‘CalChamber News’ Video Focuses on Jobs, Economy

The California Chamber of Commerce this week released the first installment of its newly developed series “CalChamber News,” a news network project aimed at keeping CalChamber members and others informed of public policy issues having an impact on the job climate and economy.

The first edition focused on job-killing legislation that remained active as California legislators returned to work August 15 after the summer break.

The video is narrated by former KCRA reporter Kevin Riggs and features interviews with small business owners, CalChamber President and CEO Allan Zaremberg, and policy advocates Marc Burgat, Brenda Coleman and Jennifer Barrera.

Featured ‘Job Killers’

Three “job killers” featured in the first edition of CalChamber News are:
- SB 568 (Lowenthal; D-Long Beach);
- AB 350 (Solorio; D-Anaheim); and
- AB 22 (Mendoza; D-Norwalk).

The segment highlights the impact these bills would have on small business.

The owners of a Sacramento café are interviewed about SB 568, which proposes to...
Time Limits for Unpaid Wage Actions Depend on Specific Situation

We owe retroactive overtime pay. Will auditing for the previous two years be sufficient? No. In this situation, the statute of limitations requires at least a three-year audit.

An action for unpaid wages in California must be filed within time limits set by the Code of Civil Procedure (CCP) and, in limited circumstances, the Business and Professions Code (BPC).

Determining the correct time limit is contingent upon the date the claim arose, the reason the unpaid wages are owed, the applicable statute, if any, and the underlying employment contract.

Statute of Limitations

CCP Section 338 provides a three-year statute of limitations for claims arising from a statutory obligation. Overtime, minimum wage, and meal-and-rest period premium pay claims are all examples. Specific statutes may provide a different statute of limitations for a violation of that particular section.

The payment of overtime is a statutory obligation found at Labor Code Section 510 and in the applicable Industrial Welfare Commission order. A right to overtime is initiated when the overtime is worked and remains unpaid. Therefore, any retroactive overtime audit should reach back three years.

If the employee is able to establish a claim based on unfair competition pursuant to BPC 17203, a four-year statute of limitations may apply. Although most actions for unpaid wages are based on statutes, those based solely on an employment contract are subject to the statute of limitations for contracts. CCP Section 339 allows a two-year limitation for a wage liability based on an oral contract of employment.

A written contract of employment extends the limitation to four years pursuant to CCP Section 337. CCP Section 340 provides a one-year statute of limitation for penalties.

Extending Time Limit

There are certain circumstances that act to “toll a statute,” or extend the time limit to file an action. An example might be a situation where the employer convinces an employee to delay the pursuit of a claim past the expiration date of the statute of limitations.

Considering the differing issues involved, it is not always easy to make a determination. Since this discussion is not meant to be a definitive statement regarding which statute of limitations may apply, consult with legal counsel about your specific situation.

More information at www.calchamber.com/events.

Business Resources


International Trade


See CalChamber-Sponsored: Page 6

CalChamber Calendar

Water Committee: September 8, Rancho Palos Verdes
Board of Directors: September 8–9, Rancho Palos Verdes
International Trade Breakfast: September 9, Rancho Palos Verdes
CalChamber Fundraising Committee: September 9, Rancho Palos Verdes
Taking Your Chamber’s PAC to the Next Level: October 14, Orange
Citizens Commission Adopts New Maps

On August 15, the Citizens Redistricting Commission adopted and presented to the secretary of state new political maps for congressional, Senate, Assembly and Board of Equalization districts.

The adoption of the maps ends the commission’s work until 2021 and culminates the long-held belief of the California Chamber of Commerce that fair redistricting is the key to meaningful political reform.

CalChamber co-chaired the campaign in support of Proposition 11 and Proposition 20, which allowed the citizens of California—rather than the legislators—to draw legislative and congressional districts, thereby eliminating the inherent conflict of interest in the current system.

CalChamber Comment

“Although there is room for improvement, Proposition 11 created a result better than if the legislators had drawn their own lines,” said CalChamber President and CEO Allan Zaremberg. “Now we look forward to working with stakeholders and commissioners to improve this process for the future. The lessons we have learned will clearly help future commissions do better, such as nesting two Assembly districts into one Senate district and releasing more than one version of statewide draft maps for public comment.”

The 2012 elections will be the first to use the redrawn districts that will be in place through 2020. The new maps coupled with the top two open primary system, which starts in June 2012, will create more competitive general elections to help elect more pro-jobs legislators.

