

# ALERT

VOLUME 36, NUMBER 6 • FEBRUARY 26, 2010



## CalChamber2010.com: New Tool for State Voters *Side-by-Side Comparisons of Candidates for Governor*



The California Chamber of Commerce has unveiled *CalChamber2010.com*, a comprehensive, first-of-its-kind website offering voters videos and side-by-side comparisons of the gubernatorial candidates' stance and history on issues most important to the state's economy and job climate.

"Perhaps never before has the economic health of our state been so important to voters as in this election season," said Allan Zaremberg, CalChamber president and CEO.

"*CalChamber2010.com* is designed to

educate voters about the candidates' stance on issues critical to job growth and renewed prosperity in our state. Now, more than ever, voters understand the role that a vibrant economy plays in enhancing quality of life for California's working families. *CalChamber2010.com* will be the go-to site for the California Governor's race this year."

### Non-Partisan

*CalChamber2010.com* combines non-partisan, factual, independently sourced  
*See CalChamber2010.com: Page 4*

## CalChamber Urges Passage of Job Creator Legislation



Senator Lou Correa



Senator Dave Cogdill

The California Chamber of Commerce is **supporting** bipartisan legislation sponsored by the Governor that would spur job creation by protecting environmentally sound projects from unnecessary lawsuits.

The bill would give a limited number of environmentally sound development projects protection from California Environmental Quality Act

(CEQA) lawsuits only after those projects have met CEQA's stringent environmental requirements.

Authored by Senator Lou Correa (D-Santa Ana) and Senator Dave Cogdill (R-Modesto), SBX8 42 allows a select number of projects that have met their CEQA requirements to break ground sooner, which will create badly needed

*See CalChamber: Page 7*

2010 IssueTracker	Jerry Brown Attorney General [Campaign Site]	Steve Poizner State Insurance Commissioner [Campaign Site]	Meg Whitman Former CEO, eBay [Campaign Site]
 Budget & Spending	<ul style="list-style-type: none"><li>Supports spending cuts</li><li>Initially supported the Gann Limit, a strict limit on state expenditures enacted by Proposition 4 in 1979; subsequently approved measures that undercut the Gann Limit</li><li>Increased state spending earlier in his career</li><li>Opposes furloughing state employees</li><li>Approved collective bargaining for state employees earlier in his career</li></ul> <p>MORE DETAIL » WATCH VIDEOS »</p>	<ul style="list-style-type: none"><li>Supports reducing state spending by 10% through targeted cuts</li><li>Supports a freeze on state hiring, spending and debt</li><li>Supports a meaningful constitutional spending limit and debt limit</li><li>Supports targeted reduction in state work force</li><li>Opposed furloughing state employees</li></ul> <p>MORE DETAIL » WATCH VIDEOS »</p>	<ul style="list-style-type: none"><li>Supports cutting state spending by billions of dollars</li><li>Supports a meaningful state spending limit</li><li>Supports reducing state workforce by 40,000 employees</li><li>Supports reducing pension benefits for state workers</li></ul> <p>MORE DETAIL » WATCH VIDEOS »</p>

*CalChamber2010.com* comparison of the candidates (alphabetical here) randomly displays candidates in a different order each time the page is refreshed.

### Inside

Commitment to Job Creation:  
Page 3

## Labor Law Corner

# Notify Employees in Advance When Making Pay Rate Change



**Barbara Wilber**  
Labor Law  
Consultant

*Is there any statutory prohibition against reducing wages without prior notice to the employee, or retroactively reducing wages to the beginning of the pay period?*

There is no one specific code section to point out to you. This is one of those cases where contract law establishes the right to be paid according to the agreement.

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

Absent any limitations discussed below, courts usually consider a written or oral offer of a specific wage or salary to be a unilateral contract. Contract law is complicated, but in simple terms, the employer offers employment at a certain wage and the employee completes the employment agreement by commencing work.

At-will employers may modify the offer prospectively by notifying the employee of a reduction. The employee may either accept the reduced wage by continuing to work or may decline by quitting. There can be no reduction of pay retroactively because the employee has a right to receive wages agreed to in the employment agreement at the specified amount until notified of a change.

### Limits on Unilateral Change

A few limitations apply to an employer's right to unilaterally change an agreement:

- A union contract;
- A company policy limiting pay reductions;
- Negotiated contracts with individual employees;
- A reduction adversely affecting a protected class of employees;
- Any law setting a minimum wage.

