CalChamber Releases 2013 Job Killer List

The California Chamber of Commerce this week released its annual list of “job killer” bills, calling attention to the negative impact that 32 proposed measures would have on California’s job climate and economic recovery if they were to become law.

“California policy makers should keep their focus on the number one issues affecting their constituents — economic recovery and job creation,” said CalChamber President and CEO Allan Zaremberg. “Each of these proposed job killer bills would increase uncertainty for employers and investors and lead to higher costs of doing business, which will undermine the economic health of the state.

“Employers are already feeling the pinch of higher health care premiums, higher workers’ compensation premiums, increased unemployment insurance taxes, and general tax increases. In this environment, it is critical that we keep all other costs of doing business in check. Individually these bills are bad, but cumulatively they are worse.”

Legislation included on the “job killer” list will change throughout the year as bills are amended or new language is introduced.

The 2013 “job killer” list follows:

### Costly Workplace Mandates
- **AB 5 (Ammiano; D-San Francisco) Increased Exposure to Frivolous Litigation** — Imposes costly and unreasonable mandates on employers that could jeopardize the health and safety of others by creating a new protected classification of employees and customers who are or are perceived to be homeless, low-income, suffering from a mental disability, or physical disability, and establishing a private right of action for such individuals that includes statutory damages, punitive damages, and attorney’s fees.

### Expanded Public Notice for Rulemaking Passes

A California Chamber of Commerce-supported bill that expands public notice requirements for rulemaking unanimously passed the Senate Governmental Organization Committee this week.

**SB 176 (Galgiani; D-Stockton)** expands the opportunity for the public to participate in rulemaking by requiring notice of public meetings associated with rulemaking activities be posted by the Office of Administrative Law.

Since the adoption of the Administrative Procedures Act (APA) in 1945, the process for developing regulations has evolved substantially, and today a majority of regulations are developed during the pre-rulemaking process.

SB 176 simply requires that ALL public hearing and comment opportunities be posted in the Office of Administrative Law California Regulatory Notice Register, which is already in use for notices of proposed 45-day language adoption.

These additional opportunities for public comment include informational hearings, workshops, scoping hearings, preliminary meeting public and stakeholder outreach meetings, 15-day comment period notices and website links to public reports.

See Expanded: Page 6
Labor Law Corner
Commissions Subject to Premium Pay If Employee Worked Overtime

My firm is a retail store that employs sales people who are paid hourly and commission, and they sometimes work in excess of eight hours a day or 40 hours in a week. How do I calculate their overtime pay?

If commissions are earned during a workweek that includes overtime (i.e., work beyond eight hours in a day or 40 hours in a week), such commissions are subject to the premium pay requirements.

For example, if an employee who receives an hourly rate of $10 plus commissions, works 50 hours and earns $100 in commissions, then he/she should be paid as follows:

<table>
<thead>
<tr>
<th>Hours</th>
<th>Rate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 hours</td>
<td>$10</td>
<td>$400</td>
</tr>
<tr>
<td>10 hours overtime</td>
<td>$15</td>
<td>$150</td>
</tr>
<tr>
<td>Commissions</td>
<td>$100</td>
<td>$100</td>
</tr>
<tr>
<td>Commission Overtime</td>
<td>$10</td>
<td>$10</td>
</tr>
</tbody>
</table>

Total For Week $660

The overtime rate for commissions is calculated by dividing the number of hours worked during the workweek into the amount of commissions earned during the same workweek to obtain the regular hourly rate of earned commissions. In this example, that is $2 per hour. The overtime rate for commissions would be 1.5 times the regular rate, or $3 per hour. As the employee worked 10 hours overtime, the amount of overtime based on commissions would be 10 hours at $1 per hour, which equals $10. (The $100 includes 10 hours at the regular rate; therefore, only the half-time amount is due).

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: calchamber.com/events.

Labor Law
HR Strategies Webinars. CalChamber.
April 18: Managing Your Workplace;
May 16: Flexible Work Options; June
20: Multigenerational Workforce Challenge. (800) 331-8877.