Referendum Challenge

The day after the maps were adopted, a coalition supported by the California Republican Party and Senate Republican Caucus filed referendum papers to give voters an opportunity to approve/disapprove the Senate district maps. The major Latino advocacy groups—the Mexican American Legal Defense and Education Fund (MALDEF) and National Association of Latino Elected and Appointed Officials (NALEO)—also are looking at challenges to the maps.

In a press release, the California Supreme Court said a challenge to any or all of the maps must be filed within 45 days of their being certified (by September 29).

Given the limited time the court will have to review any petition challenging the map or maps, the court said the challenge and any response must be uploaded first in an electronic format to a specially dedicated judicial branch web page, followed by a hard copy within 24 hours.

A litigant may be excused from the electronic submission requirement by demonstrating that compliance would pose a substantial hardship, the court said, “for example, by filing a declaration under penalty of perjury that the litigant has no access to a computer or Internet services, etc.”

Staff Contact: Rob Lapsley

‘CalChamber News’ Video Focuses on Jobs, Economy

He points out the impact that California’s high unemployment rate and difficult business climate are playing in the national recovery, saying, “It is hard for the United States to pull out of a recession when California is stuck at the bottom of an economic trough.”

The video can be viewed at www.calchamber.com or on YouTube.

Staff Contact: Denise Davis

What Happened to ‘Job Killers’ in CalChamber News Video

- **AB 22** passed the Senate Appropriations Committee on August 15, 5–2.
  - Ayes: Alquist (D-San Leandro), Kehoe (D-San Diego), Lieu (D-Torrance), Pavley (D-Agoura Hills), Price (D-Los Angeles), Steinberg (D-Sacramento).
  - Noes: Emmerson (R-Hemet), Walters (R-Laguna Nigel).
  - No vote recorded: Runner (R-Antelope Valley).

- **AB 350** was moved to the next hearing by Senate Appropriations due to concerns of additional costs the bill would create for the state Department of General Services.

- **SB 568** was placed on the Assembly Appropriations Committee suspense file on August 17 without a vote, pending further consideration of its fiscal impact.
Renew California: A Plan for Economic Recovery and Job Creation

The nation’s economy began a halting recovery in 2010, but California’s has barely stirred. The best to be said is that the state hit bottom in 2010, after shedding more than 1.3 million jobs and seeing personal income actually retreat in 2009—a first-ever in modern California history.

California eventually will enjoy a recovery, but the timing and strength of the rebound will depend upon making the state more competitive for job creation, new business formation and capital investment. The state’s reputation and business climate will depend on state policymakers giving job creators the certainty and stability to make investment and hiring decisions.

In August, the Legislature will reconvene for its final month of work for 2011. While lawmakers and the Governor adopted a timely budget in June, there has been any move to improve the state’s business climate. Lawmakers will have 20 working days to remedy this oversight.

The state cannot expect to enjoy job growth, especially in high-skilled, high-skill, high-paying occupations, just because the weather is nice and the market is big. Other states and nations crave California’s start-ups, spin-offs and college graduates.

California must develop a comprehensive economic recovery strategy that will address the key policies to enhance our state’s competitiveness over the short and long terms.

The five pillars of economic recovery are:

- Reducing regulatory and litigation costs of hiring new workers and keeping them on the job;
- Ensuring certainty and stability of private investments in plants, equipment and technology;
- Enacting a fair and predictable tax structure;
- Investing in public works that provide the backbone for economic growth; and
- Providing a world class education to prepare high school students for work or college, and supporting public colleges and universities to prepare students and innovate technologies.

The California Chamber of Commerce has developed a detailed policy agenda for carrying out these pillars of economic recovery. These proposals can serve as a foundation for the Legislature’s work in August to position California for an economic recovery.

1. Reduce the regulatory and litigation costs of hiring new employees and keeping them on the job, and provide more flexibility in the law for both employers and workers.

- Simplify meal and rest period rules—Clarify rules on timing of the meal period, on-duty meals, and employer liability. In 2010, Governor Schwarzenegger signed legislation providing relief to a few industries, but a comprehensive solution is still necessary and achievable.

- Adopt flexible work schedules—Return to a 40-hour weekly overtime rule to bring the state back in line with the rest of the nation. Create more options for employees who wish to work more hours and fewer days.

2. Protect and expand workers’ compensation insurance reforms—Bolster historic cost-saving reforms by offsetting increased costs with system improvements. For seven years, Governor Schwarzenegger vetoed legislation to erode existing reforms. This year, several bills are pending to increase workers’ comp costs without any offsetting programmatic reforms.

- Reform independent contractor definitions—Clarify, simplify and safeguard independent contractor tax status. Make it easier for new businesses to form and prosper.

