Summit Panel to Look at Budget Policy, Politics, Perceptions

A new event has been added to the lineup for the annual California Business Legislative Summit sponsored by the California Chamber of Commerce. “California Budget Perspectives,” a discussion of policy, politics and public perception, will take place just after the opening presentations at the May 20 event.

The panel, moderated by CalChamber President Allan Zaremberg, will feature California Legislative Analyst Elizabeth Hill, political consultant Daniel Schnur of Edelman and columnist Dan Weintraub of The Sacramento Bee.

Panelists

- Elizabeth Hill has been in the legislative analyst’s office for 32 years, serving for 22 years as the legislative analyst. She serves as a non-partisan fiscal adviser to the California Legislature and oversees the preparation of annual fiscal and policy analyses of the state budget. Hill has been an active member of the National Academy of Public Administration and the Association for Public Policy Analysis and Management. Earlier this year she announced she will be retiring at the end of the legislative session.

- Dan Schnur is executive vice president and director for the Edelman public relations firm. He leads Edelman’s

CalChamber Hosts Legislative Black Caucus, Honors Chair, Senator Mark Ridley-Thomas

CalChamber President Allan Zaremberg introduces Senator Mark Ridley-Thomas (D-Los Angeles), chair of the Legislative Black Caucus, at a recent reception honoring the senator and the caucus. The gathering was hosted by the CalChamber. See story on page 5.

Opposition Halts One of Two Digital Download Tax Bills

An Assembly policy committee stopped one of two California Chamber of Commerce-opposed bills that will hurt consumers and the economy, and would have resulted in taxes on items never taxed before, such as downloadable consumer and business software and other digital products.

The bills, AB 1840/1956 (Charles Calderon; D-Montebello), place a new tax on digital products and are written in a way designed to avoid the requirement that new taxes be subject to a two-thirds vote of the Legislature.

AB 1956 failed to pass the Assembly Revenue and Taxation Committee, while AB 1840 passed the committee on a party-line vote on April 14.

**Opposition Coalition**

Because of the business-hindering factors in the legislation, a growing list of See Opposition: Page 4

Paid Sick Leave Mandate Passes: Page 3
Labor Law Corner
State Law Itemizes What Employee Pay Statements Must Include

Employers. Employers are required to provide employees, either as a detachable part of the check, draft or voucher paying employee wages, or separately when wages are paid by personal check or cash, an accurate itemized statement in writing showing:
- gross wages earned;
- for non-exempt employees, total hours worked;
- the number of piece rate units earned and any applicable piece rate if the employee is paid on a piece rate basis;
- all deductions;
- net wages earned;
- the inclusive dates of the period for which the employee is paid;
- the name of the employee and his or her Social Security number, except that by January 1, 2008, only the last four digits of his or her Social Security number or an employee identification number other than a Social Security number may be shown on the itemized statement;
- the name and address of the legal entity that is the employer; and
- all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee.

Paper Trail
In addition, employers must record, in ink or other permanent form, wage deductions made and the date of the deduction — showing the month, day and year. Employers must keep on file a copy of the statement or a record of the deductions for at least three years at the place of employment or at a central location within the state of California.

Penalties
If an employee is injured, such as not receiving proper payment for hours worked, as a result of an employer’s knowing and intentional failure to comply with these requirements, the employee is entitled to recover the greater of all actual damages or $50 for the initial pay period in which a violation occurs and $100 per employee for each violation in a subsequent pay period, not exceeding a total penalty of $4,000.

An employee is also entitled to costs and reasonable attorney’s fees. An employee may also bring an action for injunctive relief to ensure compliance with this section, and is entitled to an award of costs and reasonable attorney’s fees for such a claim.

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.

Seminars/Trade Shows
For more information, visit www.calchamber.com/events.
Business Resources
International Trade

World Trade Week Kickoff. Los Angeles Area Chamber. May 7, Los Angeles.

Labor Law
Paying Non-Exempt Employees Live Web Seminar. CalChamber. May 1. (800) 331-8877.
Assembly Panel OKs More Cost, Liability with New Sick Leave Mandate Bill

A California Chamber of Commerce—opposed proposal that unreasonably expands employers’ costs and liability for a new protected and paid sick leave for employees is moving in the Assembly.

