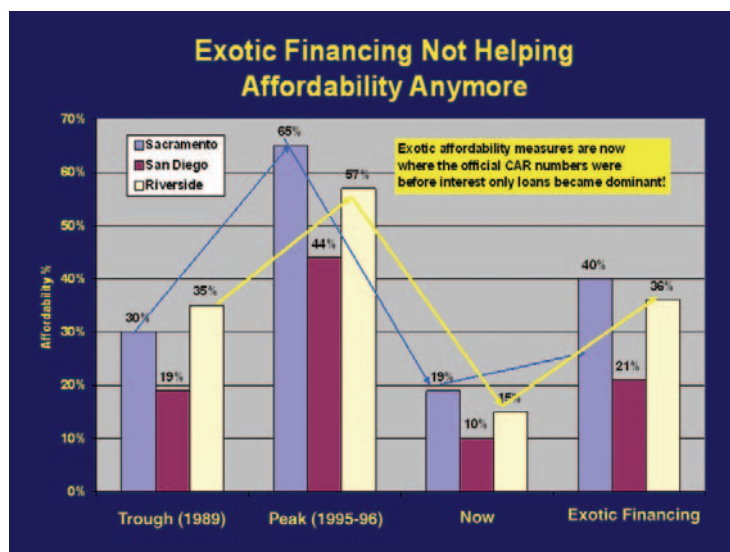
Hotel occupancy rates are up in Southern California and are beginning to recover in the Bay Area. A softening dollar is helping with California exports, which are rising, and it is curbing the enthusiasm for runaway production. As a result, the movie business increased jobs by 5,500 during the first nine months of the year. Feature production is up 11.5 percent and TV production is up 3.9 percent annually.

Resources

Water, obviously, has improved after virtual record precipitation in the state last spring. However, the saga of what is

main risk, and with the yield curve flattening, margin plays will become less effective. Some financial businesses may be affected by that, and the stimulus of exotic mortgage financing on the California real estate market is easing. It will be interesting to see how far the (new) Fed will go in terms of credit tightening. The new chairman of the Fed will also surely be tested by the markets the minute he is in charge.

Staff Contact: Dave Kilby



going to happen to the Delta water continues. More than two-thirds of California residents obtain at least some of their drinking water from the Delta.

A growing problem is levee maintenance in this context. The levees in the Delta were built more than a century ago and have not been maintained. Severe levee failure could close down much of the state's water supply.

Electricity, meanwhile, is not making news. California managed to muddle through the summer without any supply problems. Higher natural gas prices, which have increased 50 percent in the wake of the hurricanes, are a concern. Higher natural gas prices will increase home heating bills, electric rates and some costs for a number of manufacturing and chemical products.

Risks

Interest rate risks continue to be the



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 Cham-

ber 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.

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



**CALIFORNIA FOUNDATION
FOR COMMERCE AND EDUCATION**

Chamber Board Hears Discussion on Preschool Programs



The agenda at the December gathering of the California Chamber Board of Directors included several presentations on preschool programs. Rob Reiner (left), a principal and co-founder of Castle Rock Entertainment, describes the Preschool for All Act that he worked to draft and qualify for the ballot as an initiative. The system the act envisions would be funded by increasing the tax rate for individuals (and businesses filing personal income tax) with taxable income of \$400,000 or higher. Outlining the five-week summer school readiness program in their Bakersfield districts that uses existing facilities and certified personnel are Gary Rice (left in center photo), superintendent of the Greenfield Union School District, and James Henderson, superintendent of the Rosedale Union School District. Dennis Vicars (right), executive director and chief executive officer of the Professional Association for Childhood Education Alternative Payment Program, comments on the state of preschool education in California.

California Chamber Highlights Need for Preschool

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at risk for reductions in tax collections.

The marginal revenues of this highly volatile tax source would be entirely dedicated to the new program and any changes in economic behavior by the

affected parties would have a negative impact on the revenues generated by the current tax rate structure.

While the state continues to struggle with a structural deficit, the Chamber encourages the Legislature and Governor

to allocate California's scarce resources among all competing demands and needs outside of ballot box budgeting.