HR Boot Camp Seminar. CalChamber.
May 8: Sacramento; June 6: Santa Clara. (800) 331-8877.

Leaves of Absence: Making Sense of It All. CalChamber. May 9, Sacramento. (800) 331-8877.


Ask the HR Compliance Experts Webinar. CalChamber. August 15, (800) 331-8877.

Business Resources


CalChamber Calendar

Legislative Briefing:
May 21, Sacramento

International Forum:
May 21, Sacramento

Environmental Regulation Committee:
May 21, Sacramento

Water Committee:
May 21, Sacramento

CalChamber Fundraising Committee:
May 21, Sacramento

Board of Directors:
May 21–22, Sacramento

Host Breakfast:
May 22, Sacramento
New Burden for Small Businesses Passes Senate Policy Committee

A California Chamber of Commerce–opposed “job killer” bill that creates a new burden on small businesses as well as additional opportunities for frivolous litigation passed the Senate Labor and Industrial Relations Committee this week.

SB 761 (DeSaulnier; D-Concord) transforms the wage replacement benefits under the Paid Family Leave (PFL) program into an additional protected leave of absence, thereby adding to the cost and burden for all California employers, especially small employers.

Paid Family Leave

Paid family leave (PFL) is a wage replacement program, meaning that it provides employees with partial compensation while they are out on an employer-approved leave of absence or mandated protected leave of absence.

The existing PFL, however, does not independently provide an employee with a right to a protected leave of absence.

SB 761 dramatically alters PFL and transforms it into an additional protected leave of absence. Specifically, by allowing an employee to sue for alleged discrimination on the basis that the employee applies for, used, or expressed an intent to use PFL, it essentially forces an employer to provide an employee with six weeks of leave while receiving PFL, or face costly litigation.

California Family Rights Act

For example, the right to a leave of absence under the California Family Rights Act (CFRA) applies only to employers with 50 or more employees.

Before qualifying for leave under CFRA, an employee must have worked at least 1,250 hours in the prior year and certify that he or she satisfies one of the triggering events for the leave, such as the serious medical condition of a spouse. Leave under CFRA is unpaid and, therefore, an employee who qualifies for such leave may be able to take advantage of the wage replacement benefits under PFL.

Pursuant to CFRA, employees have a right to return to work and a private right of action if they are discriminated or retaliated against due to their request and use of CFRA leave.

Creates New Protected Leave

Under SB 761, however, an employee of an employer with fewer than 50 employees would be able to request six weeks of leave, regardless of whether the employee worked one day, one week or one year for the employer.

If the employer denies the employee such leave because the employee does not qualify for any leave mandated by law, such as CFRA, and within a short time of the leave being denied, the employee suffers an adverse employment action, such as a written warning, the employee could file a lawsuit against the employer claiming discrimination or retaliation. This threat of potential litigation, with an employee-only right to attorney fees, transforms PFL into an additional protected leave, which will burden employers of all sizes.

Cumulative Impact

California already has multiple protected leaves of absence that employers struggle to comply with and still manage their business operations effectively including: CFRA, pregnancy disability leave, military spouse leave, bone marrow donation leave, organ donation leave, school activities leave, school appearance leave, domestic abuse/sexual assault leave, volunteer firefighter/reserve peace officer leave, voting leave, juror leave, and disability leave. The cumulative impact of these existing leaves already creates a significant burden for California-only employers. Accordingly, any expansion of such leaves, or the creation of new protected leaves, further impedes California employers’ growth and their ability to manage their businesses.

Potentially Frivolous Litigation

SB 761 also allows an employee to pursue civil litigation for discrimination, without first exhausting an administrative remedy. Discrimination or retaliation claims under the Fair Employment and Housing Act and CFRA require an employee to file a complaint with the Department of Fair Employment and Housing (DFEH) before pursuing civil litigation.

Although this initial requirement to file with the DFEH is not overly burdensome, it still provides the agency with an opportunity to investigate the complaint. SB 761 sidesteps this requirement that other similar discrimination complaints are forced to satisfy, thereby easing the process for potentially frivolous litigation.

Key Vote

SB 761 passed Senate Labor and Industrial Relations on April 10, 4-1.