3. Protect the right to use arbitration—Oppose efforts to prohibit or unnecessarily limit employers from use of arbitration and other means of alternative dispute resolution.

4. Reduce excessive litigation by reforming laws on punitive damages and class action lawsuits—Set appropriate limits on punitive damages similar to those adopted by other states. Support legislation that addresses court interpretations that reversed leading and class action standards established by voters in Proposition 64, and curb frivolous class action lawsuits to make the state less inviting to forum shoppers.

5. Ensure certainty and stability of private investments in plants, equipment and technology by streamlining permitting and rationalizing regulations.

- California Environmental Quality Act (CEQA)—Alleviate unnecessary expenses, delays, uncertainty and litigation traps of the California Environmental Quality Act. Ensure that CEQA does not exacerbate businesses’ burdens under AB 32. Legislation being considered this year exempting some solar installation projects and limiting some abusive procedures is a good first step at reform, but a comprehensive improvement is still needed.

- Require economic analysis of regulations—Establish a formal administrative process to develop economic impact analysis prior to implementation of new regulations and review certain current regulations for their economic impacts. In 2010, the Little Hoover Commission initiated a study of the state’s regulatory process, focusing on the adequacy of economic analysis by agencies and of agencies’ consideration of alternative approaches to regulation. The Legislature may consider this year some changes in how agencies analyze regulations to ensure a consistent, high-quality economic analysis and adoption of the most cost-effective regulatory approach.

- Require economic analysis of legislation—Establish a comprehensive and dynamic economic impact analysis in the Legislature and the Executive Branch that analyzes policies before they are passed or adopted. Create dedicated committees in both the Senate and Assembly to review all legislation for their effects on the state’s economy and jobs.

- Minimize compliance costs of climate change law—Require a peer-reviewed analysis of the economic costs by industry sector and region to implement the elements of the AB 32 scoping plan before adoption of the plan. Ensure that any new cap-and-trade regulatory mechanism is implemented at least cost to the economy, without raising taxes and growing government, and is harmonized with any federal cap-and-trade legislation. In 2010, the Schwarzenegger administration agreed to initiate its cap-and-trade program by distributing emission allowances for free, rather than creating a costly and fraught auction for allowances. However, legislation has passed the Senate imposing a tax on cap-and-trade transactions for support of
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3. **Enact a fair, predictable and nondiscriminatory tax structure**
   - Oppose punitive taxation that undermines economic development and stability of investments, such as:
     - Undermining or limiting tax incentives for businesses. Last November, voters rejected a ballot measure to repeal incentives regarding net operating loss deductions, research and development credits, and the elective single sales factor. The Legislature will undoubtedly continue to attack these important incentives.
     - Discriminatory taxation of targeted industries or groups, such as e-commerce, services industries or high-income workers or investors. In 2010 and again during this year's budget debate, the Legislature rejected several targeted tax proposals—and approved none. A measure giving counties and school districts far-reaching authority to impose new taxes on incomes, products and services has passed the Senate.
     - Imposing a split-roll property tax. In 2010, the Legislature rejected a proposal to increase property assessments for corporations, but that bill has been reintroduced this year.
     - Repeal 20% penalty for understatement on corporate income tax returns. In 2010, the Legislature approved a modification of this penalty, reducing its impact somewhat on taxpayers.
   - Increase manufacturing jobs—Provide a sales tax credit for investment in manufacturing equipment. California is one of only a few states that taxes manufacturers on job-creating investments in plants and equipment.
   - Support federal tax holiday—Temporarily lower federal tax barriers to encourage American companies selling their goods and services abroad to bring those earnings back to the United States for investment. More than $1 trillion in capital earned by American companies and workers is stranded overseas—thanks to an outdated tax structure that penalizes companies for bringing global earnings dollars back home to invest in the United States.
   - Protect enterprise zones—Defend and strengthen these important economic and community development incentives. In 2010 and again during this year’s budget debate, the Legislature and the voters rejected proposals to limit enterprise zone incentives.
   - Defend the new reform outlawing hidden taxes without a legitimate vote—In November 2010, voters approved Proposition 26, a constitutional amendment to narrow the definition of “fees” and require two-thirds legislative vote or local approval of fees not connected to a legitimate regulatory program. This reform will undoubtedly be challenged as governments at all levels crave new revenues without voter accountability.
   - Defend the two-thirds legislative vote for tax increases—The surest check on overspending and growth of government is the supermajority legislative vote for new taxes. As bad as the fiscal climate is today, it would be far worse without it.

