

# ALERT

CALIFORNIA CHAMBER OF COMMERCE

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## Wachovia Bank Leader to Chair CalChamber Board



Russell Gould

Russell Gould, senior vice president of Wachovia Bank, has been elected as 2007 chair of the California Chamber of Commerce Board of Directors.

Gould succeeds Donna F. Tuttle, co-owner

and chairman of Elmore Tuttle Sports Group in Manhattan Beach, in the CalChamber's top volunteer post.

"I am honored to serve as chair of the 2007 CalChamber Board of Directors, and excited to lead our efforts to help California remain competitive and keep our economy strong," said Gould. "I look forward to working closely with the rest of the Board, staff and the business community to promote jobs-friendly policies that will help California businesses flourish and our state thrive."

### 2007 Officers

Serving with Gould as 2007 officers of the CalChamber Board are:

• **First Vice Chair Edwin A. Guiles**, executive vice president, corporate development, Sempra Energy, San Diego;

• **Second Vice Chair Frederick R. Ruiz**, chairman, Ruiz Foods, Dinuba;

### • Third Vice Chair Larree M.

**Renda**, executive vice president, Safeway Stores, Inc., Pleasanton.

### Russell Gould

Gould previously served as managing director for MetWest Securities, which in 2004 became a Wachovia company. He also served as the MetWest partner advising the J. Paul Getty Trust on all investment decisions.

During the administration of Governor Pete Wilson, Gould served as state director of finance, heading the department that is the Governor's chief fiscal policy adviser. Before holding the finance post, Gould was secretary of the state Health and Welfare Agency, where he was responsible for the administration of 13 state departments with a budget of more than \$32 billion and more than 42,000 employees.

In addition, Gould has served as assistant state treasurer with oversight of the state's \$20 billion investment portfolio. From 1983 to 1991, he served in the Department of Finance as chief deputy director and in other capacities with primary financial responsibility for all state and local government issues, liaison for federal fiscal relations and oversight of the California State Teachers' Retirement System and California Public Employees' Retirement System.

*See Wachovia: Page 4*

## CalChamber Enhances Grassroots Efforts with Policy Staff Promotion



Cathy Mesch

Grassroots efforts for the California Chamber of Commerce will be spearheaded by a newly promoted member of the public policy staff.

**Cathy Mesch** was named grassroots coordinator on December 1.

In her new position, Mesch's primary duty will be to enhance the CalChamber grassroots network throughout the state, working closely with the public policy staff to secure business input as early as possible on priority issues.

"Cathy Mesch's extensive background in business, international marketing and public relations will serve her well as grassroots coordinator," said CalChamber President Allan Zaremberg. "Her work will intensify the CalChamber's efforts to help employers make their views known to their legislators."

Mesch joined the CalChamber in August 2005 as an executive assistant in the public policy unit. She brought with her 25 years of management experience, supervising office, sales and marketing staffs and operational procedural programs in a variety of settings, including

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California Business Legislative Summit  
Monday, May 21, 2007



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## Labor Law Corner

### FAQs Highlight Changes to Required Employer Posters for New Year



**Jessica Hawthorne**  
Assistant Employment  
Law Counsel

There are a number of changes to the 2007 required postings for California employers. Following are a series of frequently asked questions from California Chamber of Commerce members.

● *Are there any mandatory changes on the 2007 poster?*

There are four mandatory changes on the 2007 poster — the DFEH-162 poster; Your Rights Under USERRA; the state minimum wage posting reflecting new rates for 2007 and 2008; and the Employment Development Department (EDD) Notice to Employees.

● *Are there other recommended changes included on the 2007 poster?*  
CalOSHA's Safety and Health Protection on the Job and the Employee Polygraph Protection Act postings have updated the contact information on the postings.

● *Does my company need new pamphlets for 2007?*

The EDD's Paid Family Leave pamphlet has been updated for 2007 with required changes. The EDD updated its State Disability Insurance Pamphlet in August 2006 and considers the changes mandatory for 2007. Its Unemployment Insurance pamphlet is expected to be revised with mandatory changes for 2007. Customers on the CalChamber's standing order list will automatically be sent these required pamphlets. The Workers' Compensation pamphlet contains numerous required changes for 2007, relating particularly to the predesignation of physician.

● *What postings are on the CalChamber poster?*

The CalChamber's poster includes all 16 postings required by state and federal agencies that all California employers are required to post. A Required Posters & Current Revisions chart appears at [HRCalifornia.com](http://HRCalifornia.com).

● *Where should I display the 2007 poster?*

You should display the poster anywhere that all employees can easily read it, such as a break room, common hallway, payroll office or other common location. In addition, you must display several of the posters (polygraph protection, and state and federal anti-discrimination posters)

where job applicants can read them. Also, you must post the poster in each company location.

● *Our company has an office outside of California. Am I required to post the California and federal poster?*

No, but required federal postings can be found on the all-in-one federal Employment Poster. Check with local state agencies where other offices are located for state posting requirements.

● *What notices are required to be distributed to employees?*

Required notices include:

✓ **For Your Benefit (DE 2320).**

This pamphlet explains California's unemployment insurance and disability insurance programs and must be distributed when an employer discharges or lays off an employee, or places an employee on a leave of absence.

✓ **State Disability Insurance Provisions (DE 2515).** This pamphlet explains an employee's disability insurance rights and must be distributed to all new hires and again if an employee goes out on disability leave.

