Chamber Study Finds Cost of Fuel Proposals: $8 Billion

A report released this week by the California Chamber of Commerce concludes that proposals to arbitrarily reduce petroleum demand and mandate alternative fuels would cost $8 billion a year, and will have an impact on consumers equivalent to raising gasoline prices to above $5 per gallon.

“Dr. Keeley’s report shows there’s a right way and wrong way to pursue the diverse sources of transportation fuels needed for the future,” said Chamber President Allan Zaremberg. “Arbitrarily reducing petroleum demand and mandating alternative fuels will wind up doing more harm than good and costing consumers billions in unnecessary costs. A better strategy is to rely on market forces, subject to environmental concerns, to provide reliable and affordable fuels.”

A senior vice president of Cornerstone Research, the report compared the California Energy Commission’s recommendation to reduce petroleum demand by 35 percent by 2025 to Governor Arnold Schwarzenegger’s goal of establishing policies that provide for adequate, reliable and affordable energy supplies.

Cost Hike, Job Loss

The report concluded this policy not only would affect consumers’ driving the equivalent of raising gasoline prices to $5 per gallon or more — equal to $8 billion a year in added costs — but it would also result in more than 90,000 lost jobs.

Among the report’s other findings:

- Consumers will use alternative fuels only if the total costs are equal to or lower than petroleum-based fuel. Governor See California: Page 4

Prepared by Dr. Michael Keeley, senior vice president of Cornerstone Research, the report compared the California Energy Commission’s recommendation to reduce petroleum demand by 35 percent by 2025 to Governor Arnold Schwarzenegger’s goal of establishing policies that provide for adequate, reliable and affordable energy supplies.

Chamber: State-Only Approach Wrong Way to Solve Global Issue

A California-centered approach to the issue of global warming is the wrong solution and poses dire consequences for the state, the California Chamber told a Senate committee this week.

Nevertheless, the Senate Environmental Quality Committee approved Chamber-opposed AB 32 (Núñez; D-Los Angeles/Pavley; D-Agoura Hills) on a party-line vote of 5-2 on June 26.

AB 32 increases costs for California businesses, makes them less competitive and discourages economic growth with little or no proven environmental benefit by adopting an arbitrary cap on carbon emissions.

“California’s economy competes in a global market and AB 32 strives to combat global warming through a California-only approach, disregardings the carbon emissions contributed by the developing world,” Dominic DiMare, Chamber vice president of government relations, told the committee.

“California is already one of the most heavily regulated states in the nation. This bill would make it virtually impossible for California industries to remain competitive in the marketplace, pushing both jobs and businesses elsewhere,” DiMare said.

“While the Chamber shares concerns regarding climate change,” DiMare added, “it is very important that all See Chamber: Page 4

California Chamber President Allan Zaremberg (right) and Dr. Michael Keeley, senior vice president of Cornerstone Research, meet with the press about Keeley’s report concluding that arbitrary limits on petroleum demand and mandates to use alternative fuels will cost consumers $8 billion annually, the equivalent of $5 per gallon gasoline.
Cal/Osha Corner
Tips for Helping Employees Work Safely, Minimize Heat Stress

What can I do to protect my employees from the effects of working in high temperatures?

With the rising temperatures, employees may be subject to a condition known as heat stress. Operations involving high air temperatures, radiant heat sources, high humidity, direct physical contact with hot objects or strenuous physical activities have a high potential for inducing heat stress in employees engaged in such operations.

During the summer, workers employed in outside jobs, such as construction and agriculture, are subjected to many of these conditions, and those who ignore the signs and symptoms can become victims of a heat stress incident.

Heat Stress Regulations

It has been well-publicized that the Cal/Osha Standards Board has adopted emergency regulations to address the employer’s responsibility to ensure employees are provided the means to counter the effects of high working temperatures (see June 23 Alert). These requirements, Heat Illness Protection, are contained in Section 3395 of the General Industry Safety Orders.

Also, Cal/Osha has published a frequently asked question-and-answer document on its website — go to www.dir.ca.gov and click on “New — Heat illness prevention emergency regulation and related information.”

Sensitivity Factors

A number of factors may affect a person’s sensitivity to heat: age, weight, degree of physical fitness, degree of acclimatization, metabolism, use of alcohol or drugs and a variety of medical conditions, such as hypertension. Even the type of clothing a person is wearing must be considered.

Prior heat injury predisposes an individual to additional injury.

Major Conditions — Be Aware

Employees potentially exposed to heat stress must recognize four conditions:

- **Heat rash or prickly heat:** When the body is exposed to hot and humid conditions, a rash develops that can substantially reduce the ability to sweat, thereby reducing the employee’s tolerance to heat.

