Job Creator Proposals Moving Through Legislature

Senate and Assembly members still have the opportunity to vote on a number of California Chamber of Commerce-supported job creator bills that are making their way through both houses.

Many job creator bills identified by the CalChamber this year still have an opportunity to be sent to the Governor. The bills would improve the state’s job climate and stimulate economic recovery by encouraging investments, increasing construction jobs, promoting small business growth and providing workplace improvements and/or training.

Job Creator Signed

One job creator already has been signed by the Governor this year. In March, Governor Arnold Schwarzenegger signed SBX8 34 (Padilla; D-Pacoima; Chapter 9; urgency), which ensures the expedited permitting of environmentally sound solar thermal and photovoltaic power plants, enabling them to qualify for grants under the American Recovery and Reinvestment Act of 2009 (ARRA).

A complete list of the 2010 CalChamber-supported job creator bills and their status begins on Page 6.

‘Split Roll’ Property Tax Bill Moves

CalChamber Policy Advocate Kyla Christoffersen testifies before the Assembly Revenue and Taxation Committee on problems with legislation that repeals Proposition 13 protections for business property owners. See story on Page 5.

Proposition 15 Means Tax Dollars for Political Campaigns

The Long Beach Board of Education voted to lay off 243 employees, most of them teachers.

San Jose’s Fire Department is eliminating five of the city’s 34 engine companies.

Stockton lost 73 police officers over the last year and saw its homicide rate nearly triple.

And news that the state budget deficit continues to grow prompted the Governor’s Office to warn this week that even more “terrible” budget cuts are on the horizon.

Proponents of Proposition 15 think this is the perfect time to start a new state government program that would divert tax dollars from essential public programs to pay the campaign expenses of politicians.

Four years ago, 74 percent of voters said “no” to Proposition 89, a plan to tax businesses to finance political campaigns. In 2000, two-thirds of voters rejected another public campaign financing scheme, Proposition 25.

Proposition 15 on the June ballot will be the third attempt in 10 years to repeal the ban on public campaign financing voters enacted more than 20 years ago.
Employers Should Be Aware of Penalties for Missing Paydays

Gary Hermann
HR Advisor

What penalties would an employer face for failing to pay employees on the designated pay date or if the employer has insufficient funds to satisfy his/her payroll obligations?

If an employer finds itself in a situation where it is unable to meet its payroll obligations, it should be aware of the penalties set forth in Section 210 of the Labor Code for a failure to pay on the designated payday. Section 210 establishes a penalty of $100 for each initial failure to pay each employee and $200, plus 25 percent of the withheld amount, for each subsequent failure to pay each employee.

While the payday penalties can mount up, the issuance of a non-sufficient funds (NSF) paycheck can compound the problem. An employer who issues a paycheck that is refused either because the employer has no account or has insufficient funds, can face additional penalties pursuant to California Labor Code Section 203.1 of one day’s wages for each day an employee is not paid up to a maximum of 30 calendar days.

Time Frames

Section 204 of the California Labor Code establishes the time frames within which an employer must establish designated paydays.

For semi-monthly pay periods, the statute provides that the pay date be established no later than the 26th of the month for work performed in the first half of the month. For work performed in the second half of the month, the designated pay date must be no later than the 10th of the following month.

Weekly and biweekly payroll periods must have a designated pay date no later than seven days following the close of the pay period. Once an employer has established pay dates within the above-referenced time frames, it is required by the provisions of Labor Code Section 207 to conspicuously post notice of said pay dates and the time and place of payment.

For example, an employer’s payday notice for a semi-monthly pay period might say that paydays are the 5th and 20th of the month at the office of the employer at 5 p.m. A payday notice for a weekly or biweekly pay period that ends on a Saturday might provide that the payday is on the following Friday at the office of the employer at 5 p.m.

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.

CalChamber-Sponsored Seminars/Trade Shows

More information at www.calchamber.com/events.

Business Resources


International Trade

Consular Corps Luncheon. NorCal World Trade Center. May 18, Davis. (916) 447-9827.

