

# ALERT

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## CalChamber-Backed Bill Streamlines Regulations



The California Chamber of Commerce is supporting job creator leg-

islation that expedites the environmental review process for certain projects.

**AB 880 (M. Pérez; D-Coachella)** streamlines the California Environmental Quality Act (CEQA) approval process for certain projects by allowing industries subject to greenhouse gas (GHG) regulations under AB 32 to undergo an expedited review through a focused environmental impact report (EIR).

By allowing the expedited process for energy efficiency projects/installs

of certain entities subject to GHG compliance, AB 880 will have the dual benefit of facilitating job creation while ensuring environmental integrity.

### Ambitious Goals

California is working aggressively to meet the ambitious environmental goals set forth by AB 32, The California Global Warming Solutions Act of 2006.

As regulations are being adopted to reduce California's GHG emission levels, companies subject to compliance with these regulations must make significant modifications to existing facilities in order to achieve emission reductions required by the law.

Since by law, all GHG regulations will  
*See CalChamber-Backed: Page 4*

## Legislature to Consider Numerous Health Care Benefit Mandate Bills



### OPPOSE

Numerous health care benefit mandates that only exacerbate the problem of rising costs will be considered by legislators following their spring break.

Benefit mandates increase health care premiums. This year alone, the Legislature will be considering at least a dozen new mandates—proposals that require health plans to cover specific health care treatments, services, supplies or drugs—along with the many currently imposed benefit mandates.

### 'Essential Benefits'

Federal health care reform includes an essential health benefits package. At this time it is unclear what will be covered as an essential benefit, and it is likely that the essential benefits will not be determined for another year.

The essential benefits are required to be covered by any plans offered in the California Health Benefits Exchange.

All subsidized individuals will be required to purchase their coverage through the exchange. For any individual who receives a subsidy, the state must pay for any benefits provided in excess of the federal essential benefits. The cost to  
*See Legislature: Page 4*

## Hearing Set on Climate Change Tax Increase



Photo by Megan Wood

CalChamber Policy Advocate Brenda M. Coleman explains to the Senate Environmental Quality Committee why the climate change tax increase in SB 237 (Wolk; D-Davis) is a bad idea. Story on Page 7.

### Inside

Speak Out on New Political Maps: Page 3

## Labor Law Corner

# Pay for On-Call Employee Living on Premises Depends on Control Levels



**Gary Hermann**  
HR Adviser

*Does an employer have to pay an employee for on-call time when the employee sleeps on the premises on a 24-hour shift?*

The obligation to pay an employee who is on the employer's premises for 24 hours depends upon the control exerted by the employer.

### Control Factors

Factors to consider in evaluating the level of control exerted by the employer include whether:

- there is an on-premises living requirement;
- there are excessive geographical restrictions on an employee's movements;
- the frequency of calls is unduly restrictive;
- a fixed time limit for response is unduly restrictive;
- the on-call employee could easily trade on-call responsibilities;
- use of a pager could ease restrictions; and
- the employee actually engages in personal activities during call-in time.

### Court Ruling

In a recent California Court of Appeals case, *Seymore v. Metson Marine, Inc.*, employees were free to leave the premises during a 12-hour off-duty period, but could not drink alcohol, had to respond back to work, if called, within 45 minutes, and were required to sleep on the premises.

The court indicated that the alcohol prohibition and response time might have been enough control on their own, but when coupled with the requirement to sleep on the employer's premises, there was no question that the time amounted to hours worked.

In determining if the entire 24 hours was compensable, the court referred to federal regulations (29 CFR 785.22) and concluded that the employer could deduct sleep time, leaving 16 hours as compensable.

The federal regulation provides that when an employee works 24 hours or more, the employer and the employee may agree to exclude a regularly scheduled sleeping period of not more than eight hours, provided the employer furnishes adequate sleeping facilities and the employee can usually enjoy an uninterrupted night's sleep.

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*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).*

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## CalChamber-Sponsored Seminars/Trade Shows

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

### Business Resources

Economic Summit: A New Dawn or a New Bubble? Beverly Hills Chamber of Commerce. April 26, Beverly Hills. (310) 248-1000.