AB 2716 (Ma; D-San Francisco) mandates that all employers provide paid sick leave to an employee after seven days of work in a calendar year to care for their own illness, or to provide care to a sick child, spouse, domestic partner, relative, or another designated person.

AB 2716 passed the Assembly Judiciary Committee, 7-3, on April 15.

New Mandate on Employers

AB 2716 extends to all employers and all employees, without exceptions. Most California employers participate in the California State Disability Insurance program (SDI), which is paid for through payroll deductions and provides temporary disability benefits for employees who are disabled by a non-work-related illness or injury.

The employer is not required by law to offer paid sick leave to employees in addition to mandated SDI benefits. In fact, payment of sick leave may reduce the SDI benefits to which an individual is entitled.

Many California employers provide paid sick leave and/or paid vacation time even though current law does not require it. Unlike vacation days, sick leave does not accrue nor vest. Therefore, any unused sick leave may be forfeited at the end of a designated period. AB 2716 proposes to require unused paid sick time to carry over from year to year.

Expanding Current Law

Ways in which AB 2716 expands current law include:

● Establishing new sanctions and rights of action against employers related to this new paid protected leave. Under this bill, employers could be subjected to civil action in court and/or fines through the Department of Labor Standards Enforcement. California employers already operate under complex and punitive labor laws. AB 2716 creates new liabilities for employers, and exacerbates the problem by layering on additional cost pressures for businesses.

● This new protected, paid sick leave requirement applies regardless of business necessity of the employer — if the employee has accrued leave and qualifies for the leave, it can be taken. This bill further expands employer liability by creating a rebuttable presumption of unlawful retaliation if an employer denies an employee’s use of sick leave, or takes any adverse employment action toward an employee who has filed a complaint or used paid sick days.

● Expanding recordkeeping and payroll reporting requirements that will be burdensome to administer, especially for small businesses that may lack adequate resources and expertise.

The ever-increasing burden of costly mandates on employers can cumulatively lower wages, reduce health insurance, limit training and produce job loss.

The CalChamber believes that in an already-troubled economy, California should be seeking ways to stimulate job growth and avoid forcing costly mandates on employers.

Key Vote

The vote on AB 2716 was:
Ayes: Jones (D-Sacramento), Evans (D-Santa Rosa), Feuer (D-Los Angeles), Krekorian (D-Burbank), Laird (D-Santa Cruz), Levine (D-Van Nuys), Lieber (D-Mountain View).
Noes: Tran (R-Costa Mesa), Adams (R-Hesperia), Keene (R-Chico).

Action Needed

AB 2716 is scheduled to be considered next by the Assembly Appropriations Committee. Contact your Assembly representative and members of Assembly Appropriations and urge them to oppose AB 2716.

For a sample letter, visit www.calchambervotes.com.
Staff Contact: Marti Fisher

Fierce Competition for California Jobs

Visitors to the State Capitol on April 15 were greeted by a visual reminder of the competition for California employers and the jobs they provide — a person dressed as a black bear to bring to mind a campaign to lure businesses to Nevada.

Since February, the Nevada Development Authority (NDA) has been running newspaper advertisements featuring “tales of the California tax bear” and urging businesses to relocate.

This week, the NDA brought its message to Sacramento, with full-page ads in successive days of The Sacramento Bee business section. “Business is Better in Las Vegas!” the ad proclaims.

California Advantages

In response, CalChamber President Allan Zaremberg said: “California remains one of the best places in the country to do business. Our access to ports, a vastly superior workforce, a tremendous system of higher education and a great quality of life keep us competitive. As well, California has a substantially larger and wealthier consumer base market than other states.

“None of us, however, should be afraid of competition. Our businesses’ ability to remain competitive must be top of mind for the Legislature. While taxes are only one factor in the overall decision of where businesses locate, it is important for the Legislature to make decisions that will enhance our job climate and the economy so that employers can thrive.”
Summit Panel to Look at Budget Policy, Politics, Perceptions

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California public affairs practice.

Schnur has worked on four presidential and three gubernatorial campaigns, serving as national director of communications for the 2000 presidential campaign of U.S. Senator John McCain.