Staff Contact: Sara Lee

Get what you need to be in compliance with our **2006 Required Notices Kit**.

Prices range from \$70 - \$80

Avoid potential lawsuits that could cost your company thousands — even millions — by purchasing the **2006 Required Notices Kit**. This affordable compliance resource kit contains all the legally required postings and pamphlets to ensure that your company is in posting compliance with California and federal labor law. Available in English or Spanish and laminated or non-laminated.

Here's what's inside the **2006 Required Notices Kit**:

- All 16 California and federal notices every California business must post, on one 28"x53" poster, including the required USERRA update
- Paid Family Leave Pamphlets
- Unemployment Insurance and State Disability Insurance pamphlets
- Sexual Harassment Information Sheets
- Workers' Compensation Rights & Benefits Pamphlets



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presented by the California Chamber of Commerce

To order, call (800) 331-8877 or visit www.calbizcentral.com/REQ.

Chamber Offers Recommendations on Complying with New Restrictions on Fax Communications

Starting January 1, 2006, new requirements apply to fax advertisements coming into or going out of California. Companies doing business in California should be aware of key differences between the federal and state fax laws passed this year. Following are short descriptions of the new laws and recommendations on how to comply (see box).

Federal Law

In July, President George W. Bush signed S. 714, the Junk Fax Prevention Act 2005, which amended the Telephone Consumer Protection Act (TCPA), and outlined sweeping new rules governing fax communications.

Under the federal legislation, express prior permission to send an unsolicited advertisement via facsimile machine is not required if the sender and recipient have an established business relationship and the recipient voluntarily provided the sender with the fax number. Federal law also requires that each faxed advertisement, even those sent to a recipient with whom the sender has an established business relation, contain an opt-out notice.

The opt-out notice must be clear and conspicuous and appear on the first page of the unsolicited fax. The notice must state that the recipient may request to no longer receive such faxes and that failure to comply is unlawful.

Finally, the notice must include a contact telephone number, fax number, and a "cost-free" way for the recipient to notify the sender that it no longer wishes to receive such faxes. These changes took effect the day the bill was signed into law.

Violators may be subject to a private right of action for injunctive relief and penalties of \$500 per violation and \$1,500 if the violation is willful.

Finally, the Junk Fax Prevention Act directs the Federal Communications Commission (FCC) to formulate regulations no later than April 5, 2006. Among other things the FCC will consider limits on the duration of an established business relationship.

State Law

As changes were made at the federal

How to Comply with Fax Laws in California — Putting It All Together

- Obtain prior *written* permission before sending any faxed advertisement, even if your business has an established business relationship with the recipient. This does not apply to tax-exempt non-profit professional or trade associations that meet the narrow non-profit exemption. Remember: the established business relationship exemption established under federal law does not apply under California law.
- For *all* faxed communications, include at the top or bottom margin of the faxed cover sheet, or if no fax cover sheet is used, on each transmitted page, the date and time the fax is sent, name of sender, and telephone number of the sending machine, entity or individual sending the fax.
- Include a clear and conspicuous opt-out notice on the first page of the faxed advertisement. The notice must clearly and conspicuously state that the recipient may request that the sender no longer send any future faxes and that failure to comply is unlawful. In addition, the notice must include the following: a domestic telephone number; domestic fax number to which a recipient may fax the request; and a "cost-free" mechanism for a recipient to transmit a request at "any time on any day of the week."
- Good recordkeeping. Maintain records of when permission is granted and, if applicable, revoked. State law allows for a private right of action for violations and imposes harsh penalties for those who willfully or knowingly send a fax to an unwelcoming recipient.
- Non-profit professional and trade associations beware. The exemption is very narrow and applies only in limited circumstances. Faxes that advertise products not produced by the non-profit professional or trade association do not fall within the exemption. Similarly, faxed communications to non-members do not fall within the exemption.

level, the California Legislature was considering its own "junk fax" bill, SB 833 (Bowen; D-Redondo Beach), a "job killer" bill that prohibits fax advertisements into or out of California without the recipient's prior express permission, regardless of whether there is an established business relationship under federal law.