Aging in America Conference. American Society on Aging. April 26-30, San Francisco. (415) 974-9638.

Small Business Resource Summit. Small Business Administration Sacramento District Office. May 26, Citrus Heights. (916) 735-1700.

### International Trade

Import/Export Orientation Seminar. Sacramento Regional Center for International Trade Development. April 19, Roseville. (916) 563-3200.

Challenges/Opportunities: U.S.-Mexico Relationship. World Affairs Council, CalChamber. April 26, Sacramento. (415) 293-4600.

Peru Moda 2011 and Peru Gift Show 2011. Trade and Investment Office of Peru, Los Angeles. April 28-30, Lima, Peru. (213) 632-1951.

IBAGlobal Conference & Expo. Pacific Palms Hotel & Conference Center. May 4-5, City of Industry. (702) 506-0833.

Honduras Is Open for Business. Honduras General Consulate. May 5-6, San Pedro Sula, Honduras. (213) 383-1806.

World Trade Week Kickoff Breakfast. Los Angeles Area Chamber of Commerce. May 6, Los Angeles. (213) 580-7569.

*See CalChamber-Sponsored: Next Page*

**Next Alert:**  
**April 29**

## CalChamber Urges Business to Comment on Redrawing of State's Political Districts

The California Chamber of Commerce is encouraging the business community to get involved in the Citizens Redistricting Commission hearings preceding the redrawing of the state's political district boundaries.

If adopted, the redrawn maps will be in place for the 2012 election cycle with the potential to have a huge impact on the fate of candidates for the next decade.

The commission has planned three rounds of statewide hearings to obtain community input before it releases draft maps of political districts on June 10.

The most important decision the commission will make will be prioritizing the sometimes competing requirements set out in state and federal law for how

the districts should be drawn. The community's testimony will help inform the commission's decisions.

### Hearing Process

The first round of hearings covers Assembly, Senate, Congressional and Board of Equalization districts. The second round of hearings will take place between June 16 and July 1.

A revised set of maps is to be released on July 7, and the final proposed maps will be released on July 28.

The commission must vote on the maps no later than August 15 and make the maps available for public review for 14 days before the final vote.

### Schedule

The first three hearings were held April 9, 10 and 13 in Redding, Marysville and San Luis Obispo. The remaining meetings for April are:

- April 16 – Hanford;
- April 27 – Merced;
- April 27 – Long Beach;
- April 28 – Los Angeles;
- April 29 – San Gabriel Valley; and
- April 30 – San Fernando.

### More Information

Additional dates and locations, a fact sheet and tips on preparing testimony are available at [calchamber.com/redistricting](http://calchamber.com/redistricting).  
Staff Contact: Cathy Mesch

## CalChamber-Sponsored Seminars/Trade Shows

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Black Markets: The Dark Side of the Global Economy. World Affairs Council. May 9, Sacramento. (916) 691-4713.

Export 101. Northern California District Export Council. May 18, San Jose; June 15, Oakland.

Futurallia Kansas City 2011. El Camino College Center for International Trade Development. May 18–20, Kansas City, Missouri. (310) 973-3173.

National Export Initiative Update with Congressman Farr. Monterey Bay International Trade Association (MBITA). May 18, Monterey. (831) 335-4780.

Clean-Tech Trade Mission to China. Monterey Bay International Trade Association (MBITA). May 21–28, Jiaxing and Wuxi, China. (831) 335-4780.

Chile: Investment Opportunities in the Food Industry. Chilean Economic Development Agency (CORFO). June 6–9, Santiago, Chile.

Energex Africa 2011. China Electrical Council. June 7–9, Johannesburg, South Africa.

7th World Chambers Congress. International Chamber of Commerce

World Chambers Federation. June 8–10, Mexico City. (212) 703-5065.

India Trade Conference. Port of Los Angeles, Network of Indian Professionals, U.S. Commercial Service, Quanta Consulting, Inc. June 23, Los Angeles. (949) 480-9466.