✓ **Workers' Compensation Rights and Benefits pamphlets.** Give all new employees the workers' compensation pamphlet at time of hire.

✓ **Sexual Harassment Information Sheet.** Every California employee and independent contractor must receive a sexual harassment information sheet from his/her employer.

✓ **Paid Family Leave pamphlets.** This pamphlet explains California's Paid Family Leave (PFL) program. Give it to new employees and employees requesting time off for a covered reason.

● *Do I have to post the Cal/OSHA Log 300?*

If you are an employer in a high-hazard industry, and you have more than 10

See FAQs: Page 11

#### California Chamber Officers

**Donna F. Tuttle**  
Chair

**Russell Gould**  
First Vice Chair

**Edwin A. Guiles**  
Second Vice Chair

**Frederick R. Ruiz**  
Third Vice Chair

**Eugene J. Voiland**  
Immediate Past Chair

**Allan Zaremborg**  
President

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

## CalChamber Calendar

#### Luncheon Forum:

January 18, 2007, Sacramento  
California Business Legislative Summit:  
May 21-22, 2007, Sacramento

**Next Alert:**  
**January 12, 2007**



# CalChamber-Supported Extension of R&D Tax Credit Passes Congress



In a move that will help California remain competitive in the global economy, Congress passed a two-year extension of the federal research and development (R&D) tax credit on the last day of the 109th Congress, which came to a close in the

early morning hours on December 9.

The federal R&D tax credit was allowed to expire on December 31, 2005. As a result, many U.S. companies would have experienced increased R&D costs in the form of higher taxes. As the nation's leader in R&D, California could have been hit especially hard, to the detriment of its economy, if the lapse in the federal credit had been allowed to continue.

## Governor's Support

Governor Arnold Schwarzenegger recently urged congressional leaders to extend and strengthen the R&D credit. In his letter to congressional leaders, Governor Schwarzenegger explained that the added cost of R&D, combined with the current uncertainty of when and how long the credit will be extended, could make R&D too expensive to conduct in the United States. The Governor asked that Congress extend the credit for as long as possible.

## California Leads R&D

California ranks first among all 50 states in R&D performance. California alone accounts for more than one-fifth of total U.S. R&D. California industry ranked first in R&D expenditures, accounting for \$47.1 billion in 2003. California universities rank number five in U.S. R&D among universities.

More than half the R&D performed in the United States by computer and electronics products manufacturers is located in California, Massachusetts and Texas.

California is also the national leader in R&D knowledge capital. It leads the rest of the country by a large margin in percentages of doctoral scientists, doctoral engineers, and science and engineering

doctorates awarded. In 2004, California received more utility patents than any other state, three times more than those issued to second-place Texas.

The December 31, 2005 expiration of the federal R&D credit was the 12th such lapse in the 25-year history of the credit. Earlier efforts this year by Congress to provide a seamless renewal of the credit had failed. The President, various members of Congress and the business community had requested the adoption of a permanent federal R&D credit.

The two-year extension passed by Congress on December 9, 2006 is retroactive to the beginning of the year and will continue through 2007. Passage of the legislation clears the way for the President to sign the R&D credit extension into law.

California, along with a number of other states, has a state-level R&D credit. California's R&D credit was enacted in 1986 as a permanent credit. It provides a state income and corporate tax credit for certain types of R&D expenditures.

California's R&D credit helps the state compete nationally and globally for investments and high-paying jobs.

## State Legislation

Recognizing the need to maintain the state's leading edge in R&D and to retain California's rich talent pool with R&D jobs, earlier in 2006, **AB 2032 (Lieu; D-Torrance)**, supported by the California Chamber of Commerce, proposed to strengthen California's R&D credit.

The bill proposed increasing the credit for qualified research expenses from 15 percent to 20 percent to conform to the federal R&D credit, as well as increasing other aspects of the credit to conform to federal law. AB 2032 failed in policy committee, never making it to the floor for a vote by the full Assembly.

The CalChamber will continue to strongly support a permanent federal R&D credit and strengthening of the credit at both the federal and state levels.

**Staff Contact: Kyla Christoffersen**

## Newsweek Correspondent Comments on National Political Trends, Candidates



Howard Fineman, senior Washington correspondent and columnist for *Newsweek*, gives a lively commentary on the November elections, Iraq, presidential candidates, other national political issues and players at the December 7 dinner gathering of the California Chamber of Commerce Board of Directors.



## Wachovia Bank Leader to Chair CalChamber Board in 2007

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Appointed by Governor Arnold Schwarzenegger in 2005, Gould is currently serving a 12-year term as a regent of the University of California.

Gould received his bachelor's degree in political science from the University of California, Berkeley.

### Executive Committee

The CalChamber Executive Committee also named its two new at-large members for 2007.

Serving in the one-year rotating positions will be **Shariq Yosufzai**, president - global marketing, Chevron Corporation, San Ramon; and **Michael Ziegler**, president and chief executive officer, PRIDE Industries, Roseville.

In addition to the at-large members and current officers, the CalChamber Executive Committee includes the last three Board chairs.