Violating these basic parameters may subject an employer to liability. Work performed before notification of the reduction must be paid at the prior wage rate.

### Provide Effective Date

To avoid problems, advise employees of the change and provide a future effective date. Document the date the employee was notified and the new pay rate.

Any reductions across the board for groups of employees, including exempt employees, such as a 10 percent reduction, may cause an exempt salary to dip below the current allowed minimum of \$2,773.33 per month.

The same applies to current state or city/local minimum wage.

Open discussion of impending wage reductions may help the company retain employees and not adversely affect overall morale.

*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).*

## CalChamber-Sponsored Seminars/Trade Shows

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

### Business Resources

Gallup Special Event. Youth Development Network. March 4, McClellan. (916) 228-2227.

Lower Colorado River Tour. Water Education Foundation. March 10-12, Las Vegas. (916) 444-6240.

World Water Day. Sacramento Committee of Water for People. March 11, Sacramento. (916) 444-6240.

### Government Relations

Tax-Exempt Organizations Workshop. IRS Exempt Organizations Specialists. March 16-18, McClellan. (703) 579-1496.

### International Trade

The Americas Business Forum. Los

Angeles Area Chamber of Commerce. March 3-4, Los Angeles. (866) 264-3536.

CalAgX. Center for International Trade Development (CITD). March 9, Classes in Sacramento, Fresno and San Luis Obispo. (888) 638-7888.

Innovative Treatments of Diabetes. American Israeli Medical Association. March 11, Encino. (888) 991-1212.

Cairo International Fair. General Organization for International Exhibitions and Fairs. March 11-22, Cairo, Egypt. [info@cairofair.com](mailto:info@cairofair.com).

World Trade Week Briefing. Los Angeles Area Chamber of Commerce. March 17, Los Angeles. (213) 580-7569.

California Agriculture and Our Economy. See *CalChamber-Sponsored: Page 6*



# State Needs Real Commitment to Job Creation

There has been much talk recently about the need for California to make job creation its number one priority. I couldn't agree more. However, some of the things I've been hearing from those who just joined the "jobs, jobs, jobs" bandwagon would be amusing were they not so troubling.

## Private Sector Role

I certainly welcome the new interest and rhetoric about jobs by some of California's elected officials. But let's be clear: Private sector jobs create the revenue for public sector jobs and programs, not the other way around.

More protections for government workers at the expense of those employed—or already unemployed—in the private sector will only create further heartache and hardship in our state.

Earlier this month, as they rallied with government employee unions, some at the State Capitol made a renewed promise to work to reduce the two-thirds vote requirement for California's budgets and tax increases. This, they said, will help our economy and our job climate.

Unfortunately, more spent on government jobs at the expense of private sector jobs will only make things worse! Raising taxes and fees will kill both



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## Commentary By Allan Zarembeg

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*As they consider any new legislation or regulation, our leaders must fully and realistically assess the impacts of any proposed mandate on the private sector and kill any bill that increases costs.*

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private and public sector jobs.

Another recent proposal considered in the Legislature would have placed an oppressive burden on businesses for little, if any, return. Mandating withholding for independent contractors will destroy California jobs. After layers of recent tax

increases and accelerations, if resurrected, this plan could be the last straw for many of California's already cash-strapped companies.

## Support Real Efforts

Now that we all seem to agree that more jobs is the answer, it is time for our legislators to support real efforts to create jobs. The time has long passed to reduce government-imposed costs and regulations so that businesses can invest in our economy and hire workers.

Moving forward, California's leaders must create and seize economic development opportunities, reduce the cost and risk of keeping and growing jobs, and jump-start public and private infrastructure and commercial projects.

As they consider any new legislation or regulation, our leaders must fully and realistically assess the impacts of any proposed mandate on the private sector and kill any bill that increases costs. We've got to unleash the ability of business in California to invest and hire workers. We need common-sense action now!

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

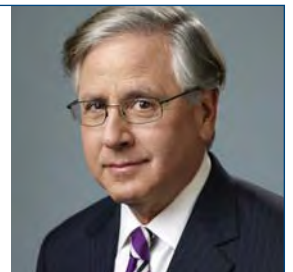
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FEATURED SPEAKER

**Howard Fineman**

NEWSWEEK SENIOR WASHINGTON CORRESPONDENT



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## CalChamber2010.com: New Tool for California Voters

From Page 1

research with cutting-edge online tools.