### Labor Law

Exempt – When You've Properly Classified. CalChamber. April 25, On Demand. (800) 331-8877.

How to Hire Employees and Reduce Liability. CalChamber. May 12, Webinar; May 25, On Demand.

(800) 331-8877.

How to Conduct Effective Performance Evaluations. CalChamber. June 9, Webinar; June 20, On Demand. (800) 331-8877.

How to Conduct Workplace Investigations. CalChamber. July 14, Webinar; July 25, On Demand. (800) 331-8877.

### Workplace Safety

Heat Illness Prevention—How to Comply with New Rules. CalChamber. May 12, Webinar; May 21, On Demand. (800) 331-8877.



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## CalChamber-Backed Bill Streamlines Regulations

*From Page 1*

take effect by January 1, 2012, companies have a short time frame in which to be AB 32 compliant ready.

In order to make infrastructure changes, these companies must go through the necessary CEQA permitting process before construction of significant project modifications/upgrades can begin.

Because the CEQA process can be arduous, often resulting in delay and great expense to business, it is important that the state look for ways to streamline this process to help industries meet their AB 32 goals in a timely manner.

### Expedited Review

AB 880 provides such a path by

requiring an expedited environmental review of GHG compliance projects through a focused EIR.

Specifically, this bill will clarify and streamline the CEQA process for projects required to comply with emission reduction regulations under AB 32. The streamlined process will eliminate unnecessary layers of environmental review for specific projects without compromising necessary environmental review.

AB 880 is an important measure in light of the state's current economy. With unemployment at an alarming 12.4 percent, returning the state to economic health and vitality should be the highest priority. This measure will create jobs, stimulating and boosting the state's

economic recovery.

The CalChamber believes AB 880 provides a "win-win" situation by facilitating the ability of California businesses to comply with GHG emission reductions under AB 32 while also providing the benefits of jobs in the state.

### Action Needed

AB 880 is scheduled to be considered April 25 by the Assembly Natural Resources Committee. Contact your Assembly representative and committee members to urge **support** for **AB 880**.

An easy-to-edit letter is available at [www.calchambervotes.com](http://www.calchambervotes.com).

**Staff Contact: Brenda M. Coleman**

## Legislature to Consider Numerous Health Care Benefit Mandate Bills

*From Page 1*

the state would have to be borne by the state General Fund.

Outside the exchange, benefit mandates—as they do now—increase premium costs and the ranks of the uninsured.

### Health Care Benefit Mandates

Following is a sampling of California Chamber of Commerce-**opposed** health care benefit mandate bills awaiting action by the Legislature.

Other mandates increasing health insurance premiums may be identified in the future.

● **AB 72 (Eng; D-Monterey Park)** mandates that all health policies cover acupuncture services. *Assembly Health Committee hearing May 3.*

● **AB 154 (Beall; D-San Jose)** mandates that all health policies cover an expanded list of mental health services. *Assembly Appropriations Committee Suspense File.*

● **AB 171 (Beall; D-San Jose)** mandates health plan coverage beyond medically necessary treatment for autism by requiring coverage of services that are

educational, academic or custodial in nature. *Assembly Health hearing April 26.*

● **AB 185 (Hernandez; D-West Covina)** mandates that all health insurance policies provide maternity coverage. *Assembly Appropriations Suspense File.*

● **AB 369 (Huffman; D-San Rafael)** eliminates current cost controls and unravels consumer protections in the use of prescription pain medicines by eliminating the practice of step therapy. *Assembly Health hearing April 26.*

● **AB 1000 (Perea; D-Fresno)** limits co-payments for one type of pharmaceutical: orally administered anti-cancer medications. *Assembly Health hearing May 3.*

● **SB 166 (Steinberg; D-Sacramento)** mandates health plan coverage beyond medically necessary treatment for autism by requiring coverage of services that are educational, academic or custodial in nature. *In Senate Health Committee.*

● **SB 136 (Yee; D-San Francisco)** mandates that health policies cover smoking cessation services. *Senate Health hearing April 27.*

● **SB 155 (Evans; D-Santa Rosa)**

mandates that all health insurance policies provide maternity coverage. *Senate Health hearing April 27.*

### CalChamber Position

While the mandate bills are well-intentioned, the CalChamber believes they will exacerbate the problem of rising health care costs. Although any one bill may increase health care premiums only minimally, the increase cannot be viewed in isolation.