The Executive Committee works with the CalChamber'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**

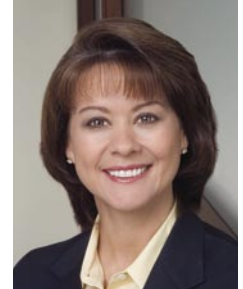
### 2007 Officers of California Chamber of Commerce



**Edwin A. Guiles**



**Frederick R. Ruiz**



**Larree M. Renda**

### At-Large Members of Executive Committee



**Shariq Yosufzai**



**Michael Ziegler**

## CalChamber Enhances Grassroots Efforts

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construction, realty companies, courier services and packaging companies.

She also served as director of marketing for the California Foreign Trade Zone at the Port of Sacramento with responsibility for developing new Foreign Trade Zone sites throughout Northern California and implementing an intern program in partnership with the University of California, Davis. Mesch received an M.B.A. from the American Institute of International Marketing in Arizona.

### Media Contacts

CalChamber members interested in speaking to the media about issues affecting the business community should contact Mesch at (916) 444-6670, e-mail her at [cathy.mesch@calchamber.com](mailto:cathy.mesch@calchamber.com) or fill out the "Get Involved" form in the grassroots section of the website at [www.calchamber.com/grassroots](http://www.calchamber.com/grassroots).

**Staff Contact: Jeanne Cain**

## Seminars/Trade Shows

For more information, visit

[www.calchamber.com/events](http://www.calchamber.com/events).

### Business Resources

Regional Employment Opportunities.

Wilcox Miller & Nelson. January 9, 2007, Sacramento. (916) 977-3700.

### Labor Law

HR 101: Introduction to HR

Administration (2007). California Chamber of Commerce. January 9 - Santa Ana; January 11 - San Diego; January 23 - Sacramento; January 31 - Santa Clara; February 6 - Sacramento. (800) 331-8877.

Labor Law Update: HR 201 (2007).

California Chamber of Commerce. January 8 - Glendale; January 10 - Santa Ana; January 12 - San Diego; January 24 - Sacramento; January 30 - Emeryville; February 1 - Santa Clara; February 7 - Sacramento; February 13 - Online (2 hours). (800) 331-8877.

Visit [www.calchamber.com](http://www.calchamber.com) for the latest business legislative news plus products and services to help you do business in California.



# Economy Slows as Housing Declines, While Energy Costs, Interest Rates Rise

## National Economy

The U.S. economy has slowed in response to restrictive monetary policy, high energy prices and the weakening housing market. Members of the Economic Advisory Council expect economic growth to remain subdued in 2007 as the decline in home valuations impacts consumer spending. But a recession should be avoided as consumer spending is supported by moderate gains in jobs and income.

The recent decline in energy prices also has provided some impetus to discretionary spending. And the decline in home construction — which took 1.1 percent off gross domestic product (GDP) growth in the third quarter — is being partially offset by a surge in non-residential construction. Still, GDP growth has drifted downward, and will likely remain on the order of 2 percent for two or three more quarters.

## Interest Rates

The Federal Open Market Committee (FOMC) is on hold following the last hike in the fed funds rate — to 5.25 percent — in June. FOMC members continue to express concern about inflation. Core inflation, as measured by the core personal consumption expenditure (PCE) deflator, was 2.4 percent in September, above the Federal Reserve Board's comfort zone of 1 to 2 percent.

Also worrisome to the Fed has been a sharp acceleration in unit labor costs, driven by slowing productivity and rising compensation. But FOMC members have indicated they believe inflation will moderate over the coming year. Still, their bias remains toward additional tightening should core inflation persist near current levels.

Financial markets have registered

more concern than the Fed about slowing economic growth and thus place a low probability on additional Fed tightening. Advisory council members share this view and believe that the Fed will remain

after trailing the nation by a small margin earlier in the economic expansion. In 2006, California job growth has slipped from 2 percent year/year in January to 1.1 percent year/year in October.

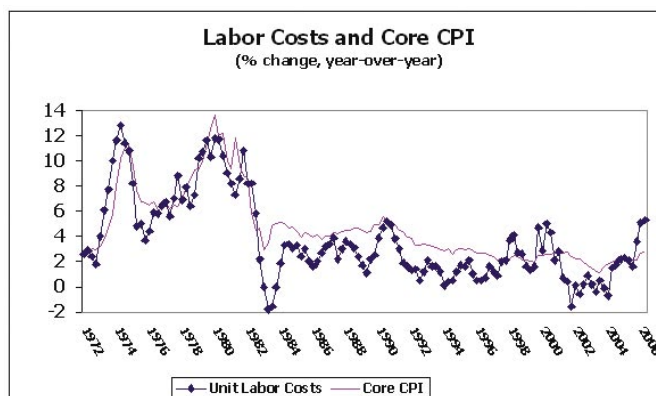
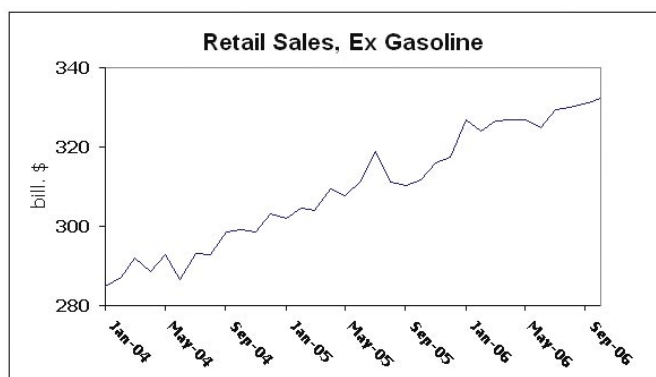
Job gains totaled 164,000 between October 2005 and October 2006, only 8 percent of the U.S. job gain during that period. California's unemployment rate has, however, fallen to 4.5 percent, the lowest since the state's employment series was established in 1976. This is slightly above the U.S. unemployment rate of 4.4 percent.

