

ALERT

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CalChamber Identifies 2007 'Job Killer' Proposals

25 Bills Would Hurt California's Competitiveness



The California Chamber of Commerce this week released its annual list of "job killer" bills under consideration in the state Legislature, highlighting the negative

impact these bills would have on California's global competitiveness.

"These bills are the worst of the worst by singling California out and making the state a less desirable place to do business," said Allan Zaremborg, CalChamber president.

"Since Arnold Schwarzenegger has been Governor the state has seen a steady increase in new jobs — 850,000 to be ex-

act — and billions of dollars in additional tax revenues," Zaremborg said. "These 'job killers' would reverse this trend by imposing new mandates and taxes that will stifle investment and job growth and decrease revenue to the state's coffers."

Among the bills on this year's list are new health care taxes, rollbacks of workers' compensation reform, limits on affordable housing and development, restrictions on the use of voter-approved transportation funding,

**The full list of
"job killer" bills
begins on Page 3.**

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CalChamber President Lauds Governor for 'No New Taxes' Budget

The revised budget plan released May 14 by Governor Arnold Schwarzenegger demonstrates a continued commitment to addressing California's budget problems by increasing jobs and tax revenue through economic growth, not by raising taxes, said California Chamber of Commerce President Allan Zaremborg.

"For years, many in the State Capitol have said the only way for California to solve its budget problems is to raise taxes. With the release of his latest state budget, Governor Schwarzenegger continues to prove them wrong," said Zaremborg.

"Knowing that raising taxes harms our economy, Governor Schwarzenegger has focused on an agenda to improve economic growth and job creation to produce more revenues for our state. With 850,000 new jobs and billions of dollars in additional tax revenues in California since the Governor took office, it is clear this approach works."

Reducing Debt

The Governor's May budget revision, released this week, invests in California's future by paying down \$3.1 billion in bond debt. As a result of this aggressive Economic Recovery Bonds repayment schedule, these bonds will be fully retired 14 years ahead of schedule.

Governor Schwarzenegger has

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California Chamber President Allan Zaremborg highlights for a television reporter the ways in which the "job killer" bills will harm businesses, especially small employers, and the California economy.

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Labor Law Corner

Employers Should Be Cautious When Regulating Employee Gossip



Dana Leisinger
Labor Law Consultant

I would like to add a "gossip clause" to our employee handbook — do you have any suggestions?

Employees retain their right to freedom of speech even when they are at work. If you want to restrict an employee's speech entirely, a "gossip

clause" could be construed as a violation of that right.

However, employers have the right to demand professionalism in the workplace and require that employees treat their co-workers with respect. If an employee is constantly gossiping and causing strife in an office so as to upset the flow of work, the employee can be disciplined for such conduct, up to and including termination.

Workplace Conflict

The Labor Law Helpline is frequently asked about "harassment." Employers often describe situations in which employees are yelling at one another and using language that makes it clear that individuals do not get along.

An employer cannot mandate that people like each other, but can require that they get along in the workplace and maintain professionalism.

In addition, employees cannot engage

in verbiage that is discriminatory or harassing to a protected class. In that respect, employees do check their right to freedom of speech when they come to work.

If employees are "gossiping" and discussing their co-workers' age, race, sex, national origin, religion or sexual orientation in a derogatory manner, such conversations might be construed as discriminatory, and subject to disciplinary action.

Exercise Caution

As noted above, however, employers must be cautious when monitoring employees' conversations. Employers cannot prohibit certain discussion, even though the employer may not prefer it to be a topic among employees.

For example, employees are statutorily protected to discuss and disclose the amount of their wages. They also are protected in discussing their working conditions.

Therefore, a "gossip clause" can be a two-edged sword, and it would be advisable to seek counsel in drafting any such addition to an employee handbook.

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

Labor Law

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CalChamber President Lauds Governor for 'No New Taxes' Budget Proposal

From Page 1

reduced California's projected deficit by more than \$15 billion through policies that keep California's economy strong. Schwarzenegger has lowered the state's deficit to \$1.4 billion — when he took office, the state's projected deficit for this year was \$16.5 billion.

"Governor Schwarzenegger's revised budget is fiscally responsible, funding

important priorities such as education, health care and public safety, while continuing to repay debt ahead of schedule to address our ongoing deficit. The Governor has accomplished this without raising taxes and while maintaining a prudent reserve of more than \$2 billion," Zaremborg said.