Export Compliance Training. International Traffic in Arms

CalChamber Calendar

Business Summit/Host Breakfast: May 17–18, Sacramento

Council for International Trade: May 17, Sacramento

Water Resources Committee: May 17, Sacramento

Environmental Regulation Committee: May 17, Sacramento

Board of Directors: May 17–18, Sacramento

Fundraising Committee: May 18, Sacramento

Transportation Committee: May 18, Sacramento

Public Affairs Council Spring Retreat: June 15, Sacramento
The third week of May marks World Trade Week, a good time to reflect on the importance of trade in light of recent natural disasters such as floods, earthquakes, tsunamis and volcanic eruptions that have disrupted the flow of international trade across the globe, and caused the flow of imports and exports to slow.

The nationally observed World Trade Week (typically held in mid-May for more than 80 years), recognizes the major role international trade plays in the well-being of the state and national economies, as well as the advantages that export markets provide for both California and the United States.

In 2009, California exports totaled $120 billion, according to the U.S. Department of Commerce. This was a decrease from $145 billion in 2008. California did, however, maintain its perennial position as a top exporting state, exporting to 229 foreign economies. Exports from California accounted for nearly 8 percent of total U.S. exports, with Mexico, Canada, Japan, China and South Korea being the state’s top trading partners.

U.S. Trade Representative Ron Kirk points out that “Exports account for more than one in every $10 of America’s income. Exports support millions of jobs across the country. And in the last half of 2009, exports alone accounted for more than half of all U.S. economic growth. In 2010, as the world economy recovers, export-driven growth opportunities will continue to multiply.”

The valuable economic contribution of U.S. exports is a light among the recent U.S. economic woes and has led to the federal government’s revitalized interest in promoting export.

National Export Initiative

On March 11, President Barack Obama signed an Executive Order called the National Export Initiative, instructing the federal government to increase export promotion. This was a follow-up to the President’s 2010 State of the Union address where he called for a new National Export Initiative to double U.S. exports and support 2 million new jobs. The National Export Initiative brings together the Office of the U.S. Trade Representative, the U.S. Commerce Department, the U.S. Small Business Administration, the Export-Import Bank, and other federal agencies to help more Americans succeed through trade.

The National Export Initiative is focused on three key areas:

- A more robust effort by this administration to expand its trade advocacy in all its forms, especially for small and medium-sized enterprises.
- Improving access to credit with a focus on small and medium-sized businesses that want to export.
- Continuing the rigorous enforcement of international trade laws to help remove barriers that prevent U.S. companies from getting free and fair access to foreign markets. Internal U.S. policy barriers that can hamper exporting, such as export controls, are finally being overhauled and rebuilt into a single system.

Trade Agreements Help

Because roughly 95 percent of the potential customers for U.S. goods and services live outside U.S. borders, increasing exports will generate critical economic growth.

Agreements like the proposed U.S.-Panama Free Trade Agreement (FTA), U.S.-Colombia FTA and U.S.-Korea FTA ensure that the United States may continue to gain access to world markets, which will result in an improved economy and additional employment of Americans.

All of these agreements are critical elements of the U.S. strategy to liberalize trade through multilateral, regional and bilateral initiatives. Passage of these FTAs will mean the elimination of billions of dollars in tariffs for U.S. exports, as well as increased market visibility, and will benefit California and the United States as a whole.

International Commerce

While the U.S. House of Representatives considers the FTAs with Panama, Colombia and South Korea, the California Chamber of Commerce and other supporters of the agreements will continue to fight for their approval and upholding the nation’s international obligations. California faces its own economic challenges and could financially benefit from investing in creative measures that would encourage and support more California businesses to engage in exporting.

In addressing a global audience, President Obama stated, “We are living through a time of global economic challenges that cannot be met by half measures or the isolated efforts of any nation. Once and for all, we have learned that the success of the American economy is inextricably linked to the global economy. There is no line between action that restores growth within our borders and action that supports it beyond.”