California law defines "unsolicited advertisement" as "any material advertising the commercial availability or quality of any property, goods, or services that is transmitted to any person or entity without that person's or entity's prior express

invitation or permission." It is unclear what constitutes as "express" invitation or permission. Because the statute is silent on this issue, the Chamber is recommending senders obtain prior *written* permission to send.

However, SB 833 does contain a very narrow exception that may be used in limited circumstances for specific faxes sent by tax-exempt non-profit professional or trade organizations to their members.

Specifically, a tax-exempt non-profit professional or trade association that is

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New Business Tools Available from California Chamber

The California Chamber of Commerce is pleased to announce that the new **HR Handbook for California Employers** and **HR Forms for California Employers CD** are available for purchase at CalBizCentral™.

HR Handbook

The **HR Handbook for California Employers** is perfect for small business owners and employers, office managers and HR novices. The handbook covers the following topics:

- hiring and termination;
- developing policies;
- providing benefits;
- paying employees;
- safety in the workplace;
- preventing discrimination and harassment.

Features

Presented in an intuitive format, each chapter includes the following California-specific discussions:

- At-a-glance chart shows which laws apply to businesses based on size.
- Minimum compliance elements.
- Hitches, glitches and pitfalls — what can go wrong, steps to take and how to avoid problems in the first place.
- List of required and recommended forms.

Additional Features

- Fill-in forms and checklists on CD.



- “Getting Started” chapter shows how to use the book quickly and easily.
- Comprehensive index.
- 7" x 9", 246-page guide.

HR Forms

The **HR Forms for California Employers CD** may be purchased separately and contains more than 70 legal, required and recommended forms for 2006, including: I-9, W-4, COBRA, HIPPA, leaves of absence, hiring, paying employees, safety and termination. The book includes charts to help employers determine which forms are needed for a variety of situations.

Access to the forms is available in

several different ways:

- alphabetically by title;
- alphabetically by chapter;
- alphabetically by topic;
- search with keywords.

These products are available to pre-order at CalBizCentral™ and will ship during January 2006. Products are available for purchase by any business; California Chamber preferred and executive members receive a 20 percent discount.

CalBizCentral™, presented by the Chamber, is a one-stop shop for affordable compliance resources that make California businesses run better.

Staff Contact: Terry Ulick

Chamber Recommendations on Complying with New Restrictions on Faxes

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sending a fax to a *member* and the fax is in *furtherance of the tax-exempt purpose*, is not required to obtain prior express permission from the member if the following requirements are met:

- the member voluntarily provided the fax number to which the fax is sent;
- the fax is “not primarily for the purpose of advertising the commercial availability or quality of any property, goods or services of *one or more third parties*”; and
- the member who is sent information has not requested that the association stop sending such faxes.

In addition, SB 833 also makes it unlawful to “initiate” any faxed communication that does not contain in the margin of the top or bottom of the first page of each transmission or on each transmitted page the following: date and time sent; identification of the sender; and the telephone number of the sending fax machine, business or individual.

While the term “initiate” is undefined, the Chamber is recommending that all faxed communications contain the specified information.

Finally, SB 833 provides for a private right of action for injunctive relief and the greater of either actual or statutory

damages of \$500 per violation. Treble damages are available for violations that are willful or known by the sender. These penalties are in addition to those available under federal law. SB 833 was signed into law and will take effect on January 1, 2006.

California businesses are now required to comply with both federal and state laws related to unsolicited facsimile machines. While both laws are related to the same subject, they differ in many important areas.

Staff Contact: Erika Frank

Chamber Joins Call for Commitment to World Trade Organization Discussions



The Sixth World Trade Organization (WTO) Ministerial Conference is being held in Hong Kong this week.

The conference began on December 13 and is scheduled to conclude on December 18. This conference will be vital for enabling the four-year-old Doha Development Agenda negotiations to move forward sufficiently to conclude the Doha Round in 2006.

'Call to Action'

The California Chamber of Commerce has joined the American Business Coalition for Doha and more than 200 other leading U.S. companies and associations in a "Call to Action" to the world trade ministers "to infuse optimism, creativity, and a renewed sense of commitment and urgency to the Doha Round."