  *Treatment:* Wash the affected area with soap and water and dry thoroughly. Apply calamine lotion or powder to relieve discomfort.

- **Heat cramps:** These usually occur when performing hard physical labor in a hot environment. Heat cramps usually affect the stomach muscles, but can involve the arm and leg muscles, as well. The cramps are very painful and occur intermittently after prolonged exposure to hot conditions.

  *Treatment:* Do not rely on thirst as a guide to the need for water. Water must be taken every 15 to 20 minutes in hot environments. Workers are to be removed from the hot conditions and given rest and plenty of water to drink.

An electrolyte imbalance caused by sweating has been attributed to causing these cramps. Recent studies have shown that drinking commercially available carbohydrate-electrolyte replacement liquids is effective in minimizing physiological disturbances during recovery.

- **Heat exhaustion:** Signs and symptoms are headache, nausea, vertigo, weakness, thirst and giddiness. Fortunately, this condition responds readily to prompt treatment.

  *Heat exhaustion should not be dismissed lightly, however, for several reasons:* The fainting associated with heat exhaustion can be dangerous because the victim may be operating machinery or controlling an operation that should not be left unattended; moreover, the victim may be injured when he/she faints. Also, the signs and symptoms seen in heat exhaustion are similar to those of heat stroke, a medical emergency.

  *Treatment:* Workers suffering from heat exhaustion should be removed from the hot environment, given fluid replacement and encouraged to get adequate rest.

- **Heat stroke:** Heat stroke is a serious condition requiring medical attention. Sweating is sometimes absent, making the skin hot and dry. Body temperature is very high, exceeding 105 degrees Fahrenheit. If not controlled, these conditions may lead to convulsions, coma, brain damage and eventually death.

  *Treatment:* Remove the worker from hot conditions immediately; wet the body with copious amounts of cool water and get professional medical aid immediately.

Minimizing Heat Stress

The following methods may be used to prevent heat exhaustion and heat stroke.
Chamber Praises On-Time State Budget

Plan Includes No New Taxes, Repays Debt, Invests in Education, Transportation

Legislative leaders and Governor Arnold Schwarzenegger reached agreement this week on a $131 billion spending plan for California.

The budget uses higher-than-expected revenues from the state’s strengthening economy to repay debts, invest in education and transportation, and move California closer to resolving the structural budget deficit — all without raising taxes.

For the first time in six years, the Legislature adopted the budget before the end of the fiscal year.

Bipartisan Effort

“I commend Governor Schwarzenegger and the Legislature for coming together in a bipartisan fashion and quickly completing a responsible state budget for next year that will continue the progress California has made in improving our state’s fiscal health and economic strength,” said California Chamber President Allan Zaremberg.

“This budget contains no new taxes that would depress economic growth; continues to pay down the state’s debt, including using some one-time revenues to pre-pay additional debt; and restrains the growth of new ongoing spending, while investing heavily in education for California’s children and future workforce,” Zaremberg said.

“Under Governor Schwarzenegger’s leadership and continued policies of reform and fiscal restraint, California’s strong economy has produced nearly 600,000 new jobs and $20 billion in additional revenues for the state. This increased revenue has allowed the state to provide essential services and increased investment for Californians, including record spending on education.

“We must continue to improve our state’s fiscal situation by continuing to hold the line on new taxes and increases in ongoing spending, by paying down debt and ultimately closing the structural deficit. These policies — reflected in this budget — will allow our already resurgent state economy to continue to grow, employing Californians and providing our state with the revenue needed to fund our government and essential programs.”

Highlights

Among other features, the newly adopted budget:

- commits gasoline tax revenues to transportation, as required by Chamber-supported and voter-approved Proposition 42 and repays money borrowed from the Proposition 42 transportation fund during the state’s fiscal crisis;
- increases funding for schools, as required by Proposition 98;
- boosts the budget reserve and repays state debt early;
- increases funding for law enforcement and to enhance the state’s ability to deal with emergencies, such as the avian flu.

Staff Contact: Dominic DiMare

Chamber-Supported Bills to Help Small Business Moving in Legislature

Two California Chamber of Commerce-supported bills aimed at alleviating the regulatory burden on small businesses passed Senate and Assembly committees this week.

- AB 2330 (Arambula; D-Fresno) helps protect the ability of small businesses to maintain and create jobs by requiring a study of the cost impact of state regulations on California small businesses.