The CalChamber supports expansion of international trade and investment, fair and equitable market access for California products abroad, and elimination of disincentives that impede the international competitiveness of California business.
Proposition 15 Means Tax Dollars for Political Campaigns

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Proponents don’t phrase the argument that way, however. In fact, the Legislature, which put Proposition 15 on the ballot and wrote the ballot label, neglected to mention that the ban on public financing would be repealed. A judge added that critical fact to the ballot label.

No Harmless Pilot Program

Backers of Proposition 15 say it is a harmless pilot program that would charge lobbyists a fee to finance the campaigns of candidates for Secretary of State. But Proposition 15 goes much further than that. The repeal of the ban on taxpayer-funded campaigns means that legislators, with a simple majority vote, can expand taxpayer-financed campaigns to any races they want, including their own.

If the lobbyist tax is declared unconstitutional, as courts in three states have already ruled, the Legislature can use the General Fund or raise taxes to pay for campaigns.

The state has already seen legislation to charge insurance companies to pay for financing the insurance commissioner’s race. Observers note that nobody knows what’s next for public campaign financing, but it is a safe bet that business will pay the freight.

Wrong Provisions

Proposition 15 claims to reduce the influence of special interests in politics, but it explicitly allows politicians to continue to take money from special interests at the same time taxpayers finance their campaign expenses.

Opponents of Proposition 15 note that:
● If the measure’s backers wanted to reduce the influence of special interests, they wouldn’t have added that section.
● If they wanted to protect the General Fund from being used for campaigns, they wouldn’t have added that provision either.
● If they wanted to limit Proposition 15 to a pilot program for Secretary of State candidates, they could have written the proposition that way.

They did exactly the opposite.

CalChamber Opposes

The California Chamber of Commerce opposes Proposition 15 and is encouraging members of the business community to do the same.

More information on the opposition campaign is available at www.stopprop15.com.

CalChamber-Sponsored Seminars/Trade Shows

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7th World Chambers of Commerce. International Chamber of Commerce. June 8–10, Mexico City. (212) 703-5065.
Indo Aquaculture 2010. Indonesia Directorate General of Livestock Services, Department of Agriculture. July 8–10, Jakarta, Indonesia. kontakt@merebo.de.
Indo Livestock 2010. Indonesia Directorate General of Livestock Services, Department of Agriculture. July 8–10, Jakarta, Indonesia. kontakt@merebo.de.
Africa’s Big Seven. Exhibition Management Services. July 18–20, Johannesburg, South Africa. admin@exhibitionsafrica.com.
Legislation that could dramatically increase the cost of doing business in California for both business property owners and their business tenants and in turn chill investments, jobs and the economy passed an Assembly policy committee this week.

**AB 2492 (Ammiano; D-San Francisco)** passed the Assembly Revenue and Taxation Committee on May 10 over the objections of the California Chamber of Commerce and numerous businesses and business groups.

Even with recent amendments, **AB 2492 undermines Proposition 13 protections and could result in higher property taxes for small businesses** by creating an arbitrary and unfair standard for determining that a business property has changed ownership and needs to be reassessed.

**Faulty Premise**

AB 2492 is based on the faulty assumption that there has been a major statewide shift in tax burden from businesses to homeowners.

Commercial properties contribute significantly in tax dollars—generating approximately two-thirds of the property tax revenues, just as they did before the passage of Proposition 13.

**Proposition 13 Protections**

Proposition 13 protects both residential and commercial property owners by capping property tax rates at 1 percent of assessed value and to a growth rate of 2 percent a year.

A “split roll” property tax seeks to divide the tax treatment of commercial and residential properties by removing Proposition 13 protections from commercial properties, while leaving those protections intact for residential properties.

**Change of Ownership**

Only when ownership changes or there is new construction may the value of the property be reassessed at more than 2 percent.

Corporate property often is owned by multiple interests such as through shares of stock. Under current law, when an individual obtains more than 50 percent of ownership or control in a corporation, a property reassessment is triggered.

**Why Oppose ‘Split Roll’?**

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

Implementation of a “split roll” tax would mean significantly higher property taxes for California businesses, likely exceeding $3 billion or more. Property owners may be forced to pass along some of the increased costs in the form of higher rents and higher consumer prices.