By visiting the site, voters can examine each candidate's track record and viewpoints using videos and other material.

Throughout the campaign season, *CalChamber2010.com* will continually be updated with breaking developments.

### Features

At *CalChamber2010.com* voters can:

- Get full in-depth information on each of the candidates;
- Find out where candidates stand in nine major issue areas:
  - ✓ Budget and Spending;
  - ✓ Jobs and Economy;
  - ✓ Taxes;
  - ✓ Education;
  - ✓ Health Care;
  - ✓ Environment and Energy;
  - ✓ Water;
  - ✓ Public Safety;
  - ✓ Housing and Transportation.
- Share customized comparisons on Facebook, Twitter and e-mail;
- E-mail questions and comments directly to the various campaigns;
- Explore the "Video Vault" and search by issue archived clips of each candidate; and
- Place an "IssueTracker" widget on blogs, websites or Facebook profiles and more. Easy-to-follow directions appear upon clicking the "Share This Tool" link.

### Links to Share

The widget (see graphic at right) includes click-through links that allow the site's visitors to easily select the issues and candidates to compare; zero in on the qualifications of the candidates themselves; and quickly find videos of the candidates discussing the issues.

Another click yields information on the sources of the bulleted information about the candidates' positions, whether printed news media or broadcasts.

Also available on the website is a section offering "Fast Facts on California's Economy," links to recent news stories about the candidates and links to news stories about recent opinion polls.

Visitors can register for e-mail updates or subscribe to RSS updates on the news stories or opinion polls.

**Staff Contact: Rob Lapsley**



CalChamber President Allan Zarembeg announces the launch of *CalChamber2010.com*, a website that enables visitors to make side-by-side comparisons of the candidates for California Governor.



The *CalChamber2010.com* website includes an issue tracker widget that visitors can easily share with others.

# Hong Kong Uses Duty-Free Wine to Expand Trade with California

Despite the recent global recession, Hong Kong has turned doldrums into opportunities by making duty-free wine a key catalyst for economic prosperity, according to Hong Kong Commissioner Donald Tong.

Tong spoke at the February 22 International Luncheon Forum in Sacramento hosted by the California Chamber of Commerce and the Hong Kong Economic and Trade Office in San Francisco.

He discussed how Hong Kong, a special administrative region of the People's Republic of China, has managed to preserve its commitment to free market principles and competitive spirit while dealing with the slow economy.

In 2008, Hong Kong removed duty off wine, making it the first duty-free wine port amongst major economies.

"Removal of wine duties certainly helps encourage more locals and tourists to drink in Hong Kong, but this measure was introduced with a much bigger objective in mind: The development of Hong Kong into a hub for wine-related business," Tong said.

The move has done just that.

## Wine Industry

In 2008, after wine became duty-free, the value of wine imports jumped 80 percent. In 2009, imports of wine increased 41 percent to \$517 million, doubling the total of 2007, Tong said.

In addition, 14 fine wine auctions were held in 2009, with sales amounting to \$64 million and making Hong Kong the second largest center for wine auctions after New York, Tong said.

U.S. wine exports to Hong Kong went from \$9 million in 2007 to \$42 million in 2009.

"Sometimes a small idea turns out to be a big success," Tong said.

Hong Kong hopes the recent economic success of duty-free wine will help increase trade relations with California winemakers.

"We believe that U.S. wine has not fully realized its potential in Hong Kong," Tong said. "We are now working very closely with the U.S. government and individual wine-producing states,



Hong Kong Commissioner Donald Tong (right) is the featured speaker at a CalChamber International Luncheon Forum. At left is CalChamber Board member Roger J. Baccigaluppi, RB International.

including California, and we look forward to establishing more formal cooperation arrangements so as to promote U.S. wine in Hong Kong."

## Economic Strategy

Hong Kong's successful economic strategy, which most economists in the region have said could lead to a small surplus instead of a deficit for 2009, has been to let the market lead while the government takes a facilitating role, Tong said.

The global economic downturn did have negative effects on Hong Kong. Gross domestic product (GDP) grew 2.5 percent in 2008 compared to 6.4 percent in 2007.