- SB 1436 (Figueroa; D-Fremont) seeks to re-establish the Small Business Ombudsman program in state agencies to improve small business access to information on proposed regulations affecting their businesses.

AB 2330

The Chamber believes that AB 2330 is important to California small business owners because the burden of “one-size-fits-all” regulations usually falls most heavily on them. California small businesses contend with the most stringent, complex and costly laws in the nation.

Ill-advised or unnecessary laws and regulations can easily damage the economic vitality that small businesses add to the state’s economy. The consequences of laws and regulations sometimes are directly at odds with the intentions of the policymakers. Worse, an overly burdensome regulatory environment can quash the entrepreneurial spirit that motivates many small business owners in California.

Of the 3,320,977 small businesses in California, more than 960,000 are minority-owned and more than 871,000 are women-owned, according to the U.S. Small Business Administration (SBA). Small businesses are the most significant source of new jobs in the nation’s economy, creating nearly two-thirds of new jobs annually. Unlike larger businesses, small businesses do not have the luxury of a full-time regulatory compliance staff.

A September 2005 report prepared for the SBA by researchers at Lafayette College, The Impact of Regulatory Costs on Small Firms, observed that, “small businesses continue to bear a disproportionate share of the federal regulatory burden.” The report also found that the annual cost per employee for firms with fewer than 20 employees is $7,647, compared to $5,282 spent by firms with more than 500 employees.

AB 2330 provides a positive process to ensure that policymakers have credible information on the impact current state regulations have on California small businesses.

SB 1436

SB 1436 will improve access to
California Chamber Study Finds Cost of Fuel Proposals: $8 Billion

From Page 1

ment mandates for alternative fuels would increase fuel prices substantially.
- None of the Energy Commission’s policy options would increase energy supplies, and some might actually increase dependence on imported crude oil and would lead to a reduction in domestic oil production.
- The consumption reduction proposal will have little benefit in reducing greenhouse gases and may be self-defeating if production and employment move to other states and countries.

Better Alternative

The Keeley report also recommended an alternate approach to meeting the goal of providing adequate, reliable and affordable transportation fuels. Its major elements:
- Reliance on market forces, subject to environmental concerns.
- Removing regulatory roadblocks to alternative fuel and petroleum-based fuel production.
- Encouraging fuel efficiency by providing consumers information about actions they can take to improve fuel efficiency.
- Encouraging conservation and promoting new technologies by state purchase of vehicles that are fuel-efficient, have low emissions and are alternatively fueled.
- Providing state funding for advanced energy technologies that protect the environment.

Chamber: State-Only Approach Wrong Way to Solve Global Issue

From Page 1

gas emissions per dollar of output than the United States.
Helping developing countries gain access to cleaner, more abundant energy using new, cost-effective technologies would likely be more productive than adopting AB 32, Thorning concluded.

The full report is available at www.calchamber.com.

Coalition

In addition to the Chamber, Californians for Reliable and Affordable Energy includes the California Business Roundtable, California Building Industry Association, Western States Petroleum Association, California Retailers Association, and the California Hotel and Lodging Association.

Join Opposition

The Chamber-led coalition Sustainable Environment and Economy for California (SEE California) is seeking new business members to join its effort to stop AB 32. For more information on joining SEE California, visit www.seerca.org.

Staff Contact: Amisha Patel

Coalition

In addition to the Chamber, Californians for Reliable and Affordable Energy includes the California Business Roundtable, California Building Industry Association, Western States Petroleum Association, California Retailers Association, California Grocers Association, and the California Hotel and Lodging Association.

Staff Contact: Vince Sollitto

Next Alert: July 14
Government affairs specialists from throughout the state gathered in the heart of the Napa Valley wine country June 12-13 for the California Chamber Advocacy Council’s June retreat.

Council Chair Timothy McCallion, president, Pacific Region, Verizon, presided over the two-day gathering focusing on whether California politics is on the brink of major change.

Insights

Small group sessions enabled participants to exchange comments and gain insights from featured speakers over breakfast, lunch, dinner and a reception.

Chamber President Allan Zaremberg served as moderator of a discussion on the 2007 Legislature and as a panelist in a session on the November ballot initiatives.

Presenting perspectives on the gubernatorial race were luncheon keynote speaker Marty Wilson, president of

The June 12 reception at the California Chamber Advocacy Council post-primary retreat provides get acquainted time for (from left) Jon Fleischman, The Flash Report (panelist for the discussion on the 2007 Legislature); Chamber Senior Vice President Jeanne Cain; and Bill Whalen, Hoover Institute (moderator of the session examining the Governor’s race).