Health care mandates have reduced health plans' flexibility in benefit design, and increased health care costs and premium rates, thereby reducing employers' choice of benefit packages to offer their employees and contributing to the need for health care reform today.

Benefit mandates make insurance less affordable, further contributing to an increased number of individuals without insurance.

### Action Needed

The CalChamber is urging its members to contact their representatives to **oppose** these health care mandates.

**Staff Contact: Marti Fisher**

## *Profiles in Trade*

# USS-POSCO Credits ‘Best Employees’ for Customer Satisfaction, Quality Products

When the Columbia Steel Company opened in 1910, the mill operated a 150-ton open hearth furnace that furnished steel castings for the dredging, lumber, and shipping industries.

Over the next 75 years, the company expanded its products to include manufacturing steel for nails, wire rope and plates used in tanks during World War II. It was the sole producer of thin-gauge tin plate used for can making in the western United States.

During the 1930s, United States Steel (USS) acquired Columbia Steel, and the company became known as “Pittsburg Works” to the men and women working at the mill. The 1950s post-war economy helped employment at the mill swell to 5,200, the highest level in the company’s history.

## **Creation of USS-POSCO Industries**

In 1986, USS sold one-half interest in Pittsburg Works to POSCO, establishing USS-POSCO Industries (UPI), a stand-alone joint venture with sales to the western United States, Canada and Europe.

POSCO is the largest steel company in Korea and fourth largest in the world; USS is the largest steel producer in the United States and ranks 10th globally.

The owners and the new joint venture invested more than \$500 million to upgrade the facility, making UPI one of the most technologically advanced steel converters in the world.

Today, UPI employs 700 men and women, many of whom followed in their parents’ and grandparents’ footsteps working at the mill. The company ships 1.5 million tons of cold rolled annealed, galvanized or tin products each year.

## **International Trade**

Although 90 percent of UPI’s approximately \$1 billion in sales is to domestic locations, with 80 percent of all sales being within California, 10 percent

Photo Courtesy USS-POSCO Industries



**The manufacture of cold rolled annealed steel on the Kawasaki Multipurpose Continuous Annealing Line at USS-POSCO Industries.**

goes to international locations. One customer, who builds grain bins for large agricultural projects, has placed UPI steel in 32 countries.

Western Canada is the recipient of most of UPI’s exports, although some tin products are sold into Europe. In Canada, UPI’s galvanized products are used to make window frames and other construction products such as steel studs and connectors for wood. The high cost of freight, exacerbated by rising fuel prices, is the largest hindrance to expanding business in Canada.

Likewise, although the quality of UPI’s tinplate is a major advantage in Europe, freight costs can be prohibitive. Normally, shipments into Europe are made in the first quarter to be used during the summer tomato harvest.

UPI has played a significant role, as has the California Chamber of Commerce, in securing the Third Senior Officials Meeting of the 2011 Asia Pacific Economic Cooperation (APEC) in San Francisco this September. UPI was on the original Bid Committee and is now a member of the Host Committee, helping to make sure the event is a success for California and the representatives of the 21 member

economies in APEC, stretching from Canada to Chile to Indonesia.

## **Types of Steel Produced**

Hot rolled steel, produced in large (60,000 pound) coils, is the raw material that is used to make finished products and is typically procured from UPI’s owners.

Coils bought from one of U.S. Steel’s Midwestern mills are sent to Pittsburg by train. From POSCO, the coils arrive in one of four specially designed ships. The coils are then unloaded at a deep water dock located on UPI property.

UPI then converts the hot roll into galvanized, cold rolled annealed or tin plate. The mill usually receives 24 vessel loads (30,000 tons each) of hot roll from POSCO annually.

UPI’s customers primarily use galvanized products in the construction market, building hospitals, hotels, apartment buildings and schools. The mill’s galvanized steel also is in demand in the Silicon Valley for the production of computer cabinets and support parts.