4. **Invest in public and private works that provide the backbone for economic growth**
   - Adopt a comprehensive water policy—Support expedient implementation of 2009 water policy compromise, including financing and development of additional water supplies, storage and conveyance facilities. A ballot measure to provide financing for many of the provisions in the water policy compromise will appear on the 2012 ballot.
   - Reauthorize the Federal Surface Transportation Act—Support the state’s congressional delegation to ensure that California receives its fair share of federal transportation dollars.
   - Expand the state’s energy infrastructure to improve energy reliability and affordability—Ease barriers to building new electrical transmission lines, liquid natural gas plants, and natural gas pipelines. Invest in research and development of new fuel technologies.
   - Expand the use of public-private partnerships for infrastructure projects—Provide additional and broader authority for public entities to partner with private entities to finance, design, build and maintain infrastructure projects.
   - Create business-friendly port policies—Implement policies that restore port trade volumes to previous levels and incentivize economic growth and job creation, and focus new transportation infrastructure investment in the critical port zones.
   - Improve goods movement infrastructure—Enhance and construct corridors to ensure goods move quickly to markets and minimize congestion.
   - Support efficiency and reliability in telecommunications—Urge federal approval of the merger of AT&T and T-Mobile to ensure greater availability, reliability and affordability of mobile broadband in California.
   - Increase free trade—Support free trade worldwide, expand international trade and investment, fair and equitable market access for California products abroad.

5. **Provide a world class education to prepare high school students for work or college, and support public colleges and universities in their student preparation and technology innovation missions**
   - Defend the current accountability system—Oppose rolling back the state’s accountability measures and hold schools accountable for attaining a minimum of grade-level proficiency for all students and improve assessment systems.
   - Align workforce and college readiness—Require all 11th grade students to take the Early Assessment Program and aggressively remediate students in the 12th grade, to reduce college and
CalChamber Urges Legislators: ‘Do No More Harm’

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Plan Priorities

The priorities outlined in Renew California are:

- Do no more harm to the California economy by refusing to allow any more job killing legislation to become law;
- Get rid of laws unique to California that place us at a competitive disadvantage to other states;
- Eliminate California-only employment laws leading to litigation exposure;
- Create certainty for businesses by ensuring a fair and stable tax system; and
- Secure a long-term commitment from elected officials that California will not increase the cost of doing business here.

“Although California’s business diversity is a positive for our economy, each industry may have unique problems that require targeted solutions,” said Zaremberg.

“A labor-intensive business may be mostly concerned about the costs and litigation associated with California-only employment laws. An energy-dependent manufacturer may be most concerned about the costs of electricity. A start-up technology company that requires a talented and highly educated workforce needs a robust higher education system. And, finally, any development to accommodate an expansion of jobs needs relief from the historical and costly abuses in the CEQA process.”

What Can Be Done

According to Zaremberg, there is much the Legislature can accomplish in the 20 working days left in this year’s session. These things include:

- Refusing to pass any of the remaining CalChamber-identified job killer bills;
- Refusing to pass any bill that adds a burden or creates uncertainty for employers;
- Passing a measure to require state agencies to use high-quality, consistent economic analysis when developing new regulations;
- Eliminating California Environmental Quality Act (CEQA) litigation traps that have prevented job creating investments from coming to our state; and
- Protecting workers’ compensation reforms and preserving a balanced system that provides fair benefits at the lowest possible cost.

“So far this year, the Legislature has not made private sector job creation a priority,” Zaremberg said. “The budget this Legislature passed is predicated on revenue growth. The only way we will have enough money to ensure that the budget remains balanced and draconian cuts to schools and universities do not happen is to fix what ails us. We need more job growth, the ability to compete with the rest of the country and lower costs.”

A full copy of the “Renew California” plan appears on Pages 4–6 and at www.calchamber.com/renew.

Contact: Loren Kaye

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workplace remediation.

- Define “teacher quality” as the ability to improve and maintain student academic achievement—Performance pay for outstanding teachers and administrators should be used to evaluate, remediate or terminate school professionals who do not perform adequately.

- Improve fiscal transparency and effectiveness—Improve disclosure of the costs of education and hold schools and districts accountable for their use of taxpayer funds.

- Maintain a long-term financial and policy commitment to higher education—California’s university and college systems are the envy of the world and a clear competitive advantage for the state. Investments in these institutions should be at the top of the public policy and financial priorities. In 2010, the Legislature and Governor agreed to protect the two California university systems from the worst of the budget cuts, but persistent budget deficits will continue to pressure these important public institutions.