Wilson-Miller Communications, Inc. and an advisor to Governor Arnold Schwarzenegger’s campaign, and a panel examining the race from a Democrat, Republican and journalist’s point of view, moderated by Bill Whalen of the Hoover Institute.

Outlining his goals as Republican candidate for insurance commissioner was luncheon keynote speaker Steve Poizner, founder of SnapTrack, the Silicon Valley company allowing emergency services to pinpoint cell phone calls.

National Perspective

Dinner speaker Bill Press, syndicated political talk show host, columnist and author, commented on the national scene.

Other sessions examined the role of California employers in social and strategic issues, term limits and how the business community can present a united voice on priority issues.

The Advocacy Council advises the Chamber on political and policy strategies to improve California’s business climate.

Staff Contact: Michele Zschau

Tips for Helping Employees Work Safely, Minimize Heat Stress

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minimize the effects of heat stress:
- engineering controls (air conditioning and adequate ventilation);
- administrative controls, such as work rotation, starting work early in the morning or in the evening;
- providing plenty of fluids to drink, especially water; and
- personal protective equipment, such as cooling vests and light-colored or reflective clothing.

Acclimatization, Not Salt

In the past, salt tablets were prescribed for workers in hot environments to replace the salt removed by sweating. Physicians no longer recommend this treatment because the tablets may cause stomachaches.

Ingestion of the tablets also starts the body’s digestive function, and to digest, fluid is needed in the stomach and throughout the digestive tract. This fluid must come from the blood volume, which is needed to cool the body.

A much more acceptable approach to controlling heat stress is to allow new employees or those who have been away from the hot conditions for a few days to acclimate.

The following has been excerpted from federal OSHA Technical Manual (TED 1-0.15A), Section IV, Chapter 4 (1999, JAN26):

“…A properly designed and applied acclimatization program decreases the risk of heat-related illnesses. Such a program basically involves exposing employees to work in a hot environment for progressively longer periods.

“…NIOSH [National Institute for Occupational Safety and Health] (1986) says that, for workers who have had previous experience in jobs where heat levels are high enough to produce heat stress, the regimen should be 50 percent exposure on day one, 60 percent on day two, 80 percent on day three and 100 percent on day four.

“For new workers who will be similarly exposed, the regimen should be 20 percent on day one, with a 20 percent increase in exposure each additional day.”

Guidelines

The American Conference of Governmental Industrial Hygienists (ACGIH) has guidelines for assessing heat stress. A certified industrial hygienist should conduct this involved and specialized assessment. To contact ACGIH, call (513) 742-2020 or visit www.acgih.org.

Compliance Assistance

The California Chamber of Commerce offers videos to provide Cal/OSHA safety training to employees. More information is available at www.CalBizCentral.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 submit your question at www.hrcalifornia.com.
Legislative Outlook

An update on the status of key legislation affecting businesses. Visit 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.

Chamber-Supported Bills to Fight Identity Theft Moving in Legislature

California Chamber of Commerce-supported legislation to help the state combat identity theft continues to move in the Legislature.

- **SB 1388 (Poochigian; R-Fresno)** creates new criminal penalties for phishing, a technique used to obtain personal information via the Internet by persons pretending to represent legitimate businesses, such as banks or credit card companies.

- **SB 1387 (Poochigian; R-Fresno)** increases the penalties for identity theft and trafficking of personal identifying information.

- **AB 2886 (Frommer; D-Glendale)** increases fines and penalties for identity theft, including classifying mail theft as a misdemeanor or felony and making it possible to prosecute identity theft crimes in the county where the victim resides.

Identity theft is the number one consumer complaint reported to the Federal Trade Commission, which recorded 43,839 identity theft complaints from California in 2005. The average victim spends about 175 hours over a two-year period clearing off an average of $17,000 of fraudulent expenditures from credit reports.

Employers see the impact of identity theft in missed hours of work and increased administrative paperwork. The crime also can significantly slow the employment process, especially background checks.

**SB 1388** takes further legislation enacted last year to make phishing a crime punishable through a civil action by making it a public offense punishable by a fine and/or imprisonment. The business community believes increasing the penalties for identity theft will help curb its appeal to criminals and slow the rapid rise of thefts.

**SB 1387** creates an alternate felony/misdemeanor for anyone who steals personal information of 10 or more persons with the intent to defraud. The punishment ranges from 16 months to two to three years in state prison or up to one year in county jail.

**AB 2886** will make the penalty for stealing personal information with intent to fraud range from one year in county jail to up to three years in state prison plus a fine of $10,000. The bill also increases penalties for identity thieves who prey on people deployed in the military and for the theft of mail.