Cold rolled annealed is used in the production of steel conduit and pipe, and for manufactured parts, such as ceiling grids and filing cabinets. Cold rolled steel produced at UPI is known in the industry as “dead flat,” meaning it can be used in the most difficult applications due to its very high quality.

Tin products, which are actually made from thin gauge steel coated with tin for corrosion protection, are used to make sanitary food cans and are found in stores across the world.

The mill’s close proximity to the rich array of agricultural products grown in California reduces significantly the supply chain between producing the can, and the fruits and vegetables that will fill them. The majority of food cans in the western United States are made from steel produced at UPI.

*See USS-POSCO: Page 6*

## Federal, State Forums Highlight Importance of U.S.-Korea Agreement



Trade officials and business leaders continue to emphasize the importance of the U.S.-Korea Free Trade Agreement (FTA) while California legislators are being asked to

express their support.

Ambassador Demetrios Marantis, deputy U.S. trade representative, commented on the export opportunities the FTA will create at the April 7 hearing of the U.S. House Ways and Means Committee's Trade Subcommittee.

On April 4, California Senator Tom Harman (R-Huntington Beach) introduced a Senate joint resolution, SJR 4, to memorialize Congress to approve and enact the U.S.-Korea FTA.

Korea is the fifth largest export market for California goods, bringing \$8 billion in trade per year into the state's economy.

The resolution also points out that the FTA has the potential to create 70,000 new jobs in the United States, while failure to enact the agreement would lead to the loss of more than 350,000 jobs due to bilateral trade agreements that Canada and the European Union have enacted with Korea.

California's exports of nearly \$2 billion in computer and electronic products will become more competitive and affordable with the immediate removal of related tariffs.

In addition, according to the U.S. Food and Agriculture Department, Korean duties on major California agricultural products—such as almonds, pistachios, frozen orange juice, wine and raisins—will be eliminated immediately.

California companies will receive strengthened protections in Korea for

intellectual property, including software, music, film, videos and text.

### CalChamber Position

The California Chamber of Commerce, in keeping with long-standing policy, enthusiastically supports free trade worldwide, 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.

New multilateral, sectoral and regional trade agreements ensure that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

More information is available at [www.calchamber.com/korea](http://www.calchamber.com/korea).

**Staff Contact: Susanne Stirling**

## USS-POSCO Credits 'Best Employees' for Customer Satisfaction

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### Transportation

The majority of the mill's products ship to customers by truck; however, a unit-train shuttle system is used to supply products to Southern California. Two trains per week are sent to Los Angeles and by means of a transloader, the coils are delivered by truck to the final destination.

Using a train/truck system has reduced the carbon footprint for shipment into Los Angeles by 80 percent when compared to shipping by truck alone.

### Core Values

The core values at UPI include: safety, customer service, teamwork, quality and community responsibility. The company's first and most important value, however, is safety. Safety training starts days before a new employee can begin working and continues non-stop throughout the employee's career, whether a person works in the factory or office.

Important to excellent safety is house-keeping—maintaining a clean working environment is critical to working safely. UPI is recognized as one of the safest and

cleanest steel mills in North America.

Customers have rewarded UPI by naming it, via an industry-wide survey, the steel mill with the highest customer satisfaction and the highest quality of all steel mills in North America. The company credits this accomplishment to also having the best employees.

UPI is proud of its 100-year heritage as a California employer, supporting communities and families throughout the

state. It is confident that the future will bring even more prosperity.

*"Profiles in Trade" is a regular feature highlighting the international activities of CalChamber member companies. Michael Obermire, USS-POSCO Industries, is a longtime member of the CalChamber Council for International Trade.*

## 2011 Business Summit

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## Senate Appropriations to Consider Climate Change Tax Increase



### OPPOSE

A California Chamber of Commerce-**opposed** bill that increases costs and discourages job growth is scheduled for consideration May 2 by the Senate

Appropriations Committee.

**SB 237 (Wolk; D-Davis)** is a climate change tax increase that implements unlimited fees and taxes under a cap-and-trade system.