Ayes: Leno (D-San Francisco), Lieu (D-Torrance), Padilla (D-Pacoima), Yee (D-San Francisco/San Mateo).

Noes: Wyland (R-Escondido).

Staff Contact: Jennifer Barrera
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employee covered under an employer’s workers’ compensation insurance policy and to retain this list for five years.

- **SB 404 (Jackson; D-Santa Barbara)** Expansion of Discrimination Litigation — Makes it virtually impossible for employers to manage their employees and exposes them to a higher risk of litigation by expanding the Fair Employment and Housing Act to include a protected classification for any person who is, perceived, or associated with a protected classification.

- **SB 626 (Beall; D-San Jose)** Massive Workers’ Compensation Cost Increase — Unravels many of the employer cost-saving provisions in last year’s workers’ compensation reform package and results in employers paying nearly $1 billion in benefit increases to injured workers without an expectation that the increases will be fully offset by system savings.

- **SB 761 (DeSaulnier; D-Concord)** Paid Family Leave Protection — Creates a new burden on small businesses and additional opportunities for frivolous litigation by transforming the paid family leave program, which is used as a wage replacement for an employee who is taking a separate leave of absence, into an additional paid protected leave.

**Economic Development Barriers**

- **AB 59 (Bonta; D-Alameda)** Split Roll Parcel Tax — Potentially increases the tax burden on businesses by permitting local agencies to assess a higher parcel tax on commercial property than residential property, overturning an appellate decision that determined such taxes were unconstitutional.

- **AB 188 (Ammiano; D-San Francisco)** Split Roll Change of Ownership — Unfairly targets commercial property by redefining “change of ownership” so that such property is more frequently reassessed, which will ultimately lead to higher property taxes that will be passed on to tenants, consumers, and potentially employees.

- **AB 288 (Levine; D-San Rafael)** De Facto Moratorium on Hydraulic Fracturing — Imposes a de facto moratorium on the use of hydraulic fracturing in the state, driving up fuel and energy prices and harming the job market in these sectors, by basing approval of notices for well operations on a public health and safety standard that is impossible to meet.

- **AB 649 (Nazarian; D-Studio City)** Moratorium on Hydraulic Fracturing — Substantially hinders oil and gas production in the state, driving up fuel and energy prices and harming the job market in these sectors, by prohibiting hydraulic fracturing and the use of fresh water in hydraulic fracturing until Cal/EPA reauthorizes the practice under a new regulatory scheme, if at all, in 2019.

- **AB 769 (Skinner; D-Berkeley)** Creates Inequity in the Tax Structure — Harms struggling small businesses and start-ups by repealing the Net Operating Loss (NOL) carry back deduction, a lifeline that helps employers stay afloat, retain employees, and continue investing in their businesses in an economic downturn.

- **AB 823 (Eggman; D-Stockton)** Infrastructure — Adds additional costs and hurdles to critically needed new infrastructure and development projects by imposing unreasonable mitigation requirements.

- **AB 906 (Pan; D-Sacramento)** Independent Contractors — Harms businesses that contract with the state by prohibiting the state from contracting for personal services unless specifically authorized by the Legislature and even then, significantly limits the duration of the contract.

- **AB 953 (Ammiano; D-San Francisco)** Increases CEQA Litigation — Invites more litigation over California Environmental Quality Act (CEQA) projects by overturning a recent court decision and allowing project opponents to challenge environmental impact reports (EIRs) that don’t adequately evaluate and mitigate impacts related to conditions and physical features in the environment, like sea-level rise and fault-lines.

- **AB 1164 (Lowenthal; D-Long Beach)** Inappropriate Wage Liens — Creates a dangerous and unfair precedent in the wage and hour arena by allowing employers to file liens on an employer’s personal property or real property where the work was performed, based on an alleged but unproven wage claim, that will take priority over other existing liens.

- **AB 1301 (Bloom; D-Santa Monica)** Moratorium on Hydraulic Fracturing — Substantially hinders oil and gas production in the state, driving up fuel and energy prices and harming the job market in these sectors, by imposing a moratorium on the use of hydraulic fracturing until the Legislature reauthorizes it through subsequent legislation that limits the conditions under which it can be conducted.