To address the liquidity crunch problems, \$12.8 billion was deployed to guarantee up to 80 percent of commercial loans to businesses.

"This loan scheme is particularly important for small and medium-sized enterprises, as they account for 98 percent of businesses and employ nearly half of the private sector's workforce," Tong said.

Hong Kong also gets less than half of its revenue from taxation and because of previous governmental actions, has built up huge fiscal and foreign exchange reserves. Tong said the government can

currently survive for 18 months without receiving \$1 in tax revenue.

As a result of these and other measures, including facilitating growth within the country's economic pillars — financial services, tourism, trading, logistics and professional services — Hong Kong's economy grew by 3.3 percent in the second quarter of last year and the labor market is stabilizing with the unemployment rate at 4.9 percent.

"Our total exports suffered a drop of around 12 percent, year-on-year in 2009," Tong said. "The good news is the situation has improved significantly in the last quarter."

As a whole, Tong said he expects GDP as a whole to decline by 3.3 percent for 2009, an improvement over the previous forecast of -3.5 percent.

"Hong Kong's success is due to the ingenuity and entrepreneurial spirit of its educated people," Tong said. "Despite the downturn, our fundamentals have served us well in bettering the crisis. Our banks remain solid and healthy and there is no need for our government to inject capital into any banks to save them."

Tong closed the luncheon by recommending Californians visit Hong Kong and enjoy its culture, food and duty-free wine, "although it is not free."

**Staff Contact: Susanne Stirling**

# CalChamber Urges Support for Prop. 16, Taxpayers Right to Vote Act on June Ballot

The California Chamber of Commerce is a strong **supporter** of **Proposition 16**, The Taxpayers Right to Vote Act, and is asking local chambers of commerce and other members to endorse this important measure on the June ballot.

This initiative simply requires that voters have the final say if a local government chooses to spend public money or incur public debt to create a government-run electricity business. Like most other local special tax and bond decisions in California, a two-thirds vote would be required.

At the state level, California already is burdened by record debt and again faces a \$20 billion annual deficit this year. At the local level, budgets are being slashed, with critical services from public safety to public works to parks being cut. The bottom line is: California's state and local governments cannot make ends meet.

Yet, at the same time, some local leaders are working to have their communities commit hundreds of millions of public dollars or debt to push out privately run electricity businesses and get government into the retail electricity business.

And, even in these tough economic times, they don't want taxpayers to vote on it because current law does not require a vote.



## Public Discussion

Requiring a vote will ensure that the complicated and risky choice to create a government-run electricity business gets the public discussion it deserves. These are long-term deals that can commit generations to hundreds of millions of dollars of debt.

And to pay for them, more cuts in local programs might be required or, perhaps, even new taxes or fees. The voters need to be allowed to weigh the promises of benefits versus the real risks and costs of failure.

Just as important, requiring a vote before government-owned utilities can

annex territory or customers currently served by electrical corporations will make it harder for government-run utilities to cherry-pick the best customers out of the electrical corporation's territory—leaving the remaining customers with higher electric rates to compensate for the loss.

Opponents of Proposition 16 erroneously claim that Proposition 16 could require an election before a new subdivision, or even a single home, could be served with electricity if it is located within the territory of an existing local publicly owned utility.

In fact, Proposition 16 specifically exempts situations where publicly owned utilities extend service to new customers located within their exclusive geographic territories. This is confirmed by the non-partisan Legislative Analyst's analysis of Proposition 16, and by the measure's own findings and declarations.

Moreover, the opponents' argument is based on an absurd, almost laughable, interpretation that no court would ever accept.

## More Information

Visit [www.taxpayersrighttovote.com](http://www.taxpayersrighttovote.com) to learn more about Proposition 16. Call Sophia Cazanis at (916) 491-4094 to be listed among the initiative's supporters.

## CalChamber-Sponsored Seminars/Trade Shows

### From Page 2

Monterey Bay International Trade Association (MBITA). March 19, Salinas. (831) 335-4780.

Certified Cargo Screening Program. Transportation Security Administration. March 22, Hawthorne. (310) 973-3132.

Globe 2010. The GLOBE Foundation. March 24–26, Vancouver, British Columbia. (604) 695-5001.