The Ministerial Conference is the WTO's highest decision-making body, meeting at least once every two years and providing political direction for the organization.

Launched at the Fourth Ministerial Conference in November 2001, the Doha Development Agenda includes negotiations on a range of subjects and work on issues related to the implementation of agreements arising from the previous negotiations at the 1986-94 Uruguay Round.

Issues Before WTO

The main task before members in Hong Kong is to settle a range of questions that will shape the final agreement of the Doha Development Agenda, which members hope to complete at the end of 2006. The Doha Round will address:

- trade- and development-related concerns of developing countries;
- agricultural subsidies;
- elimination of tariff and non-tariff barriers for industrial, fish and forestry products;
- improved market access for manufactured goods;
- trade facilitation;
- trade and competition policy;
- transparency in government; and
- opening the global services market.

Boon to U.S. Businesses

For U.S. businesses, the successful implementation of these negotiations would translate into:

- major cuts in foreign tariffs on U.S. farm exports;
- expanded market access for all U.S. farm products through tariff cuts and quota expansion;
- expanded market access for U.S. manufactured goods;
- opening of foreign markets for U.S. goods and services, such as telecommunications, entertainment, construction and engineering, etc;

- a reduction in the cost of exporting to some countries by 5 to 15 percent;

- an improvement in foreign customs procedures that currently cause shipment delays.

Benefits

The World Bank estimates that successful world trade talks could bring nearly \$325 billion in income to the developing world by 2015 and could lift 500 million people out of poverty.

Delaying the difficult decisions required to move the talks forward could jeopardize the prospects of concluding this round by the end of 2006, which the American Business Coalition for Doha believes is realistic and should remain the collective goal of WTO members.

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

For more information on international trade, please visit www.calchamber.com/international.

More information on how the Doha Development Agenda will affect the business community is available at

www.ABCDoha.org.

Staff Contact: Susanne Stirling

Small Businesses Drive California's Economic Engine

The importance of small businesses to the California economy is illustrated once again in the most recent *California Small Business Profile* released by the Office of Advocacy in the U.S. Small Business Administration (SBA).

Small businesses are "the dynamo that powers California's economy," says Michael T. Hull, SBA regional advocate. "Without its small business owners, California's economy would not be nearly as strong as it is today."

Huge Part of State Economy

In 2004, an estimated 1,068,602 — 99.2 percent — of California's employer firms were small businesses (fewer than 500 employees), according to the SBA. In 2002, small firms employed 53 percent of the state's non-farm private sector workforce.

From 2001 to 2002 (the latest data available), firms with fewer than 20 employees gained 117,379 net jobs, while

firms with more than 500 employees lost 263,913 jobs.

Increased Owner Diversity

In 2002, 871,617 small firms in California were women-owned, up 24 percent from 1997. These firms generated \$140.9 billion in revenues.

Minority-owned businesses also grew:

- Hispanic-owned firms numbered 427,805, up 27 percent from 1997;

See Small: Page 12

China Trade Mission

Tejon Showcases Industrial Complex to Chinese Exporters

Tejon Ranch Company, a member of the California Chamber of Commerce, describes its vision for the future of Tejon Ranch as "Preserving California's Legacy and Providing for California's Future."

A key part of that vision is Tejon Industrial Complex (TIC), the company's industrial/commercial center located at the junction of Interstate 5 and Highway 99 in Kern County. TIC is a leading job generator for the southern San Joaquin Valley, and has been identified by the Chinese as an ideal location for direct foreign investment in California.

For more than a year, Tejon Ranch has been actively engaged with a number of Chinese companies looking to move their operations into the United States, creating direct investment in California's economy and new jobs for Californians. The Chinese Consulate General has toured TIC and has obtained approvals for Chinese companies to do business with Tejon.

During Governor Arnold Schwarzenegger's trade mission to China in November (see December 2 *Alert*), Tejon Ranch officials met in Shanghai with nearly 100 chief executive officers from major Chinese companies that are already exporting goods to the United States.