Dan Weintraub has served as the public affairs columnist for The Sacramento Bee for eight years. His columns appear three times a week in the paper’s editorial pages. Weintraub has been covering California politics and public policy since 1993.

He covered issues at the Capitol for the Los Angeles Times and the Orange County Register before joining the Bee. He has appeared on CNN, Fox News and MSNBC.

Other Attractions

● In addition to this experienced panel, George Stephanopoulos, chief Washington correspondent for ABC News and former senior adviser to President Bill Clinton, will be the special guest speaker.

● A discussion on “election realities and probabilities” also is scheduled, featuring CalChamber Vice President of Public Affairs Rob Lapsley.

Sacramento Host Events

Summit attendees will have an opportunity to end their day by mingling with their peers and other leaders from business, agriculture, the administration, education and the military, plus state legislators at the Sacramento Host Reception the evening of May 20.

The reception welcomes out-of-town guests to the invitation-only 82nd annual Sacramento Host Breakfast on May 21.

Summit attendees also have the opportunity to attend this exclusive event following the Summit. Featured speakers at the breakfast will be Governor Arnold Schwarzenegger and CalChamber Board Chair Edwin A. Geules.

Sacramento business leaders host the annual reception and breakfast to spotlight California’s role in national and international commerce. The goal of the Host Breakfast is to offer decision-making leaders in California finance, government, education, agriculture and industry the opportunity to exchange views, establish and renew friendships and create statewide atmospheres of good will and understanding at a common table.

Registration

The two-day registration package, including the full-day summit with lunch, the Host Reception and Host Breakfast, is $275. The deadline to register is May 9.

For more information or to register, visit www.calchamber.com/legsummit08.

Staff Contact: Alicia Smith

Opposition Halts One of Two Digital Download Tax Bills

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more than 240 organizations, companies and individuals joined the CalChamber in opposing the proposed “digital” tax bills.

AB 1956 would have imposed an expansive, unprecedented new Internet tax on Californians who purchased digital media, including software, e-books, music, videos, cell phone ring tones, cable television and movies on-demand.

AB 1840 leaves a door open to tax small online retailers and Internet service companies that sell products to Californians via the Internet.

AB 1956 avoided the Proposition 13 requirement for new taxes to be approved by a two-thirds vote by ordering the state Board of Equalization to draft a new regulation to tax digital media without providing the necessary underlying statutory authority. Further, the bill attempted to establish that there is existing authority to tax digital media as “tangible” products by manipulating and stretching terminology in current statutes that provide for sales and use tax.

The CalChamber and other opponents contend that digital media is nothing like tangible products, which is why it has never before been subject to tax. If statutory authority existed for the new proposed tax regulation, no bill would be necessary.

Key Votes

● AB 1956 failed to pass Assembly Revenue and Taxation on a vote of 4-4 with one abstention.

Ayes: Charles Calderon (D-Montebello), Arambula (D-Fresno), Eng (D-Monterey Park), Feuer (D-Los Angeles), Hayashi (D-Castro Valley), Ma (D-San Francisco).

Noes: DeVore (R-Irvine), Plescia (R-La Jolla), Spitzer (R-Orange).

Absents/abstaining/not voting: Hayashi (D-Castro Valley).

● AB 1840 passed the committee on a party-line vote, 6-3.

Ayes: Charles Calderon (D-Montebello), Arambula (D-Fresno), Eng (D-Monterey Park), Feuer (D-Los Angeles), Hayashi (D-Castro Valley), Ma (D-San Francisco), Ayes: Charles Calderon (D-Montebello), Arambula (D-Fresno), Eng (D-Monterey Park), Feuer (D-Los Angeles), Hayashi (D-Castro Valley), Ma (D-San Francisco).

Noes: DeVore (R-Irvine), Plescia (R-La Jolla), Spitzer (R-Orange).

The CalChamber will continue to work to stop AB 1840 as it continues on to the Assembly Appropriations Committee.

Staff Contact: Kyla Christoffersen
Assembly Transportation Committee Stops One of Two Vehicle Fuel Tax Proposals

The Assembly Transportation Committee this week held one of two California Chamber of Commerce-opposed bills taxing motor vehicles and vehicle fuel.