The California household survey indicates more job growth than the payroll survey, a statistical difference also seen at the national level. The number of jobs estimated in the payroll survey for the year ending March 2006 (both nationally and in California) is expected to be revised upward when benchmark revisions are published in 2007, according to the U.S. Bureau of Labor Statistics.

California's job growth may remain subdued relative to the rest of the country, mainly because the state's recovery has been more dependent on construction and real estate jobs in recent years. While job growth

in housing-related industries is tapering off, remaining job growth is becoming more balanced across industries, with notable improvements in high technology and tourism-related sectors over the past year. Strong growth also is occurring in business services, health and education. There also has been renewed growth in government employment, especially at the local level.

Growth also is more balanced across regions, with a notable improvement in the San Francisco Bay Area economy and labor market. While venture capital spending is well below levels seen dur-



on hold until mid-2007, and will entertain rate cuts at that time.

The yield curve — measured by the difference between the 10-year Treasury note and the fed funds rate — will likely remain inverted until the Fed reduces interest rates by 50-75 basis points. Yields on Treasury Inflation Protected Securities (TIPS) indicate that investors are confident that the Fed will keep inflation under control.

## California Economy

Last year the California economy slightly outpaced the national economy,



## Economy Slows as Housing Declines; Energy Costs, Interest Rates Rise

ing the dot-com boom, we can observe increased start-up activity in Silicon Valley and subsequent increased demand for technically trained workers.

While the Southern California economy also is seeing a housing-induced slowdown, it continues to benefit from its diversity, with solid performances in international trade, technology, aerospace and tourism.

Despite the recent slowdown, council members still believe that California's highly diverse business structure will enable it to withstand the ongoing slowdown in the housing market. But a national recession — triggered by higher oil prices, deflating home prices or additional Fed tightening — also would imply a recession in California.

The advisory council identified several developments that should offset more negative economic forces affecting the California economy in coming months:

- First, there is a healthy pickup in non-residential construction and real estate, which will partly offset the slowdown in residential real estate markets.

- Second, there was a pickup in U.S. capital spending in the third quarter. Real capital spending should continue growing at a 5 percent-10 percent clip to make up for insufficient investment in recent years. This will benefit California's high technology companies.

- Third, California's key export markets remain healthy. Exports from California-based firms increased 10.8 percent in the first nine months of 2006, after expanding 6.2 percent for all of 2005.

A particular source of strength is the nascent recovery of the Japanese economy. Japan is California's third largest export market and California also is a major destination for Japanese tourists. Japan's renewed strength also will benefit neighboring Asian economies, which in turn will increase demand for California goods and services.

The fastest growing California export market is China — now ranked fourth — with year-to-date export growth of 35

percent. The Chinese government has taken various market and non-market measures to slow its economy, with only minimal success to date. Should China's economy slow, it will have an impact on California exports to China, and possibly to other parts of Asia that would be hurt by weaker growth in China.

### **Real Estate**

The U.S. housing market has continued to deteriorate, with existing home sales down 14 percent from a year ago in September. Yet home sales, running at a 6.2 million annual rate in September, still are high by historical standards, and at

Home prices are falling now, although the median single-family home price was still up 1.8 percent year-over-year in September, according to CAR. Unsold single-family home inventories equaled seven-month supply in September, compared to only 3.2 months a year ago. This is close to the national average of a 7.1-month supply.

All major regions have seen sales declines exceeding 20 percent, with several regions seeing declines of more than 30 percent. Some regions (Monterey, Central Valley, Santa Cruz County, Palm Springs) have seen sales declines of 40 percent or

more. Median prices also were below year-ago levels in several regions, including the Central Valley, Northern Wine Country, Palm Springs, San Luis Obispo and Santa Barbara.

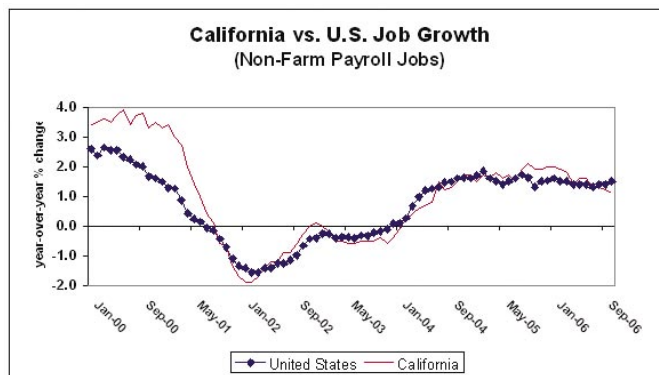
Advisory council members believe that the housing downturn could go on over a considerable period, although there are signs that the rate of sales decline is stabilizing in some U.S. and California regions.

U.S. commercial real estate markets continue to improve and are providing an economic offset

to the deteriorating residential real estate market. Non-residential construction activity is up more than 20 percent over 2005 levels, with particular strength in office and hotel construction.