Staff Contact: Dominic DiMare



2007 'Job Killer' Bills Will Damage Competitiveness of California Businesses



Following is the 2007 list of the "job killer" proposals under consideration in the California Legislature. The 25 bills will hurt California's ability to compete in a global economy.

The current location of each bill appears in italics after the bill description.

For ongoing updates on the status of these bills, visit www.calchamber.com/jobkillers.

Barriers to Affordable Housing

● AB 5 (Wolk; D-Davis) Housing Development Restrictions.

Stops new housing development in the Central Valley by punishing new development for the failure of local agencies to develop flood control plans that are based on information not available until 2011. *Assembly Appropriations.*

● AB 35 (Ruskin; D-Redwood City)/ AB 888 (Lieu; D-Torrance)/ AB 1058 (Laird; D-Santa Cruz) Increased Construction Costs.

Increases cost to businesses by shifting the development of "green state building" standards for residential, commercial and government buildings from the Building Standards Commission, which considers cost impact in its development of standards, to other state entities, which do not consider cost impact and have no experience in the development or adoption of building standards. *Assembly Appropriations.*

● AB 70 (Jones; D-Sacramento) Housing Development Restrictions.

Halts development of housing by imposing joint liability on cities and counties for any flood damage, if they permit housing in undeveloped areas. *Assembly Appropriations.*

● AB 1065 (Lieber; D-Mountain View) Construction Costs Increase.

Substantially increases the cost of housing and development in California by implementing tight energy efficiency measures for all new residential and commercial buildings without taking into account the

additional costs that will be passed on to consumers. *Assembly Appropriations.*

● SB 464 (Kuehl; D-Santa Monica) Rental Property: Owner Restrictions.

Discourages construction and investment in rental housing by forcing rental property owners to stay in business, regardless of economic circumstances. *Senate Floor.*

Costly Workplace Mandates

● AB 8 (Núñez; D-Los Angeles) Health Care Tax on Employers.

Imposes a tax on small employers who can't afford to provide health care coverage, to fund health care coverage for those who don't currently purchase it. *Assembly Appropriations.*

● AB 338 (Coto; D-San Jose) Roll-back of Cost-Saving Workers' Compensation Reforms.

Undermines workers' compensation reforms and increases temporary disability costs in workers' compensation claims by increasing the number of weeks benefits can be paid, and by creating a disincentive to use utilization review to enforce medical treatment guidelines. *Assembly Appropriations Suspense File.*

● AB 504 (Swanson; D-Oakland) Mandatory Payments for Striking Employees.

Forces employers to pay striking employees by creating a new definition of lockout that requires an employer to pay restitution to employees. *Assembly Floor.*

● AB 1201 (Leno; D-San Francisco) Increased Health Care Costs.

Reduces access to health care due to increased labor costs resulting from unlawful altering of federal labor law governing union eligibility requirements and secret ballot union elections. *Assembly Appropriations.*

● SB 48 (Perata; D-Oakland) Health Care Tax on Employers.

Imposes a tax on small employers who can't afford to provide health care coverage, to fund health care coverage for those who don't currently purchase it. *Senate Appropriations hearing May 21.*

● SB 180 (Migden; D-San Francisco) Increased Agricultural Costs.

Hurts competitiveness of California agriculture producers, driving businesses

out of state, killing jobs and increasing loss of farmland, by artificially increasing labor costs for California producers who must compete in a global market with lower-than-average operating costs; removes secret ballot election requirement for union representation and prohibits employer communication with employees. *Senate Floor.*

● SB 936 (Perata; D-Oakland) Roll-back of Cost-Saving Workers' Compensation Reforms.

Increases the cost of hiring and keeping employees by rolling back historic reforms and doubling permanent disability costs in California's workers' compensation system. *Senate Floor.*

● SB 942 (Migden; D-San Francisco) Increased Workers' Compensation Costs.

Increases lawsuits against employers by expanding anti-discrimination laws related to workers' compensation claims and creating a legal presumption that an employer has discriminated. *Senate Floor.*

Economic Development Barriers

● AB 493 (Ruskin; D-Redwood City) New Vehicle Surcharge.

Assesses an unfair surcharge on new vehicles, which will increase costs for small businesses to transport their goods and services. *Assembly Appropriations Suspense File.*

● SB 375 (Steinberg; D-Sacramento) Growth Restrictions.

Limits increased transportation capacity and affordable housing, and thwarts intent of voters who approved broad-based transportation bonds, by blocking use of these funds except for narrowly defined "infill" development projects. *Senate Appropriations hearing May 21.*

● SB 466 (Steinberg; D-Sacramento) Increased Costs for Timber and Wood Products.