Since many small businesses rent rather than own building space, they will be hardest hit.

Higher property taxes reduce capital available for investment in rental housing and business plants and equipment within California, meaning fewer jobs.

AB 2492 could also result in a tremendous paperwork and tracking burden for both companies and assessors.

**Key Vote**

AB 2492 passed Assembly Revenue and Taxation on a party-line vote of 6-3:

Ayes: Portantino (D-La Cañada Flintridge), Beall (D-San Jose), C. Calderon (D-Montebello), Coto (D-San Jose), Fuentes (D-Sylmar), Ma (D-San Francisco)

Noes: DeVore (R-Irvine), Harkey (R-Dana Point), Nestande (R-Palm Desert).

**Action Needed**

AB 2492 will be considered next by the Assembly Appropriations Committee. The CalChamber is urging members of the business community to contact their Assembly representatives and Assembly Appropriations members and urge them to oppose AB 2492.

**Staff Contact:** Kyla Christoffersen

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They won’t know unless you tell them. Write your legislator.

[calchambervotes.com](http://calchambervotes.com)
CalChamber-Supported Job Creator Bills

The following is a complete list of 2010 CalChamber-supported job creator bills and their status.

Bills that are still alive are identified with an asterisk (*).

Job Creators

Encourages Investments

*AB 222 (Adams; R-Hesperia)

Green Energy — Encourages new investment and job creation by allowing conversion of solid waste to energy at a biorefinery to count toward meeting the state mandate that 20 percent of energy come from renewable sources by 2010. (Senate Environmental Quality Committee, 7/16/09).

*AB 697 (C. Calderon; D-Montebello) Removes Onerous Tax Burden — Relieves employers of an onerous, costly tax burden by prospectively repealing an unfair, strict liability tax penalty that applies even to reasonable tax disputes, that was enacted as part of the September 2008 budget. (Senate Revenue and Taxation Committee Suspense File, 7/8/09).

SBX6 6 (Hollingsworth; R-Murrieta) Removes Onerous Tax Burden — Relieves employers of an onerous, costly tax burden by prospectively repealing an unfair, strict liability tax penalty that applies even to reasonable tax disputes, that was enacted as part of the September 2008 budget. (Failed Senate Revenue and Taxation Committee, 5/12/10 Reconsideration granted).

Increased Construction Jobs

*AB 1805 (C. Calderon; D-Montebello/Nestande; R-Palm Desert) Increases Construction Jobs — Facilitates job creation by giving a limited number of environmentally sound development projects protection from California Environmental Quality Act (CEQA) lawsuits. This benefit will allow projects that have met their CEQA requirements to break ground sooner, which will create badly needed jobs and spur economic growth. (Assembly Natural Resources Committee, 4/19/10).

*AB 1846 (V. Manuel Pérez; D-Coachella) Expedited Environmental Review — Streamlines the California Environmental Quality Act approval process for certain projects by allowing industries subject to compliance with greenhouse gas regulations under AB 32 to go through an expedited environmental review through a focused environmental impact report. (Senate Rules Committee, 5/6/10).

AB 2313 (Buchanan; D-Alamo)

Increases Construction Jobs — Before amendments, would have helped provide certainty and avoid unnecessary litigation by establishing a uniform, statewide threshold of significance for greenhouse gas emissions to be used in environmental analysis under the California Environmental Quality Act. (Amended 4/26/10 Assembly Appropriations hearing 5/19/10). Former Job Creator

ABX8 37 (C. Calderon; D-Montebello) Increases Construction Jobs — Facilitates job creation by giving a limited number of environmentally sound development projects protection from California Environmental Quality Act (CEQA) lawsuits. This benefit will allow projects that have met their CEQA requirements to break ground sooner, which will create badly needed jobs and spur economic growth. (Dead upon adjournment of Eighth Extraordinary Session, 3/15/10).