Construction of industrial facilities — which lagged during the current business cycle — has picked up in recent quarters. The council expects national industrial and office markets to maintain positive absorption trends into 2007. The apartment sector could see further improvement in response to declining home affordability. Vacancy rates in the retail property sector — which is the most vulnerable to a slowdown in consumer spending — will rise as construction has caught up with absorption.

Similar trends are evident in California commercial real estate markets, with activity remaining vibrant throughout the state. Markets remain very healthy in Los Angeles and Orange County. Northern California markets generally are not as



risk of a more protracted decline. Home inventories have risen sharply, but have shown signs of stabilization of late. Sharp price reductions — especially for new homes — have improved home affordability and helped work off inventories.

Fixed mortgage rates have declined in recent months, cushioning the decline in housing demand. But lower home valuations and reduced home equity withdrawal will remain a drag on consumer spending, and will present key risks to the economic expansion in the coming year.

The California real estate downturn has been more severe than the nation as a whole, but this was expected given the strength of the housing upturn in the state. Statewide home construction permitting was off 20 percent during the first nine months of 2006, with single-family permitting down 29 percent. The California Association of Realtors (CAR) reports single-family home sales were down 32 percent year-over-year in September.





## Economy Slows as Housing Declines; Energy Costs, Interest Rates Rise

strong as Southern California, but the Oakland market is solid, and there continue to be steady improvements in other parts of the Bay Area. Oversupply conditions are developing in the San Diego area.

The council noted that it has not seen too substantial oversupply in most regional markets, as high construction costs deter construction and rents still do not justify new commercial development. There also has been a recent pickup in public construction, both in California and nationwide.

### Tourism

California's tourism sector has remained strong, despite large summer increases in gas prices and higher airfares. Hotel occupancy rates have continued to rise and there is solid activity reported at key Northern and Southern California tourist and convention destinations. There is a considerable amount of hotel construction underway in the state, in large part to serve the convention business.

The recent decline in gas prices should provide underlying support to tourist industries. But with the economy slowing, slower growth in tourism over the coming year is likely. California tourist-related employers also are monitoring state and federal minimum wage legislation.

### Banking

Home equity lending and mortgage refinancing activity have declined over the past year, but have stabilized of late. Lending standards to households and business are a bit tighter, according to Federal Reserve surveys. Mortgage lending standards will tighten following bank regulators' recent issuance of new "guidance," which will limit creative financing techniques such as interest-only loans and option adjustable rate mortgages.

Other forms of consumer lending (especially auto loans) also have been subdued, although there has been some pickup in credit card borrowing. Commercial and industrial lending — which has lagged in the current business cycle — is growing more slowly but remains

strong. The slowdown in consumer lending and the flat yield curve is weighing on bank profits, which have been heavily reliant on household sector lending. Although bank loan credit quality and profits likely will diminish in 2007, the council expects the banking sector to remain healthy.

### Agriculture and Resources

California agriculture remains in decent shape. Agricultural commodity prices are firm and foreign demand for California agricultural products remains healthy. But agricultural profits have been squeezed increasingly by rising interest

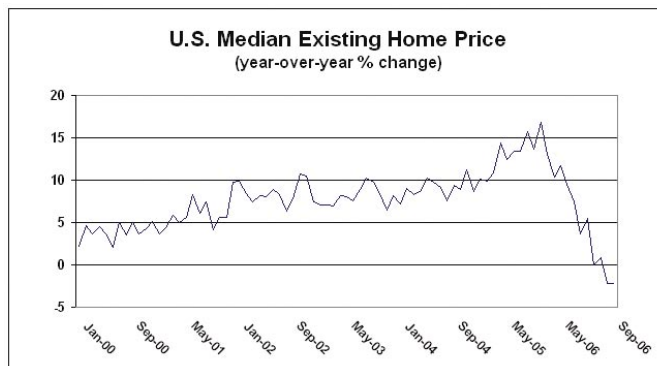
some relief to California ratepayers, with about half of the state's generating capacity fueled by natural gas.

### Risks

Risks to the outlook revolve around possible intensification of the three economic headwinds: (1) interest rates, (2) the housing market and (3) energy prices. Although the Fed is on hold, it has left the door open for additional rate hikes if core inflation does not taper off. Home price deflation also could intensify and cause further weakness in consumer spending.

A mild recession cannot be ruled out if the housing downturn deepens and the Fed feels compelled to maintain restrictive monetary policy to contain inflation. A rebound in crude oil prices above the \$70/barrel level also could tip the economy into recession. Although oil prices have fallen sharply since August, there is considerable risk of a price rebound in response to instability in the Middle East or Nigeria. Oil investors are increasingly worried that chaos in Iraq will interrupt that country's oil exports of 2 million barrels per day.

**Staff Contact: Dave Kilby**



rates and increased costs of energy and labor. Higher fuel costs also have boosted feedstock costs, as the switch to ethanol-based gasoline has boosted corn prices. California farmers also find it increasingly hard to hire enough seasonal workers.

California water supplies remain abundant following last year's wet winter. Flood control and levee repair remain key state priorities, and should move forward following recent voter approval of associated bond issues. Electricity supplies look sufficient in the short term due to some new capacity and rising electricity imports resulting from transmission line improvements.