Reduces the amount of timber available for harvest, resulting in lost job opportunities, and increased costs for timber and wood products, by requiring landowners to give up 2 acres of forestland for every acre converted away from timber production. *Senate Appropriations Suspense File.*

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CalChamber, Coalition Oppose Housing Development Restrictions



The California Chamber of Commerce and a coalition of building industry groups are **opposing** a proposal that will restrict housing development in the state.

AB 70 (Jones; D-Sacramento) halts development of housing by imposing joint liability on cities and counties for any flood damage, if they permit housing in undeveloped areas.

Last year, the Legislature wisely rejected similar attempts to shift liability from state to local governments that were disguised as land-use restrictions meant to improve flood safety. AB 70 repeats

the mistake of its defeated predecessors — and in the process fails to address issues of real flood safety, such as levee repair, fortification and maintenance.

The practical effect of this provision is to require local governments to either indemnify the state — and potentially bankrupt their treasuries — or to seek such indemnification from housing producers and commercial developers. Since neither local governments nor real estate companies could provide this broad an indemnification, the likely result is not to build.

The recent voter passage of bond funding to pay for flood control infrastructure improvements provides the needed financial support to make the “levees safe.” It will, however, take years before the state Department of Water Resources can

complete these improvements.

In the meantime, AB 70 would allow for a flood of litigation against local governments due to activities outside their control. Unfairly penalizing new housing and businesses for the failure of the state to uphold its public safety responsibilities is not sound public policy.

Working to support legislative proposals that help local communities figure out the appropriate level of flood protection is a preferable approach.

Action Needed

AB 70 awaits action in the Assembly Appropriations Committee. Contact committee members and your Assembly representative and urge them to **oppose AB 70**.
Staff Contact: Valerie Nera

2007 ‘Job Killer’ Bills Will Damage Competitiveness of State Businesses

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● **SB 974 (Lowenthal; D-Long Beach) Tax on Freight Movement.** Increases the cost of shipping goods and makes California less competitive by imposing an illegal per-container tax in the ports of Long Beach, Los Angeles and Oakland. *Senate Appropriations Suspense File.*

Expensive, Unnecessary Regulatory Burdens

● **AB 904 (Feuer; D-Los Angeles)**

‘Job Killer’ Proposals

From Page 1

and a tax on freight movement.

The CalChamber annually releases a list of “job killer” bills to identify legislation that will decimate economic and job growth in California. The CalChamber will track the bills throughout the rest of the legislative session and work to educate legislators about the serious consequences these bills will have on the state.

The list of “job killers” begins on Page 3. For updates on the status of “job killer” bills and links to CalChamber letters, visit www.calchamber.com/jobkillers.
Staff Contact: Vince Sollitto

Food Packaging Cost Increase/Collection Mandate.

Increases costs on all businesses that sell food by imposing new mandates on food service packaging and creating a new requirement that food providers collect and recycle 25 percent of the food service packaging they sell. *Assembly Appropriations.*

● **AB 1554 (Jones; D-Sacramento) New Government Bureaucracy for Rate Regulation.**

Reduces health care choice, access and quality by creating additional bureaucracy to impose price controls on health care policies, while failing to address the major cost drivers of rising medical care costs. *Assembly Appropriations.*

● **SB 201 (Florez; D-Shafter) Leafy Green Vegetable Cost Increases.**

Threatens agricultural productivity, and

increases the costs of leafy green vegetables, by mandating day-to-day growing practices in statute and requiring a state waiver for any deviations. *Senate Appropriations Suspense File.*

● **SB 899 (Simitian; D-Palo Alto) Plastic Packaging Ban.**

Pushes jobs out of California and increases costs for industries that use plastic packaging by banning the manufacturing and distribution of specified plastic packaging in California. *In Assembly.*

Fuel Price Increases

● **SB 140 (Kehoe; D-San Diego) New Fuel Mandate.**

Disadvantages California businesses and increases fuel prices by creating a fuel mandate that picks a winner in the alternative fuels market, preventing the research and development of additional viable options that may be cheaper and more efficient. *Senate Appropriations Suspense File.*

● **SB 210 (Kehoe; D-San Diego) Restrictive Fuel Standard.**

Interferes with the development of a competitive alternative fuels market and threatens job creation in California by creating a costly Low Carbon Fuel Standard that conflicts with the existing standard created by Governor’s Executive Order S-7-04. *Senate Appropriations Suspense File.*

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CalChamber Emphasizes Urgent Need for New Energy Transmission Line

The California Chamber of Commerce emphasized to federal officials this week the urgent need for a new transmission line to the San Diego region to increase capacity, improve grid reliability and allow for the transmission of renewable energy.