The bill seeks to take an unspecified percentage of funds from “market-based compliance mechanisms” (that is, cap-and-trade) for purposes that are not in the scoping plan for implementing AB 32, the 2006 bill limiting greenhouse gas emissions starting in 2012.

SB 237 seeks to fund grants to the agriculture sector for research and demonstration projects, technical assistance, financial incentives, and more purposes related to greenhouse gas reductions.

### Legal Challenges

At this time, the AB 32 scoping plan is in the midst of legal challenges, and the cap-and-trade regulation is incomplete.

There is a legal question about whether the auction proposed in the draft regulation is a tax.

All these factors add to the uncertainty about the future of the program, yet SB 237 seeks to create criteria that will not benefit the program or reduce the incredible costs of compliance.

Allocating an unspecified percentage of auction revenues will take resources and valuable capital away from compliance projects that will directly benefit the environment and high-wage employees.

Revenues reallocated to non-AB 32 programs, as proposed by SB 237, are a lost resource that will increase compliance costs and potentially add to leakage of emissions and jobs out of state.

Use of revenues under SB 237 would be an illegal tax unless there is a rational nexus between the payers, the amount they must pay, and the use of the revenues.

SB 237 provides for an unknown amount to be spent on a non-capped sector under cap-and-trade with no direct benefit to the payers. Use of the funds for the purposes stated in the bill raises the specter of litigation, regulatory uncertainty and delay to AB 32 implementation schedules.

Although trying to prepare the agricultural sector for climate change is a laudable goal, there will be many more demands on any revenue raised in the program. It is premature to create additional criteria for a program that is still incomplete.

It also is inappropriate to direct monies to a sector that has the capability to profit once the Air Resources Board adopts the agricultural offset protocol. This offset protocol will allow farmers to create offsets from implementing environmentally sound practices and sell them as compliance instruments.

The state should not subsidize an industry that is capable of profiting from this program without redistributing revenues that should be used for direct emission reductions within the program.

### Key Vote

SB 237 passed the Senate Environmental Quality Committee on April 4, 5-2.

**Ayes:** Simitian (D-Palo Alto), Hancock (D-Berkeley), Kehoe (D-San Diego), Lowenthal (D-Long Beach), Pavley (D-Agoura Hills).

**Noes:** Strickland (R-Thousand Oaks), Blakeslee (R-San Luis Obispo).  
**Staff Contact:** Brenda M. Coleman

## Financial Literacy Fund Bill Proceeds to Appropriations Committee



### SUPPORT

A bill that seeks to improve the financial literacy of adults in California by establishing a Financial Literacy Fund passed a state Assembly

committee this week.

**AB 597 (Eng; D-Monterey Park)**, supported by the California Chamber of Commerce, makes a step toward improving the financial literacy of adults in California by authorizing the State Controller to establish the fund and convene an Advisory Committee for fund oversight made up of state agencies, non-profits, and financial institution representatives.

The purpose of the fund is to enable partnerships with the financial services community, and governmental and non-governmental stakeholders to improve Californians’ financial literacy.

The controller would develop and share financial literacy materials, as well as connect resources not currently organized in a systematic manner.

The revenue for the fund would be comprised solely of private donations from entities with no direct financial interest in any financial products, and therefore would bear no cost to the state.

According to a financial literacy background paper submitted to the Assembly Banking and Finance Committee, in early 2006 there were 190 million credit card holders who charged an average of \$8,500 during 2005, while the aver-

age outstanding credit card balance for American households with at least two adults was more than \$13,000.

Moreover, in the same year, the savings rate for Americans fell to negative 1 percent, which is the lowest margin since the Great Depression.

Financial illiteracy and the consequences for uninformed financial decisions are a growing problem in California. In the long run, educating Californians would result in benefits to the economy by helping to prevent bankruptcies, foreclosures and job loss. Providing access to financial literacy tools is an important part of the solution.

AB 597 passed Assembly Banking and Finance with unanimous bipartisan support. The bill will be considered next by the Assembly Appropriations Committee.  
**Staff Contact:** Marti Fisher



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