Still, California's medium- and long-term electric reliability problems and peak capacity issues are unsolved. Although investment in the electricity transmission system has improved, it is still below what is needed. The recent decline in natural gas prices has provided

*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 CalChamber Board of Directions. The council is chaired by Sheldon Engler, vice president and head of fixed income research, Charles Schwab Investment Management, Inc.*

**CFCE** California Foundation  
for Commerce & Education

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

# CalChamber Releases List of New Laws Affecting California Businesses in 2007

The California Chamber of Commerce is urging employers to be aware of new laws now in effect or that will take effect in 2007.

The CalChamber uses its knowledge of laws and regulations to provide products and services to help businesses comply with both state and federal laws. Information about these new laws and regulations will be covered in the 2007 edition of the CalChamber's *California Labor Law Digest*.

Following is a quick rundown on new laws of which employers should be aware.

## Discrimination

- **SB 1441:** Adds sexual orientation to existing classifications protected from discrimination by recipients of state funds and expands the definition of discrimina-

tion to include the perception that the victim is a member of a protected class.

## Employment

- **AB 546:** Outlaws the use of state-owned or state-leased computers by government officials or employees to access obscene materials.

- **SB 1759:** Establishes requirements for background checks of certain administrators, executives and employees in the health care industry, and a process for transmission of fingerprint images.

## Health and Safety

- **AB 2067:** Extends and clarifies the prohibition on smoking in the workplace.

- **AB 409:** Immediately authorizes suspension of the license of a cosmetologist, barber, esthetician, manicurist or electrologist if required to protect the

public health and safety. Provides a means for temporary stay and appeal of the suspension.

- **AB 881:** Requires all roofing contractors to have workers' compensation insurance, whether or not having current employees.

- **SB 1613:** Effective July 1, 2008, limits the use of cell phones while driving to those having hands-free operation except for contacts with law enforcement and public safety agencies and certain commercial vehicles for whom the effective date is July 1, 2011.

Until July 1, 2011, this prohibition does not apply to a person driving a motor truck or truck tractor, an agricultural vehicle, tow truck or a commercial vehicle, when using a digital two-way radio service that utilizes a wireless telephone that operates by depressing a push-to-talk feature as long as it does not require immediate proximity to the user's ear.

The law does not apply to a person driving a school bus or transit vehicle that is subject to certain existing wireless telephone usage restrictions, or to a person while driving a motor vehicle on private property.

## Sexual Harassment

- **AB 2095:** Limits mandated sexual harassment training to supervisors located in California.

## State Government

- **AB 3058:** Directs development of a web-based small business handbook on emergency preparedness.

- **AB 1302:** Amends the process by which state government agencies can create and impose emergency regulations and the duration of the period during which emergency regulations can remain in effect.

- **SB 1436:** Requires state agencies to improve their communication regarding regulations and assistance with the business community, with an emphasis on small business.

- **SB 1827:** Permits registered domestic partners to file joint state income tax and have their earnings treated as community

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## Insurance Commissioner-Elect Steve Poizner Speaks to CalChamber Board of Directors



Steve Poizner, California insurance commissioner-elect, talks about his election campaign and plans for his transition into heading the state Department of Insurance at the December 8 meeting of the California Chamber of Commerce Board of Directors. At left is 2006 CalChamber Chair Donna F. Tuttle.



## Workers' Comp Experts Present Update to CalChamber Committee

Carrie Nevans (right) acting administrative director of the state Division of Workers' Compensation, presents the California Chamber of Commerce Workers' Compensation Committee an update on upcoming activities related to the ongoing implementation of the CalChamber-supported workers' compensation reforms enacted in 2004. Looking on are Moira Topp (center), CalChamber legislative advocate, and William Zachry, vice president of corporate workers' compensation, Safeway Stores, Inc.



Joe Miller, chair of the Workers' Compensation Appeals Board, shares with the California Chamber of Commerce Workers' Compensation Committee his perspective on issues coming before the board.



## CalChamber Releases List of New Laws Affecting Businesses in 2007

*From Page 8*

property on a par with married couples.

- **SB 1428:** Permits payroll services companies in the motion picture industry to be treated as the employer for purposes of unemployment tax filings and responsibility.

- **AB 2293:** Penalizes an educational employer that submits willfully false statements about a worker's employment or termination to the Employment Development Department.

### Wages

- **AB 2613:** Establishes conditions for a state overtime exemption for teachers in private educational institutions.

- **SB 1468:** Extends the repeal date of the Car Wash Industry compliance program from January 1, 2007 to January 1, 2010.

- **SB 1719:** Permits employers and unions in the entertainment industry to establish conditions for payment of final

paychecks by collective bargaining.

- **AB 1835:** Increases California's minimum hourly wage and exempt salary standards for all California employers. This law increases the minimum wage to \$7.50 per hour on January 1, 2007, and to \$8 per hour on January 1, 2008.

- **AB 2095:** Permits reporting of overtime hours on the same payroll date as the hours are paid when overtime is paid in the payroll period subsequent to the one in which it is earned.

### Wage Deductions

- **AB 2440:** Imposes a penalty on an employer that helps an employee or contractor with child support obligations to evade meeting those obligations, including failure to file reports upon hiring.

### Workers' Compensation

- **AB 1368:** Excludes public safety employees from the presumption that medical apportionment applied to certain

specified job-related illnesses or injuries.