- **AB 1323 (Mitchell; D-Los Angeles)** Moratorium on Hydraulic Fracturing — Substantially hinders oil and gas production in the state, driving up fuel and energy prices and harming the job market in these sectors, by prohibiting hydraulic fracturing and the use of fresh water in hydraulic fracturing until Cal/EPA reauthorizes the practice under a new regulatory scheme, if at all, in 2019.

- **ACA 3 (Campos; D-San Jose)** Lowers Vote Requirement for Tax Increases — Adds complexity and uncertainty to the current tax structure and pressure to increase taxes on com-

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

calchambervotes.com
CalChamber Releases 2013 Job Killer List

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mercial, industrial and residential property owners to support public safety services by giving local government new authority to enact a special tax, including parcel taxes, by lowering the vote threshold from two-thirds to only 55%.

- SB 241 (Evans; D-Santa Rosa)
FUEL PRICE INCREASE — Drives up fuel prices for businesses and consumers by imposing a severance tax at the rate of 9.9% of the gross value of each barrel of oil severed, thereby discouraging production of such oil and gas in this state.

- SB 365 (Wolk; D-Davis) LIMITATIONS ON TAX CREDITS — Creates uncertainty for California employers making long-term investment decisions by requiring tax incentives end 10 years after its effective date.

- SB 622 (Monning; D-Carmel)
TARGETED TAX — Threatens jobs in beverage, retail and restaurant industries by arbitrarily and unfairly targeting certain beverages for a new tax in order to fund children’s health programs.

- SB 686 (Jackson; D-Santa Barbara) SAFETY RECALLS — Exposes car dealers and rental car companies to significant liability and precludes them from renting, leasing, loaning, or selling a car despite the lack of actual knowledge that the car was subject to a recall, that may or may not pose any imminent harm to the consumer or renter.

- SB 691 (Hancock; D-Berkeley)
DRAMATICALLY INCREASES POLLUTION PENALTIES — Dramatically increases existing strict-liability penalties for nuisance-based, non-vehicular air-quality violations, and expands applicability of those penalties to a wide range of businesses previously not subject to the penalties without adequately defining what types and levels of pollution would trigger those penalties.

- SCA 3 (Leno; D-San Francisco)
LOWERS VOTE REQUIREMENT FOR TAX INCREASES — Adds complexity and uncertainty to the current tax structure and pressure to increase taxes on commercial, industrial and residential property owners for education programs by giving school districts and community colleges new authority to enact a parcel tax, by lowering the vote threshold from two-thirds to 55%.

- SCA 4 (Liu; D-La Cañada Flintridge) LOWERS VOTE REQUIREMENT FOR TAX INCREASES — Adds complexity and uncertainty to the current tax structure and pressure to increase taxes on commercial, industrial and residential property owners for local transportation projects by giving local government new authority to enact special taxes, including parcel taxes, by lowering the vote threshold from two-thirds to 55%.

- SCA 7 (Wolk; D-Davis) LOWERS VOTE REQUIREMENT FOR TAX INCREASES — Adds complexity and uncertainty to the current tax structure and pressure to increase taxes on commercial, industrial and residential property owners to finance library construction by giving local government new authority to enact special taxes, including parcel taxes, by lowering the vote threshold from two-thirds to 55%.

- SCA 8 (Corbett; D-San Leandro)
LOWERS VOTE REQUIREMENT FOR TAX INCREASES — Adds complexity and uncertainty to the current tax structure and pressure to increase taxes on commercial, industrial and residential property owners for transportation projects by giving local government new authority to enact special taxes, including parcel taxes, by lowering the vote threshold from two-thirds to 55%.

- SCA 9 (Corbett; D-San Leandro)
LOWERS VOTE REQUIREMENT FOR TAX INCREASES — Adds complexity and uncertainty to the current tax structure and pressure to increase taxes on commercial, industrial and residential property owners to finance community and economic development projects by giving local government new authority to enact special taxes, including parcel taxes, by lowering the vote threshold from two-thirds to 55%.