**Key Vote**

**SB 1388** passed the Assembly Public Safety Committee on a 6-1 vote.

Ayes: Leno (D-San Francisco); La Suer (R-La Mesa); Cohn (D-Saratoga); Dymally (D-Compton); Spitzer (R-Orange); Lieber (D-Mountain View).

Noes: Goldberg (D-Los Angeles).

**SB 1387** passed Assembly Public Safety on a 5-1 vote.

Ayes: Leno (D-San Francisco); La Suer (R-La Mesa); Dymally (D-Compton); Spitzer (R-Orange); Lieber (D-Mountain View).

Noes: Goldberg (D-Los Angeles).

Absent/abstaining/not voting: Cohn (D-Saratoga).

**AB 2886** passed the Senate Public Safety Committee on a 6-0 vote.

Ayes: Migden (D-San Francisco); Poochigian (R-Fresno); Cedillo (D-Los Angeles); Margett (R-Arcadia); Perata (D-Oakland); Romero (D-Los Angeles).

**Action Needed**

Urge Assembly members to support **SB 1387 and SB 1388**.

Urge senators to support **AB 2886**.

**Staff Contact:** Valerie Nera
Chamber Opposition Helps Stop Anti-Employer Payroll Check Cashing Bills

California Chamber-opposed bills unfairly increasing employer liability for payroll check cashing fees were rejected in bipartisan votes of an Assembly committee this week.

SB 778 (Florez; D-Shafter) would have made an employer guilty of a crime if an employee is charged a fee for cashing a payroll check without the employer’s knowledge.

SB 1188 (Florez; D-Shafter) would in effect have eliminated current “safe harbor” protections and created uncertainty for employers who already arranged fee-free payroll check cashing for their workers when the worker chooses to cash the check at a different establishment.

Current state law requires that all manually printed or written paychecks be cashable for free at some established place of business in the state, the name and address of which must appear on the paycheck.

In addition, the law permits an employer to offer to deposit the employee’s wages directly into the employee’s personal bank account. If the employee voluntarily agrees to the direct deposit of wages, no fee is assessed.

The Chamber believes there are better alternatives to dealing with payroll check cashing fees than the punitive approach advocated by SB 778 or the unreasonable burdens that SB 1188 sought to place on small employers.

California needs to change state law to enable employers to take advantage of new technologies that make new pay systems available. A program such as an electronic pay card system offers benefits to both employees and employers, including making wages instantly accessible on payday without fees or discounts.

Key Votes

SB 778 failed to pass the Assembly Banking and Finance Committee on a vote of 1-5.

Ayes: Ruskin (D-Palo Alto).
Noes: Niello (R-Fair Oaks); La Malfa (R-Richvale); Lieu (D-Torrance); Parra (D-Hanford); Tran (R-Garden Grove).

SB 1188 failed to pass Assembly Banking and Finance on a 2-4 vote.

Ayes: Lieu (D-Torrance); Tran (R-Garden Grove).
Noes: Niello (R-Fair Oaks); J. Horton (D-Inglewood); La Malfa (R-Richvale); Parra (D-Hanford).

Absent/abstaining/not voting: Calde ron (D-Montebello); Chavez (D-La Puente); J. Horton (D-Inglewood); Vargas (D-San Diego).

Staff Contact: Julianne Broyles

Chamber-Supported Bills to Help Small Business Moving in Legislature

From Page 3

information of importance to small business by centralizing it online at the state’s Internet portal. The bill requires the Department of Technology Services to create a separate link to state agency websites in order to make information regarding small business startup and other regulatory issues more easily accessible to small business owners. The bill also requires agencies with regulations that have an impact on small business operations to designate at least one person to serve as a small business liaison.

Reducing regulatory red tape continues to be near the top of issues small businesses would like to see government address. By creating clear lines of information to follow in dealing with the many paperwork and compliance obligations all small businesses labor under, SB 1436 would be of benefit to these small entrepreneurs.

The Chamber believes that small business compliance will improve through the efforts of the agency small business liaisons as SB 1436 directs the liaisons to collect and convey small business concerns and recommendations to top state agency officials.

Key Votes

AB 2330 passed the Senate Business, Professions and Economic Development Committee, 3-1.

Ayes: Figueroa (D-Fremont), Florez (D-Shafter), Simitian (D-Palo Alto).
Noes: Aanestad (R-Grass Valley).
Absent/abstaining/not voting: Morrow (R-Oceanside).

SB 1436 passed the Assembly Jobs, Economic Development and the Economy Committee on a unanimous vote.

Staff Contact: Julianne Broyles
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