- **AB 2068:** Permits pre-designation of a medical group as the primary treating physician and extends the sunset date of the right of pre-designation.

- **AB 2292:** Provides for payment of workers' compensation death benefits to the estate of the deceased worker. Labor Code Section 4706.5 requires workers' compensation death benefits to be paid to the California Department of Industrial Relations if the employee does not leave surviving any person entitled to a dependency death benefit.

### More Information

For more information about the new laws, visit [www.hrcalifornia.com](http://www.hrcalifornia.com). For information about the CalChamber's *California Labor Law Digest* and other products that help employers comply with California business laws, visit [www.calbizcentral.com](http://www.calbizcentral.com).

Staff Contact: Paul Schechter

# U.S. Congress Votes to Grant Vietnam Permanent Normal Trade Relations Status



Strongly **supported** by the California Chamber of Commerce, Congress has granted Vietnam Permanent Normal Trade Relations (PNTR) status.

The measures granting Vietnam PNTR status passed Congress last week (H.R. 6111 in the U.S. Senate and

H.R. 6406 in the U.S. House of Representatives). Both California senators and 28 California representatives voted for PNTR.

As a result, the United States will now benefit from the trading concessions Vietnam has made as part of its World Trade Organization (WTO) membership. Vietnam's bid for membership in the WTO was approved on November 7 and Vietnam joined as the organization's 150th member.

"Vietnam has shown how anchoring domestic reforms in the WTO can yield dramatic results," commented WTO Director-General Pascal Lamy. Now that Vietnam has PNTR status, California and U.S. businesses will be able to take full advantage of Vietnam's new lower tariffs and investment opportunities since the country's entrance into the WTO.

Vietnam is sponsoring more than \$7 billion in infrastructure projects, with its top priorities for investments including manufacturing and infrastructure projects, telecommunications, oil and gas development, agricultural production and tourism.

## Vietnamese in California

The United States is the home of more than 900,000 people of Vietnamese origin, more than half of whom reside in California. Outside Vietnam, Orange County has the largest Vietnamese community, with approximately 100,000 people of Vietnamese descent. U.S. imports from Vietnam include apparel, fish and crustaceans, crude oil and footwear. California's top exports to Vietnam include: transportation equipment, machinery, computers, electrical equipment, chemicals and agricultural crops.

In 2005, California exports to Vietnam

## California Congressional Delegation Vote on Vietnam PNTR Status

### U.S. Senate

#### Ayes (2 of 79)

Dianne Feinstein (D-San Francisco)  
Barbara Boxer (D-Greenbrae)

### House of Representatives

#### Ayes (28 of 212)

Xavier Becerra (D-Los Angeles)  
Brian Bilbray (R-Carlsbad)  
Mary Bono (R-Palm Springs)  
Ken Calvert (R-Corona)  
John Campbell (R-Irvine)  
Lois Capps (D-Santa Barbara)  
Dennis Cardoza (D-Atwater)  
Jim Costa (D-Fresno)  
Susan Davis (D-San Diego)  
David Dreier (R-San Dimas)  
Anna Eshoo (D-Atherton)  
Sam Farr (D-Carmel)  
Jane Harman (D-Venice)  
Wally Herger (R-Marysville)  
Darrell Issa (R-Vista)  
Jerry Lewis (R-Redlands)  
Dan Lungren (R-Folsom)  
Doris Matsui (D-Sacramento)  
Howard "Buck" McKeon (R-Santa Clarita)  
Juanita Millender-McDonald (D-Carson)  
Devin Nunes (R-Tulare)  
Nancy Pelosi (D-San Francisco)  
Ed Royce (R-Fullerton)  
Adam Schiff (D-Burbank)

#### Noes (19 of 184)

Joe Baca (D-Rialto)  
John Doolittle (R-Roseville)  
Bob Filner (D-San Diego)  
Michael Honda (D-San Jose)  
Duncan Hunter (R-Alpine)  
Tom Lantos (D-San Mateo)  
Barbara Lee (D-Oakland)  
Zoe Lofgren (D-San Jose)  
George Miller (D-Martinez)  
Grace Napolitano (D-Norwalk)  
Richard Pombo (R-Tracy)  
George Radanovich (R-Mariposa)  
Dana Rohrabacher (R-Huntington Beach)  
Lucille Roybal-Allard (D-Los Angeles)  
Linda Sánchez (D-Lakewood)  
Brad Sherman (D-Sherman Oaks)  
Hilda Solis (D-El Monte)  
Pete Stark (D-Fremont)  
Lynn Woolsey (D-Petaluma)

#### Absent/Abstaining/Not Voting

Howard Berman (D-North Hollywood)  
Elton Gallegly (R-Simi Valley)  
Gary Miller (R-Diamond Bar)  
Loretta Sanchez (D-Garden Grove)  
Diane Watson (D-Los Angeles)  
Henry Waxman (D-Los Angeles)

jumped from \$152 million to more than \$530 million, largely due to a significant increase in exports of transportation equipment. Vietnam's economic growth topped 8 percent in 2005, foreign direct investment rose steeply to more than \$6 billion, and exports surged 20 percent.

## CalChamber Position

Recognizing the environment in Viet-

nam is different from the United States and creates challenges for multinational corporations, the CalChamber supports the United States in establishing full economic relations by providing economic support and commercial program assistance for U.S. businesses operating in Vietnam and by granting PNTR status to Vietnam.