*SB 1192 (Oropeza; D-Long Beach)

Increases Construction Jobs — Creates construction jobs building travel infrastructure and creates a better travel environment for state business and tourism. (Senate Appropriations Committee, 5/11/10).

SBX8 34 (Padilla; D-Pacoima)


SBX8 42 (Correa; D-Santa Ana)

Increases Construction Jobs — Facilitates job creation by giving a limited number of environmentally sound development projects protection from California Environmental Quality Act (CEQA) lawsuits. This benefit will allow projects that have met their CEQA requirements to break ground sooner, which will create badly needed jobs and spur economic growth. (Dead upon adjournment of Eighth Extraordinary Session, 3/15/10).

Small Business Growth

*AB 1771 (Mendoza; D-Norwalk)

Expands Small Business Opportunity — Helps promote new opportunities and business for small businesses and saves the state money by allowing state departments to award contracts of less than $25,000 for goods or services by certified Disabled Veteran Business Enterprises (DVBEs) without seeking an exemption of the Prison Industry Authority (PIA) mandate if they are able to make the product for less than the PIA. (Assembly Appropriations Committee, 4/27/10).

Workplace Improvements/Training

*AB 1804 (Hagman; R-Chino Hills)

Employment Training — Helps California stay competitive by ensuring that employer-generated funds for the...

See CalChamber-Supported: Next Page
Legislative Outlook

An update on the status of key legislation affecting businesses. Visit www.calchambervotes.com for more information, sample letters and updates on other legislation. Staff contacts listed below can be reached at (916) 444-6670. Address correspondence to legislators at the State Capitol, Sacramento, CA 95814. Be sure to include your company name and location on all correspondence.

CalChamber Efforts Help Revamp Faulty Tax Collection Bill

California Chamber of Commerce efforts have led to the removal of the most onerous provisions from legislation that would have commandeered private out-of-state retailers to aid in tax collection to preserve California resources.

Before amendments, AB 2078 (C. Calderon; D-Montebello) would have required:
- out-of-state retailers to collect use tax if a member of a controlled group of corporations includes a California-based retailer.
- retailers not required to collect use tax to post a notification on their website or in their catalog stating that the consumer might owe use tax in California.
- retailers not required to collect use tax to send quarterly reports with individual consumer information to the state Board of Equalization.

After continued efforts to demonstrate that the bill would have inappropriately infringed upon the privacy rights of California consumers and violated the U.S. Commerce Clause, the CalChamber and a coalition of businesses and industry groups convinced the author of the bill to significantly amend the legislation by eliminating the two most burdensome, controversial sections.

AB 2078 now requires only that retailers not collecting use tax post a notification on their website or in their catalog stating that the consumer might owe use tax in California.

The CalChamber is now neutral on AB 2078, which has passed the Assembly and will be considered next in the Senate. Staff Contact: Mira Guertin

CalChamber-Supported Job Creator Bills

Employment Training Panel that are diverted by the state to other programs are repaid within three years and thereby remain available to train employees for businesses that are locating or expanding in California, as well as those that are retraining employees to make California operations more viable. (Assembly Appropriations Committee, 4/29/10).

SB 1335 (Cox; R-Fair Oaks) Flexible Work Schedules — Provides a simplified, voluntary way for establishing flexible work schedules, creating a win-win for employees, employers and the environment by promoting better work-life balance, improved workplace productivity and retention, and reduced traffic and greenhouse gases. (Failed passage in Senate Labor and Industrial Relations Committee, 4/19/10).

CalChamber Positions on June Ballot Propositions

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Need assistance with HR issues? Try our HRConsultant Network.

We know you turn to CalChamber when you need current and accurate employment law information. When your human resources needs go beyond California employment law clarification, you can turn to the CalChamber HRConsultant Network.

Each participating HR consultant has gone through an application process that included a background verification, professional reference check and interview with CalChamber employment law counsel. Whether it’s an employee handbook review, policy development, human resources outsourcing, employee retention strategies or other human resources services—you can now turn to the HRConsultant Network to find a local human resources consultant to assist with your HR needs.

The HRConsultant Network is just another way that CalChamber is helping California business do business.

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