"We had a very successful meet-



Robert A. Stine, president and chief executive officer of Tejon Ranch Company, Lebec, joins Governor Arnold Schwarzenegger following the Tejon Ranch presentation in Shanghai during the recent trade mission to China.

ing," said Robert A. Stine, president and chief executive officer of Tejon Ranch Company. "We're currently negotiating with two companies and many others have expressed interest in locating distribution and manufacturing facilities in California, and we believe Tejon Industrial Complex is the perfect location for them as well," he added.

"We got an extra boost when the Governor arrived and spent several minutes extolling the virtues of California and encouraging the audience to do business here," Stine said.

Chinese businesses have expressed several reasons for their interest in TIC:

- First is TIC's location, with its access to ports (Los Angeles/Long Beach

and Oakland) and direct freeway access.

- Second is Tejon's pending Foreign Trade Zone designation, with 80 acres already approved at IKEA's Western Distribution Center, and an additional 500 acres designated in 2006 as part of the Rockefeller Foreign Trade Zone at TIC.

- Finally, the Chinese like the size of Tejon's landholdings, which would allow multiple Chinese companies to set up business in a single location.

Future Alerts will highlight activities of other California Chamber member companies that participated in the trade mission to China.

Small Businesses Drive California's Economic Engine

From Page 11

- Black-owned firms totalled 113,003, up 43 percent;

- Asian-owned firms totalled 372,221, up 19 percent; and

- American Indian/Alaska Native-owned firms numbered 40,541, up 52 percent.

Regulatory Burden

According to Office of Advocacy research, complying with federal regula-

tions alone costs the nation's smallest firms \$7,647 per employee each year, 45 percent more than the per-employee costs of larger firms.

The *Profile* is based on 2002 Census Bureau data on percentages of small businesses and 2004 Employment and Training Administration data on total number of employer businesses.

The Office of Advocacy publishes profiles of the United States, the 50 states, the District of Columbia and the

U.S. territories to illustrate the economic condition of U.S. small businesses.

Each state profile contains sections on the following topics: the number of firms, industry composition, small business income, banking, women and minority business ownership, and employment.

To view the entire *California Small Business Profile*, visit www.sba.gov/advo/research/profiles/05ca.pdf.

Staff Contact: Julianne Broyles

U.S.-Bahrain Free Trade Agreement Wins Approval from House, Senate



The California Chamber of Commerce-supported U.S.-Bahrain Free Trade Agreement (FTA) has won approval from both the U.S. House of Representatives and the U.S. Senate.

The House approved the U.S.-Bahrain FTA on a 327-95 vote on December 7. Of the 49 California congressional representatives voting, 39 voted for the FTA and 10 voted against the agreement.

The U.S. Senate approved the FTA by voice vote on December 13.

The FTA now goes to President George W. Bush for his signature. The FTA may go into force on January 1, 2006.

Trade Agreement Details

The U.S.-Bahrain FTA was signed on September 14, 2004, in Washington, D.C.

On the first day the agreement goes into effect, 100 percent of consumer and industrial products and 81 percent of U.S. agricultural exports will be duty free.

Under the agreement, Bahrain will open its services market, streamline digital trade, protect intellectual property, facilitate government procurement and provide for effective enforcement of labor and environmental laws.

This FTA will be particularly beneficial to U.S. exporters of aircraft, machinery, pharmaceuticals and agricultural products. Two-way trade between the United States and Bahrain totaled nearly \$706 million in 2004. U.S. goods exports were \$301 million, including machinery, aircraft, vehicles, toys and other manufactured products. Foreign direct investment between the two countries is nearly \$195 million.