- **AB 2558 (Huffman; D-San Rafael)** assesses an unfair tax on businesses and consumers by authorizing the Los Angeles County Metropolitan Transportation Authority to impose a tax on either motor vehicles or vehicle fuel.

- **AB 2744 (Feuer; D-Los Angeles)** sought to increase transportation costs in the Bay Area by creating a new fuel tax to pay for a regional climate plan.

AB 2744 fell one vote short of passing the Assembly Transportation Committee, 7-6, while AB 2558 passed the committee, on an 8-5 vote April 14.

**Hurts Small Business**

California’s energy prices are already among the highest in the nation. AB 2558 proposes either a gas tax of up to 3 percent of the retail sales price of fuel or a tax on motor vehicles of up to $90.

AB 2744 proposed a tax on fuel of up to an additional 10 cents per gallon.

The CalChamber pointed out that taxes such as proposed in AB 2558, in addition to the rising energy prices due to existing environmental initiatives, are making it more and more difficult for California’s small businesses to remain in the state.

**Duplicate Requirements**

The Air Resources Board (ARB) is already working on the scoping plan for the climate change/emissions reduction legislation passed in 2006, AB 32 (Núñez; D-Los Angeles). This plan will be the guidebook for putting AB 32 into motion and developing the regulations.

Since AB 32 gives the ARB the ultimate authority to regulate the state’s greenhouse gas emissions, it is important that local and regional entities refrain from setting up duplicative requirements.

AB 2558 disregards the multiple levels of work being done at the ARB to reduce the state’s greenhouse gas emissions. Instead of working on a comprehensive, state approach to combating climate change, AB 2558 sets up a climate change mitigation and adaptation expenditure plan funded by a new gas tax or tax on vehicles.

**Skirts Two-Thirds Vote**

Lastly, all state taxes should require a two-thirds vote. AB 2558 proposes a special tax for a specific purpose. The CalChamber believes AB 2558 should also be subject to a two-thirds public vote.

**Key Votes**

- AB 2558 passed Assembly Transportation, 8-5:

  - **Ayes:** DeSaulnier (D-Concord), Carter (D-Rialto), Furutani (D-Long Beach), Galgiani (D-Stockton), Karnette (D-Long Beach), Nava (D-Santa Barbara), Portantino (D-La Cañada Flintridge), Ruskin (D-Redwood City).

  - **Noes:** Duvall (R-Yorba Linda), Garrick (R-Solana Beach), Horton (R-Chula Vista), Houston (R-San Ramon), Huff (R-Diamond Bar).

**Action Needed**

AB 2558 is scheduled to be considered by the Assembly Local Government Committee on April 23.

Contact your Assembly representative and members of Assembly Local Government and urge them to oppose AB 2558.

For a sample letter, visit [www.calchambervotes.com](http://www.calchambervotes.com).

Staff Contact: Amisha Patel

Senator Ridley-Thomas Stresses Importance of Working with Business

A strong partnership between the business community and the Legislative Black Caucus can help advance economic development opportunities for their constituents, Caucus Chair Mark Ridley-Thomas said recently at an event hosted by President Allan Zaremberg and the California Chamber of Commerce.

The event was a large reception honoring the caucus and Senator Ridley-Thomas (D-Los Angeles).

Ridley-Thomas noted that job creation and small businesses drive the state’s economy. The economic development objectives of the African American community can be maximized through active involvement of business, citizens and elected officials, Ridley-Thomas said.

Zaremberg recognized Senator Ridley-Thomas for his work to build strong relations between the African American and business community during his 12 years on the Los Angeles City Council and six years in state office (he served two terms in the California Assembly before being elected to the state Senate in 2006).
Author Pulls Bill Examining ‘Split Roll’ Tax

Strong opposition from the business community stopped the author of a California Chamber of Commerce-opposed bill from pursuing his legislation examining the amount of revenue that could be generated from imposing a “split roll” tax.

AB 2461 (Davis; D-Los Angeles) ordered the Board of Equalization to conduct a study of the amount of revenue that would be generated if commercial property were reassessed at fair market value versus value locked in because of Proposition 13.

The CalChamber and other business groups took an “oppose unless amended” position on AB 2461 because it was an incomplete approach to studying the potential impacts of a “split roll” property tax.