CalChamber-Sponsored Seminars/Trade Shows

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International Investment Forum.
Sevastopol Institute of Banking of the Ukrainian Academy of Banking of the National Bank of Ukraine.
September 16–17.

Labor Law
Determining Independent Contractor Status. CalChamber. September 8, Webinar; September 19, On Demand. (800) 331-8877.
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.

Governor Signs CalChamber-Sponsored Leave Clarification Bill

A California Chamber of Commerce-sponsored bill that clarifies the requirements of paid bone marrow and/or organ donation leave was recently signed by Governor Edmund G. Brown Jr. SB 272 (DeSaulnier; D-Concord) provides employers with the needed clarity and certainty as to how this leave should be implemented, so that employers can comply with this leave requirement and minimize any risk of litigation.

Legislation enacted in 2010, SB 1304 (DeSaulnier; D-Concord), requires employers to provide employees with paid leave of either five days for bone marrow donation or 30 days for organ donation, within a one-year period. Given the ambiguity with some of the terms utilized in SB 1304, California employers were uncertain how this paid leave should be implemented.

SB 272 clarifies that the one-year period referenced in the law is 12 consecutive months from the date of the employee’s request for leave, not a calendar year. SB 272 also confirms that the days of leave are business days, as opposed to calendar days. Additionally, SB 272 provides certainty that the benefits of an employee must be maintained at the same level during the paid leave, as if he/she had continued to work during that period.

Finally, SB 272 specifies that employers with a paid time off (PTO) program, rather than sick leave and vacation leave, can require that an employee take up to five days of PTO as a part of the leave.

The clarification and certainty SB 272 provides will help employers properly implement this leave when an employee requests it, which ultimately will benefit both employer and employee. Staff Contact: Jennifer Barrera

Former Banker to Serve as Governor’s Senior Jobs Adviser

Michael E. Rossi, a former banker and current advisory board member to a San Francisco real estate organization, has been named senior jobs adviser to Governor Edmund G. Brown Jr.

According to the Governor’s office, in this role, Rossi will: be the point of contact between California’s business and workforce leaders and the administration; streamline and invigorate the state’s economic development infrastructure; and advise the Governor on regulatory, legislative and executive actions needed to drive job growth. “We look forward to working with Mr. Rossi to focus California policy makers on creating the certainty businesses need to invest in our economy and create jobs here,” said CalChamber President and CEO Allan Zaremberg.

“The first order of business must be to do no more harm to our economy and investment climate, particularly by stopping job killing legislation or bills that hurt our competitiveness,” said Zaremberg. “The short-term agenda for job creation must include correcting the negatives in our jobs climate, like our high-cost regulatory and litigation policies, and bolster our positives, including our exceptional higher education system. This appointment is an important step in the right direction.”

Zaremberg noted that Rossi’s “long and varied career as a businessman and investor will serve the Governor well in identifying barriers to job creation and addressing the perceptions and reality of our difficult business climate.”

From 2005 to 2008, Rossi served as an adviser and senior member of the operations team at Cerberus Capital Management, L.P. and as chairman and chief executive officer of Aozora Bank, taking it public in November 2006. From 2007 to 2008 he also served as chairman of GMAC Residential Capital, LLC.

Rossi was retired from the private sector from 1997 to 2005. He was vice chairman and chief risk officer of BankAmerica Corporation and chairman of its Fiduciary and Investment Policy Committee from 1993 to 1997. Previously, he was BankAmerica’s chief credit officer and held various executive positions in commercial and global banking divisions in Asia and Latin America.

Rossi currently serves on the Advisory Board of Shorenstein Properties LLC, the Court Appointed Special Advocates of Monterey County, Special Olympics Committee of Northern California and Claremont Graduate University. He also is a senior adviser to the San Francisco 49ers.

He graduated from the University of California at Berkeley, received a B.A. in economics from Dartmouth University in 1963, and graduated from the Advanced Management Program of Harvard Business School in 1979.
Register for Our Webinar on Determining Independent Contractor Status

One of the top 10 things employers do to get sued is make everyone an “independent contractor.” Just because you want the employee to be one, or because the employee prefers independent contractor status does not make it so. Before classifying an individual as an independent contractor, familiarize yourself with the many factors the government uses to determine independent contractor status.

Not sure if someone is an independent contractor? Then you will want to attend this webinar presented by our top employment law experts.

THURSDAY SEPTEMBER 8, 2011

10:00 a.m. – 11:30 a.m. PDT
$189 regular, $151.20 CalChamber Preferred and Executive Members

REGISTER NOW at www.calchamber.com or call (800) 331-8877.