Stonetech 2010. CCPIT Building Materials Sub-council. April 6–9, Shanghai, China. [kontakt@merebo.de](mailto:kontakt@merebo.de).

Asiawater 2010. AMB Exhibitions Sdn Bhd. April 6–9, Kuala Lumpur, Malaysia. [kontakt@merebo.de](mailto:kontakt@merebo.de).

### Labor Law

HR101 Part 2—Compensation and Benefits. CalBizCentral. March 11, Webinar. (800) 331-8877.

HR101 Part 3—Harassment and Discrimination. CalBizCentral. March 25, Webinar. (800) 331-8877.

HR101 Part 4—Discipline and Termination. CalBizCentral. April 1, Webinar. (800) 331-8877.

## CalChamber Calendar

### Water Committee:

March 11, La Jolla

### Fundraising Committee:

March 11, La Jolla

### Board of Directors:

March 11-12, La Jolla

### International Trade Breakfast:

March 12, La Jolla

### CalChamber PAC Workshop:

March 19, Long Beach

# CalChamber Backs Job Creator Proposal; Calls for Common-Sense Legislative Action

From Page 1



jobs and spur economic growth. Supporters of SBX8 42 appearing before the

Senate Environmental Quality Committee on February 24 included representatives of labor, engineers, contractors, builders, property owners and manufacturers.

CalChamber Policy Advocate Robert Callahan commented to the committee that SBX8 42 “offers us that great potential for job creation by focusing on projects that not only stand to significantly benefit the economy, but that are environmentally sound according to CEQA.

“This bill is not suggesting that we toss aside the CEQA at all. In fact, we’re not even asking that this body give precedence to the economy over the environment.

“Rather, we’re asking that the state’s most stringent and respected environmental law adjust its rigidity just slightly, and in a thoughtful way, for a limited number of carefully vetted projects in acknowledgment of the state’s precarious economic situation.”

SBX8 42 ended up being held in the committee without a vote.

CalChamber President and CEO Allan Zaremberg commented, “This bill would create a much-needed process to ensure that CEQA is complied with while also creating the certainty investors need to develop more jobs in California.

“It is unfortunate that the majority party was unwilling to support the bill so that a vote could have been taken to move the bill out of committee, even though there seemed to be an appreciation that endless CEQA litigation is a barrier to investment in jobs in California.

“We are going to continue to push this agenda forward. We all seem to agree that more jobs is the answer. It is time for our legislators to support bipartisan efforts that will actually create them.”



CalChamber Policy Advocate Robert Callahan reviews with Senator Lou Correa (D-Santa Ana) legislation to protect a limited number of environmentally sound development projects from lawsuit delays.

## Lawsuit Delays

The legislation addresses the problem of important economic development projects being held up due to unnecessary and costly lawsuits filed under the guise of CEQA.

Housing projects, shopping centers, infrastructure projects and more, often are challenged by opponents who simply dislike the project for non-environmental reasons and use CEQA litigation to frustrate, delay or even kill the project.

Ultimately, the economy suffers, jobs are lost and the public and private sectors spend millions of dollars defending themselves in court instead of creating jobs.

## Protection

SBX8 42 offers protection from CEQA litigation to a limited number of projects that already have been certified as meeting the environmental standards of CEQA.

This bill does *not* provide an exemption from the CEQA process.

Rather, the benefit of litigation protection is provided to a project *only if*:

- it has completed a full environmental review under CEQA and had that review certified;
- public hearings have been held in the region;
- it has been identified and approved by the Secretary of the Business Transportation and Housing Agency as having significant economic potential.

## Selection Criteria

Projects are to be selected based on the following criteria:

- The number and quality of jobs that will be created by the project.
- The amount of capital investment made by the project.
- A balance between projects sponsored by public and private entities.

The proposal will require the Business, Transportation and Housing Agency to select 25 projects each year for five years to protect from unwarranted litigation. The bill will sunset in 2016.

**Staff Contact: Robert Callahan**

## In 2010 you must follow new laws. Our *Digest* spells out how.

The Genetic Information Nondiscrimination Act (GINA), a new federal minimum wage and changes to unemployment (EDD) benefits are just a few legal standards you must know about in 2010. CalBizCentral provides the tools you need to stay in compliance.

**Labor Law Digest** is your comprehensive reference for the latest California-specific AND federal employment laws in plain language.

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