- SCA 10 (Assemblyman Phil Ting)
LOWERS VOTE REQUIREMENT FOR TAX INCREASES — Adds complexity and uncertainty to the current tax structure and pressure to increase taxes on commercial, industrial and residential property owners to finance community development projects by giving local government new authority to enact special taxes, including parcel taxes, by lowering the vote threshold from two-thirds to 55%.

- SCA 11 (Hancock; D-Oakland)
LOWERS VOTE REQUIREMENT FOR TAX INCREASES — Adds complexity and uncertainty to the current tax structure and pressure to increase taxes on commercial, industrial and residential property owners by giving local government new authority to enact special taxes, including parcel taxes, by lowering the vote threshold from two-thirds to 55%.

EXPENSIVE, UNNECESSARY REGULATIONS

- SB 529 (Leno; D-San Francisco)
DISPOSABLE FAST-FOOD CONTAINER BAN — Places an unworkable ban on disposable food services containers or single-use carryout bags, unless they can meet an increasing recycling threshold that will reach 75% on July 1, 2020.

- SB 617 (Evans; D-Santa Rosa)
COMPREHENSIVE CEQA EXPANSION — Inappropriately expands CEQA, slowing development and growth in the state, by increasing CEQA notice filing and publication requirements, inviting more litigation over CEQA projects by overturning a recent court decision and allowing project opponents to challenge EIRs that don’t adequately evaluate and mitigate impacts related to conditions and physical features in the environment like sea-level rise and fault-lines, and eliminating several existing CEQA exemptions.

- SB 747 (DeSaulnier; D-Concord)
UNNECESSARY NEW REGULATORY SCHEME — Establishes a new, duplicative, and burdensome program that requires the Department of Public Health to regulate manufacturers of consumer products that the department determines contribute to a significant public health epidemic, (i.e., obesity, diabetes, cancer, heart disease) and allows the department to restrict or prohibit the sale of such products.
CalChamber Opposing Unworkable, Costly Privacy Legislation

The California Chamber of Commerce is opposing two bills that propose costly, unworkable changes in state privacy law.

AB 242 (Chau; D-Alhambra) imposes unnecessary costs on businesses by requiring every business to revamp its privacy policy, hire experts to ensure that it is written at an 8th grade reading level, and make the policies so general as to invite class action suits for inadequate explanation of the terms.

AB 1291 (Lowenthal, D-Long Beach) imposes costly and unrealistic mandates on California’s technology sector with minimal benefit to state residents by changing the law regarding disclosures to third parties and expanding the definition of what is personal information.

Both bills are scheduled to be considered by the Assembly Judiciary Committee on April 17.

AB 242

The CalChamber strongly supports simpler, clearer privacy policies and is strongly committed to protecting the online privacy of consumers.

AB 242, however, would be extremely impractical and unworkable. It is impossible to create an informative privacy policy that covers the elements required under California’s Online Privacy Protection Act with 100 words. The California State Legislature’s own privacy policy has more than 100 words. AB 242 itself is well over 100 words.

In addition, AB 242 would not materially improve online privacy. Popular online sites already post California-compliant privacy policies. Policies of the CalChamber and coalition of organizations opposing the bill are more robust than what would be required by AB 242, simply because this is good business.

Passage of this bill would in no way change the practices of bad actors.

Further, the legislation would likely lead to a conflict with existing federal requirements for privacy notices and could unleash a class action bonanza, exposing businesses to wasteful litigation for even a technical defect in a privacy policy.

AB 1291

AB 1291 is unworkable and overbroad, based on mistaken assumptions about how the Internet works. It applies to any California resident who provides any of a wide sweeping range of non-personally identifying information to a business. This means the bill would reach every website or other service to which a state resident connects to with a device, whether for business purposes or as a consumer.