Last year alone, California exports to Bahrain were more than \$16 million. California is one of the nation's top exporters, with exports of transportation

California Congressional Delegation Vote on U.S.-Bahrain Free Trade Agreement

Ayes (39 of 327)

Xavier Becerra (D-Los Angeles)
Howard Berman (D-North Hollywood)
Mary Bono (R-Palm Springs)
Ken Calvert (R-Corona)
Lois Capps (D-Santa Barbara)
Dennis Cardoza (D-Atwater)
Jim Costa (D-Fresno)
Susan Davis (D-San Diego)
John Doolittle (R-Roseville)
David Dreier (R-San Dimas)
Anna Eshoo (D-Atherton)
Sam Farr (D-Carmel)
Elton Gallegly (R-Simi Valley)
Jane Harman (D-Venice)
Wally Herger (R-Marysville)
Michael Honda (D-San Jose)
Duncan Hunter (R-Alpine)
Darrell Issa (R-Vista)
Jerry Lewis (R-Redlands)
Zoe Lofgren (D-San Jose)
Daniel Lungren (R-Folsom)
Doris Matsui (D-Sacramento)
Howard McKeon (R-Santa Clarita)
Gary Miller (R-Diamond Bar)
George Miller (D-Martinez)
Devin Nunes (R-Tulare)
Richard Pombo (R-Tracy)
George Radanovich (R-Mariposa)
Dana Rohrabacher (R-Huntington Beach)

Lucille Roybal-Allard (D-Los Angeles)
Loretta Sanchez (D-Anaheim)
Adam Schiff (D-Burbank)
Brad Sherman (D-Sherman Oaks)
Fortney "Pete" Stark (D-Fremont)
Ellen Tauscher (D-Alamo)
William Thomas (R-Bakersfield)
Mike Thompson (D-St. Helena)
Diane Watson (D-Los Angeles)
Henry Waxman (D-Los Angeles)

Noes (10 of 95)

Joe Baca (D-Rialto)
Bob Filner (D-San Diego)
Tom Lantos (D-San Mateo)
Barbara Lee (D-Oakland)
Juanita Millender-McDonald (D-Carson)
Grace Napolitano (D-Norwalk)
Linda Sánchez (D-Lakewood)
Hilda Solis (D-El Monte)
Maxine Waters (D-Los Angeles)
Lynn Woolsey (D-Petaluma)

Abstaining

Nancy Pelosi (D-San Francisco)
Edward Royce (R-Fullerton)

equipment and crop production showing strong growth in recent years. The U.S.-Bahrain FTA will help continue this growth.

Other Trade Agreements

Other FTAs with Arab nations include the U.S.-Jordan FTA, signed in 2000, the U.S.-Morocco FTA, signed in 2004, and

the U.S.-Oman FTA, which likely will be signed in January 2006, as well. These agreements are integral pieces of the Bush administration strategy to create a Middle East FTA by 2013.

For more information, visit www.calchamber.com/international.
Staff Contact: Susanne Stirling

Terrorism Risk Insurance Act Pending Congressional Approval



As **Alert** went to press, discussions were continuing on federal legislation to extend the Terrorism Risk Insurance Act (TRIA).

TRIA is set to expire on December 31, unless the U.S. House of Representatives and the U.S. Senate can come to an agreement

on language for one bill; currently each house has passed their own version.

Chamber Supports TRIA Extension

The California Chamber of Commerce strongly supports congressional action to extend the TRIA for two years beyond its current expiration date.

The Chamber believes that an extension is vital to preserve the stability of the economy.

The ability of businesses and individuals to obtain property and casualty insurance at reasonable and predictable prices, in order to spread the risk of both routine and catastrophic loss, is critical to economic growth.

Two Versions

Both the House and the Senate have passed bills modifying the current TRIA program and extending it for two years. The two bills are not identical, and both the House and Senate are scheduled to adjourn for the year on December 17.

The Senate passed its bill (S. 467) on November 18, and the House passed its terrorism insurance program extension bill on December 7 by a broad, bipartisan margin. The House actually stripped the language from S. 467 and substituted the language from its bill (HR 4314) and then passed the measure by a vote of 371-49.

The bill passed by the House seeks to expand the TRIA program coverage and adds coverage for group life insurance and domestic terrorism.

The Senate bill sought to pare down portions of the TRIA program. The Senate-passed bill eliminates some lines of insurance coverage, such as commercial auto.

In addition, the Senate bill also creates a commission to study a long-term solution for terrorism risk.

Current Protections

The Terrorism Risk Insurance Act of 2002 established a three-year risk-spreading program to back up the insurance marketplace for consumers in the event of a terrorist attack.