Dominic DiMare, CalChamber vice president of government relations, spoke in support of the Sunrise Powerlink transmission line before a U.S. Department of Energy hearing in San Diego on May 17.

"The Sunrise Powerlink transmission line would dramatically improve the reliability of the state's electric transmission grid by providing an 'energy superhighway' that would reduce congestion on existing lines and help protect against future transmission outages that can lead to blackouts," said DiMare at a press conference preceding the hearing, called to examine the region's transmission capabilities and needs.

"San Diego's electric transmission system has only two links to the state's

energy grid," DiMare said. "At peak times when demand is high, these two connections near 'energy gridlock' — just like a freeway at rush hour. Securing a reliable and affordable energy supply is crucial to California businesses and the state's continued economic growth."

Need for Power

The Sunrise Powerlink is a new electric transmission line proposed by San Diego Gas and Electric (SDG&E) to be constructed between the Imperial Valley and San Diego. This 120-mile line will carry 500,000 volts of electricity — capable of serving the electricity needs of more than 650,000 customers — and will ensure a safe and reliable energy supply for the state's second largest city.



Forecasts show that by the year 2010, the San Diego region will demand more power than can be generated locally or imported over existing transmission lines. Action needs to be taken today to ensure that the lights will stay on tomorrow.

Until recently, San Diego has not seen any new power plants built for nearly 50 years. The last new transmission line like the Sunrise Powerlink was constructed in 1983. Since

that time, the demand for energy has doubled — straining existing infrastructure to the limit.

In addition to providing greater reliability, the Sunrise Powerlink also will create greater access to clean energy from renewable sources such as solar, wind

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CalChamber President Highlights Need to Educate Californians on Water



Allan Zaremborg, president of the California Chamber of Commerce, speaks at the annual conference of the Association of California Water Agencies on the importance of educating Californians about why they should be concerned about the state's water supply.

Legislative Outlook

An update on the status of key legislation affecting businesses. Visit www.calchambervotes.com for more information, easy-to-edit sample letters on hot topics 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.

CalChamber Backs Bill to Encourage Investments in California Jobs



SUPPORT

The California Chamber of Commerce is **supporting** legislation to encourage investments in and expansions of California-based operations and jobs, including those in highly coveted industries such as high technology, biotechnology and biopharmaceutical.

AB 1591 (Ma; D-San Francisco) will provide an alternative tax apportionment formula for companies that demonstrate a measurable commitment to maintaining a presence and creating jobs in California.

The bill addresses a significant problem with the current apportionment formula — the method the state uses for determining the portion of taxes a multi-state or multi-national company owes California. The current formula results in a greater tax burden on companies that have operations and jobs within California rather than just sales. The more operations and jobs the company has within California relative to its sales, the higher its tax burden.

California's tax structure should not penalize industries that commit operations and jobs to the state and accordingly

infuse significant revenues into the state's economic vitality.

AB 1591 reduces the current penalty effect of California's apportionment formula. It also would place California in a better competitive position with other states that already have taken aggressive steps to adopt an apportionment formula more inviting to operations and jobs than California's.

The CalChamber supports changes to the apportionment formula that encourage retention and growth in investment, jobs and operations within the state's borders. Any such changes, however, should not result in a penalty or increase in tax liability for other industries or companies. AB 1591 upholds and advances these sound public policy principles.

Action Needed

AB 1591 awaits a hearing date in the Assembly Revenue and Taxation Committee. Contact your legislators and members of the committee and encourage them to **support AB 1591**.

Staff Contact: Kyla Christoffersen

Court Rejects Los Angeles-Imposed Wage Mandate

Businesses providing lodging near Los Angeles International Airport (LAX) won a major victory this month when a judge ruled that hotels cannot be required to pay a city-imposed wage requirement, because the city council acted in bad faith in handling an ordinance requiring them to do so.

Last fall, the Los Angeles City Council passed an ordinance that singled out hotels in the Century Boulevard corridor, requiring them to increase workers' pay to \$9.39 an hour with health benefits, or \$10.64 an hour without health benefits. The council argued that the hotels benefit from their proximity to LAX and city-funded improvement to the airport and therefore could be required to pay higher wages.