**Staff Contact:** Susanne Stirling

## Mexico Trade Mission

# Carlsmith Ball LLP Builds Legal Bridge for U.S.-Mexico Partnerships

When California companies staged the first-ever environmental technology trade show in Monterrey, Mexico last month, Carlsmith Ball LLP, a member of the California Chamber of Commerce and the first U.S. law firm to establish an authorized branch office in Mexico, played a key role.

The trade show was a featured stop during Governor Arnold Schwarzenegger's trade mission to Mexico City and Monterrey on November 9-10. Carlsmith Ball Partner James Blancarte was a member of the business delegation that accompanied the Governor to Mexico.

Members of the firm helped the Governor's office and the California Commission for Jobs and Economic Growth to organize and implement the "California Environmental & Energy Trade Expo," held in Monterrey. Spearheading the firm's efforts was Carlos Valderrama, Carlsmith Ball director of Latin American operations and a member of the CalChamber International Trade Committee, who joined business delegates in Monterrey.

The California presence in the industrial heartland of Mexico so-

lified the commercial and industrial exchanges between the Golden State and the state of Nuevo Leon.

## Cross-Border Relations

The Carlsmith Ball law firm represents U.S. and foreign clients with cross-border trade and investment transactions. In 1989, Carlsmith became the first U.S. law firm to establish an authorized branch office in Mexico and the first U.S.-Mexico law firm to enter a joint venture with Mexican partners.

Today, the firm has professional relationships with several Mexican law firms. These relationships provide clients with the resources critical to the success of their business and investment activities in various geographic regions of Mexico.

## Demonstrated Success

Carlsmith Ball's client activities include:

- representing a Mexican bank charged with money laundering in U.S. federal court actions, leading to an eventual dismissal of the proceedings;

- structuring projects for water distribution and other infrastructure;
- structuring manufacturing and assembly operations in Mexico;
- structuring banking operations in California for Latin American investors;
- structuring business and financial operations for the selling of real estate in Mexico to California residents;
- identifying and negotiating joint venture agreements

for the manufacturing of auto parts in Mexico;

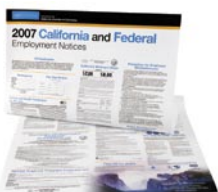
- incorporating several California corporations on behalf of Latin American companies and investors; and

- acquisitions and joint ventures in a wide range of industries.

Carlsmith Ball's experience, credentials, professional contacts, language capabilities and solid understanding of Latin America business culture serve as the firm's competitive advantage.

**CARLSMITH BALL LLP**  
A LIMITED LIABILITY LAW PARTNERSHIP

## FAQs Highlight Changes to Required Employer Posters for New Year



From Page 2 employees, you may be required to post the Cal/ OSHA Log 300. For more information, see Log 300 Record Keeping Obligations on

### **HRCalifornia.com.**

- *Do I have to post both state and federal minimum wage posters even though California's minimum wage is higher than the federal rate?*

Even though California's minimum wage is higher than the federal minimum

wage, both minimum wage posters are required for California employers. The CalChamber's **Employer Poster** has both.

- *Are laminated posters required?* No, laminated posters are not required. You may choose to use a laminated poster because of the needs of your work environment. For example, if your company operates in a hazardous environment, outdoors, or in industries such as the restaurant or construction industry, laminated posters are highly recommended.

## More Information

All of the required notices that must be distributed are included in the Cal-

Chamber's **Required Notices Kit**. Certain industries have specific posting requirements that apply only to them. For a list, visit Unique Posters and Notices on **HRCalifornia.com**.

For more information or to purchase the required pamphlets or other postings, visit **CalBizCentral.com**.

*The Labor Law Helpline is a service to California Chamber of Commerce 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](http://www.hrcalifornia.com).*



## Get what you need to be in compliance with our **2007 Required Notices Kit**.

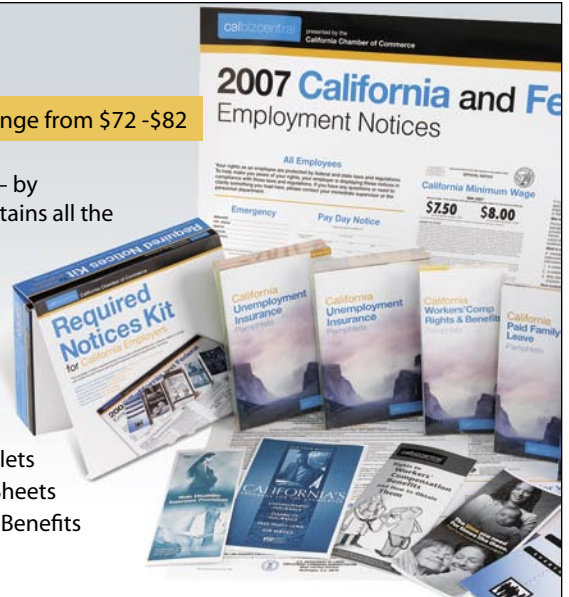
Prices range from \$72 - \$82

Avoid potential lawsuits that could cost your company thousands — even millions — by purchasing the **2007 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 **2007 Required Notices Kit**:

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

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To order, call (800) 331-8877 or visit **[www.calbizcentral.com](http://www.calbizcentral.com)**.

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