The law covers most lines of commercial property casualty insurance, including workers' compensation, and business interruption for all U.S. risks.

Safeguards ensure that only truly catastrophic events trigger any federal involvement, while continuing to provide equal protection for small and rural insurers.

The business community, commercial insurance policy holders, insurance regulators and insurance carriers are all united behind the goal of enacting legislation to extend the program to ensure that the United States continues to have an effective economic safety net in place against terrorism.

Implications of Allowing TRIA to Expire

If TRIA is not extended, insurance

companies and reinsurers will face a highly uncertain possibility of insolvency if they continue to offer terrorism coverage to large accounts and across multiple lines.

The likely short-term responses by the industry if TRIA is not extended would be to completely exclude terrorism coverage, reduce capacity and availability of terrorism coverage, and increase prices for terrorism coverage.

The long-term industry responses, likely to occur within one to five years after TRIA's sunset date, may be for some insurance companies to make strategic decisions to not participate in certain lines of business or in certain geographic regions.

Such actions will make coverage less available and less affordable, according to a report on the economic effects of federal participation in terrorism risk issues by the Analysis Group, an economic, financial and strategic consulting firm.

For more information on the Terrorism Risk Insurance Act, visit www.terrorism-insurance.org.

Staff Contact: Jeanne Cain

Federal Reserve Official Comments on Economy



Dr. Janet Yellen, president and chief executive officer of the Federal Reserve Bank of San Francisco, gives her perspective on the U.S. economy and monetary policy at the December meeting of the California Chamber of Commerce Board of Directors. The text of her remarks is available on the bank's website at www.frbsf.org.

Chamber Encourages Implementation of South Delta Improvements Program

California depends on a constant supply of safe, clean water to meet the demands of its rising population and trillion-dollar economy. The state's water supplies, however, are limited and require a carefully managed infrastructure to maintain.

Bay-Delta Critical to State

Two-thirds of California receives its water from the San Francisco Bay/Sacramento-San Joaquin Delta (Bay-Delta).

In 2000, the state and federal governments initiated the CalFed Bay-Delta Plan to manage the Bay-Delta's water resources and ecosystem. A unique collaboration of interests supported the plan, including environmental organizations, business groups, farmers, and state and federal water and fish agencies.

South Delta Improvements

Part of the Bay-Delta Plan is the South Delta Improvements Program (SDIP), a project of the California Department of Water Resources (DWR). The SDIP is a responsible and balanced approach to better utilize and integrate the state's existing water management infrastructure

in the Delta. It will improve California's water supply reliability, water quality and the overall health of the Bay-Delta ecosystem.

The program includes building seasonal tidal gates to protect fish and improve water circulation and quality in the Delta, dredging select Delta channels to improve water deliveries for local farmers, and modestly increasing State Water Project deliveries when necessary and environmentally safe.

Currently, the state is constrained in its ability to use surplus water supplies. The state has the infrastructure to move the water, but until SDIP is approved, its water managers cannot fully or responsibly use the existing system.

The SDIP calls for a 3 percent to 5 percent increase in the average amount of water pumped from the Delta. The program will provide the flexibility to shift the timing of water deliveries when surplus is available and when it is environmentally safe.

The program also will help protect important Delta environmental resources, including fish species living in the Delta.

Broad, Statewide Support

The SDIP is supported by a statewide coalition of water, agriculture, business, public policy and planning organizations, including the California Chamber of Commerce, Association of California Water Agencies, State Water Contractors, California Business Properties Association and Western Growers Association.

Seeking Public Input, Backing

On November 10, DWR and the U.S. Bureau of Reclamation released a draft Environmental Impact Statement/Environmental Impact Report (EIS/EIR) on the SDIP to help build consensus on improved water management in the Delta.

The draft EIS/EIR will have a 90-day public comment period with a series of public forums and hearings throughout the state.

Interested parties will have the opportunity to learn more about the program and provide comments on the plan. Copies of the EIS/EIR can be found at <http://sdip.water.ca.gov>.

Staff Contact: Valerie Nera

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