A Los Angeles Superior Court judge ruled May 4 that the city council acted in

bad faith in handling the ordinance, and that hotels near the airport cannot be required to pay the so-called "living wage."

After the city council passed the original ordinance, hotel owners and the business community had gathered enough signatures to qualify a referendum so voters could decide whether to reverse it. But instead of scheduling a referendum, the council rescinded the ordinance and replaced it with a new living wage ordinance.

In the ruling to reject the ordinance, it was noted that the city council tried to evade the state's referendum law by enacting virtually the same law after it repealed the first law. The ordinance was struck down because the city council violated state law in the way it handled the ordinance.

Staff Contact: Marti Fisher

Increased Construction Costs Ultimate Outcome of Proposed Mandate



The California Chamber of Commerce is **opposing** three similar legislative proposals that will lead to increased construction costs.

AB 35 (Ruskin; D-Redwood City), AB 888 (Lieu; D-Torrance) and AB 1058 (Laird; D-Santa Cruz) increase cost to businesses by shifting the development of “green building” standards for residential, commercial and government buildings from the Building Standards Commission, which considers cost impact in its development of standards, to other state entities, which do not consider cost impact and have no experience in the development or adoption of building standards.

AB 888 and AB 1058 require the California Environmental Protection Agency to develop and make available a set of mandatory green building best practices for new residential and commercial construction by July 1, 2013.

AB 35 requires the State Public Works Board to adopt regulations for “sustainable building standards” by July 1, 2009; the standards are to be applied during construction or renovation of state buildings.

The administration has made it clear that the Building Standards Commission should serve as the lead administrative agency, coordinating the development of individual components of the new

standards by agencies that have specific subject expertise and authority. The CalChamber agrees that other appropriate agencies should be involved in developing individual components of the best practices manual or new building standards.

While the CalChamber supports sustainable building practices, it believes these proposals should be considered within the same administrative process that was established for the review and approval of building standards related to structural safety, seismic safety, fire and life safety, energy efficiency, and disabled accessibility.

Action Needed

All three bills await action in the Assembly Appropriations Committee. Contact committee members and your Assembly representative, and urge them to **oppose AB 35, AB 888 and AB 1058**.
Staff Contact: John Hooper

Urgent Need for New Energy Transmission Line, CalChamber Emphasizes

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and geothermal. The Sunrise Powerlink is a crucial transmission line to economically deliver renewable power from remote areas where it is generated to the state’s population centers.

With the signing of AB 32 (Núñez; D-Los Angeles; Chapter 488, Statutes of 2006) last year and the state’s greenhouse gas reduction goals, projects such as this have become even more necessary for California. The 1,000 megawatts of renewable energy Sunrise Powerlink will bring to the grid eliminates up to 7 million tons of greenhouse gas that would be emitted if this needed energy were generated by fossil fuel.

CalChamber Support

In February, Amisha Patel, CalCham-

ber policy advocate on energy and climate change, testified in support of the Sunrise Powerlink transmission line before the California State Parks and Recreation Commission.

In August 2006, CalChamber President Allan Zaremborg also spoke in support of the Sunrise Powerlink project before the California Independent System Operator (ISO) Board of Governors, which subsequently approved the project’s continuation.

The Sunrise Powerlink is strongly supported by the Associated Business and Labor for Energy (ABLE) coalition, a CalChamber-supported statewide coalition of business and labor organizations dedicated to ensuring California has a reliable energy supply for decades to come.

The Sunrise Powerlink would add a

much-needed third link to San Diego’s current two connections to the state’s energy grid. It also would expand SDG&E’s capability to import more power to meet the region’s growing demand for electricity, while helping relieve current transmission bottlenecks on California’s energy grid which can result in higher energy costs.

In addition, the Sunrise Powerlink will provide access to lower-cost electricity generated outside of the region and will lessen the reliance on local, aging power plants that are less efficient and more expensive to operate.

For more information on supporting the Sunrise Powerlink and the ABLE coalition, visit www.able-energy.com.
Staff Contact: Amisha Patel

In-depth information you need when you want it! Pregnancy Disability Leave 201 On-Demand Web Seminar.

Now you can view **Pregnancy Disability Leave 201 On-Demand Web Seminar** 24/7 and get an in-depth review of PDL requirements and their interaction with state disability insurance and paid family leave. This advanced-level, 90-minute event is ideal for any HR director, manager or business owner who must handle an employee's request for leave.

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