To provide a complete analysis of the “split roll” issue, the following additional questions needed to be addressed (which the bill did not include):

- What would be the impact on local government revenues under a “split roll” property tax system when an economic downturn or recession devalues business property?
- What would be the additional cost for county assessors who would bear the burden of more frequent reassessments under a “split roll” property tax system?
- Would small business bear a disproportionate cost from a property tax increase under a “split roll” system due to “pass-through” provisions addressing property taxation in many commercial leases?

- If the “split roll” had a disproportionate impact on small businesses, would it likewise place a disproportionate burden on women- and minority-owned businesses?
- What effect would increased property taxes for businesses have on the value of California public employee pension funds?
- What would be the dynamic “spinoff” effects of higher business property taxes on consumers?
- What would be the dynamic “spinoff” effects of higher business property taxes on the unemployment rate?

The CalChamber and other business groups believe that without asking the above questions, a study to examine the potential impacts of “split roll” will be incomplete and likely lead to an inaccurate analysis on which to base sound public policy decisions.

A “split roll” tax would undermine the intent of the protections cemented in Proposition 13 and have a negative impact on job-producing operations and the state’s well-regarded property tax structure.

Staff Contact: Kyla Christoffersen

Senator Drops Proposal on Consumer Auto Repair ‘Steering’

Senator Patricia Wiggins (D-Santa Rosa) is no longer pursuing controversial legislation that sought to remedy the issue of auto repair “steering” of consumers by insurance companies.

The bill, SB 1167, would have required an insurance company to first ask customers following an accident if they have selected an auto repair shop for their vehicle. An affirmative response would subsequently have prohibited the insurer from engaging in any further discussions regarding that customer’s auto repair options.

These provisions were ultimately problematic as they put inappropriate restrictions on informed consumer choice while also ignoring current California law that already provides sufficient protections against “steering.” The California Chamber of Commerce argued that effective enforcement of current law remained the most sensible solution to the problem.

On April 9, SB 1167 was amended to simply require the Department of Insurance to convene a task force to study the issue and report back to the Legislature on its findings by December 31, 2009. The CalChamber has since removed its opposition to the bill.

Staff Contact: Robert Callahan
The California Chamber of Commerce and other supporters of the U.S.-Colombia Free Trade Agreement (FTA) will continue to fight for its approval and upholding the nation’s international obligations following a congressional vote delaying the deadline for Congress to act.

On April 10, Congress passed a resolution on trade promotion authority removing the requirement that it act within 90 days of receiving the U.S.-Colombia FTA from President George W. Bush.

California representatives split on a party-line vote with 34 “ayes” from Democrats and 19 “noes” from Republicans.

On April 7, President Bush sent Congress the legislation that would have implemented the FTA. Because of the resolution, Congress now has until the end of the current session to act. The Second Session of the 110th Congress typically would adjourn at the end of the year.

Positive for Exports

The agreement serves as part of a wider strategy to advance free trade, fight drug trafficking and promote economic development in Colombia, according to the Office of the U.S. Trade Representative.

When the agreement enters into force, 80 percent of U.S. consumer and industrial exports to Colombia will be duty-free immediately. The remaining tariffs would phase out over 10 years.

Colombia is California’s 39th largest trading partner, exporting more than $320 million in goods in 2007. In 2007, the United States exported more than $8.6 billion worth of goods to Colombia, with total trade topping $18 billion.

Top exports to Colombia from California last year were computers/electronic products, chemical manufacturers, machinery manufacturers and transportation equipment.

Impact on Other Agreements

Still awaiting consideration by Congress are the U.S.-Panama and U.S.-Korea FTAs. Neither is likely to be considered until Congress approves or rejects the U.S.-Colombia FTA.

The CalChamber is urging Congress to approve the U.S.-Colombia FTA because of, among other things, Colombia’s existing strong trade relationship with California, and the numerous positive implications the FTA would have on the state by lifting tariffs on exports. The CalChamber also is urging Congress to consider the U.S.-Colombia agreement to make time for additional FTAs.

Staff Contact: Susanne Stirling
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 Paying Non-Exempt Employees Live Web Seminar provides a 90-minute in-depth review of wage and hour laws and how they apply to non-exempt employees.

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