It requires any business that runs a computer server and receives this information to do three expensive and unworkable things without any ability to defray the costs of this mandate:

- Provide “to the ‘customer’ free of charge, access to, or copies of” all of the amorphous range of information about the “customer” stored by the business.
- Provide the name and address of each entity to whom the information is disclosed—even if businesses have no idea of the name or address.
- Require notice “prior to or immediately after the disclosure” regardless of whether the “customer” had requested the disclosure. Californians would be deluged with disclosures each time an IP address, device identifier, or other information on the bill’s very long list of personal information was disclosed automatically or through a conscious decision by the business.

AB 1291 would reopen the door to unfair competition lawsuits that may benefit the trial bar, but harm businesses operating in California.

Staff Contact: Valerie Nera

Expanded Public Notice for Rulemaking Passes

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During her testimony to the committee, CalChamber Policy Advocate Marti Fisher reinforced that SB 176 will greatly benefit state agencies when they develop regulations by encouraging citizen participation. The bill also simplifies the state’s regulatory notice procedures by providing a single source of information on state agencies’ pre-rulemaking process.

Key Vote

SB 176 passed Senate Governmental Organization on April 9, 11-0.
Ayes: Berryhill (R-Modesto), Calderon (D-Montebello), Cannella (R-Ceres), Correa (D-Santa Ana), de León (D-Los Angeles), Galgiani (D-Stockton), Hernandez (D-West Covina), Lieu (D-Torrance), Nielsen (R-Gerber), Padilla (D-Pacoima), Wright (D-Inglewood).
Staff Contact: Marti Fisher

CalChamber-Sponsored Seminars/Trade Shows

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Los Angeles. (213) 580-7569.
The BRICS (Brazil, Russia, India, China and South Africa) Countries Conference. MBITA. May 24, Monterey. (831) 335-4780.
Highlights of China Trade Mission Blog

This week, California Chamber of Commerce members are with Governor Edmund G. Brown Jr. on a trade mission to China with a goal to expand trade and investment between California and China by identifying opportunities that will be of mutual benefit.

CalChamber President and CEO Allan Zaremberg, and Susanne Stirling, CalChamber vice president of international affairs, joined the 75-member delegation that accompanied Governor Brown to China.

On Monday, Stirling began keeping members up-to-date with daily reviews of Trade Mission activities via the 2013 China Trade Mission Blog.

Below are highlights from Stirling’s blog entries, which cover the first three days of events:

Day 1: April 8

“The morning started with the signing of a memorandum of understanding (MOU) between Governor Brown and the Chinese Minister of Commerce Gao Hucheng and government officials from Jiangsu, Inner Mongolia, Shanghai, Shandong, Guangdong and Chongqing.

“It was referenced by the Minister that the origins of this mission came from last year’s visit of the then-Vice Premier to Los Angeles to meet Governor Brown. Since then there has been an active working group of government officials from both China and California discussing key issues of importance. The Minister indicated that building new trade relations can be the cornerstone of a relationship — and that trade is not a zero-sum game, but a win for both sides. The Minister expressed that intellectual property protection was an issue for the Chinese government, just as export controls was an issue for the U.S.”

In the evening, the group headed to the U.S. Embassy in Beijing for the California Investment Forum, hosted by U.S. Ambassador Gary Locke. In 2009, Locke presented the CalChamber with the President’s prestigious “Excellence for Export Service Award,” the nation’s highest award to honor U.S. exporters.

“Ambassador Locke made insightful remarks about the future of the growing relationship between China and California. He noted that California plays a key role in China’s trading relationship with the United States. Vice Minister of Commerce Wang Chao spoke about the importance of this relationship. The Vice Minister visited California last July, when the California Chamber of Commerce hosted an International Luncheon Forum. Governor Brown followed by emphasizing that it is time to invest in California.”

To read the full blog entries, visit www.calchamber.com/2013ChinaTradeMission.
Simplify your required AB 1825 training.

California companies with 50 or more employees are required to provide two hours of sexual harassment prevention training to all supervisors **within six months of hire or promotion**, and every two years thereafter. CalChamber’s online supervisor course meets AB 1825 training requirements and helps your company avoid work situations that put you at risk for costly lawsuits. Regardless of company size, we recommend training for all supervisors and employees. Learners can start and stop anytime because the system tracks their progress.

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Learners can start and stop anytime because the system tracks their progress.

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