Environmental Reform Bill at Crossroads for 2013

The California Chamber of Commerce and a broad-based coalition are calling for changes to legislation that aims to reform the state’s environmental law, but currently falls short of that goal.

The CalChamber and coalition have been working on SB 731 (Steinberg; D-Sacramento) as the vehicle for comprehensive reform of the California Environmental Quality Act (CEQA).

CEQA abuses continue to be a problem and finding a solution is important to the business community.

SB 731 was amended on August 7, but the changes still do not address the CalChamber’s and coalition’s concerns. Although SB 731 seeks to advance meaningful CEQA reform, the current version falls short and could actually make approval of worthy and responsible projects even more difficult by introducing new requirements for lead agencies and project proponents and creating more opportunities for meritless lawsuits against projects that have otherwise complied with CEQA and other stringent state and local environmental and planning laws and requirements.

Concerns

Concerns about the bill were outlined in a July 23 letter to Senate President Pro Tem Darrell Steinberg from the CEQA Working Group, a broad coalition that includes the CalChamber, as well as business, local government, housing, clean tech, transit, education transportation and other advocates.

The letter stated there is a critical need to significantly amend SB 731 to achieve meaningful reform that stamps out widespread abuses of CEQA that are serving as roadblocks to environmentally responsible projects that create high-value jobs and economic growth.

Reform Principles

The CalChamber and coalition have urged that SB 731 amendments consider the following principles.

- **Incentivize projects that help California achieve its aggressive greenhouse gas reduction and land-use planning goals.** Duplicative environmental reviews and meritless lawsuits against such projects must be reduced. Amendments also should provide greater certainty to renewable energy projects.
- **Increase transparency in CEQA litigation.** Current law allows parties to the CEQA litigation to remain anonymous by filing under the name of unincorporated associations with shadow members and hidden interests. SB 731 amendments should require disclosure of any party that has contributed financially to CEQA litigation, similar to campaign finance disclosure laws and court mandates for third parties seeking to file advocacy briefs in lawsuits.
- **Ensure CEQA litigants have skin in the game.** Under current law, CEQA plaintiffs have no responsibility for the costs of litigation, which encourages frivolous challenges. CEQA plaintiffs should be required to pay for the lead agency’s preparation of the record required for CEQA litigation.

Due to the concerns about SB 731, the CalChamber has changed its position to oppose unless amended.

SB 731 is scheduled to be considered August 14 by the Assembly Local Government Committee.

Staff Contact: Mira Guertin
Labor Law Corner

Medical Marijuana Card Holder Still Subject to Workplace Safety Actions

Dana Leisinger
HR Adviser

Our potential new hire told me he has a medical marijuana card. How will this work if he fails his pre-employment drug test? In 1996, California passed The Compassionate Use Act (CUA), which ensured that seriously ill Californians have the right to obtain and use marijuana for medical purposes when a physician determines that the medical use is appropriate, and the person’s health

would benefit from the use of marijuana in the treatment of various disorders.

Not ‘Prescription’

This narrow legalization has raised havoc in the workplace, as employees believe they have the right to use marijuana as long as they have a “prescription” (marijuana is not approved by the Federal Drug Administration and therefore it is not technically a prescription). The employer has the right to maintain a drug-free workplace, however, and because federal law does not allow this use, it is still illegal.

Additionally, an employer is not required to allow employees to use medical marijuana as a reasonable accommodation under California’s Fair Employment and Housing Act. The California Supreme Court held in 2008 that it is not a violation of California law for an employer to terminate an employee who tests positive for marijuana, even though the employee was prescribed the marijuana for medical purposes under the CUA.

Other concerns are raised by Occupational Safety and Health Administration requirements, in that an employer is obligated to provide a safe workplace for all of its employees.

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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.

CalChamber-Sponsored Seminars/Trade Shows

More information: calchamber.com/events.

Labor Law


California Rules for Pay/Scheduling Nonexempt Webinar. CalChamber. October 17. (800) 331-8877.

Business Resources


International Trade


See CalChamber-Sponsored: Page 4

CalChamber Calendar

Water Committee:
September 12, La Jolla
CalChamber Fundraising Committee:
September 12, La Jolla
Board of Directors:
September 12–13, La Jolla
International Trade Breakfast:
September 13, La Jolla
2013 PAC Workshop:
September 27, Burbank
Fall Public Affairs Conference:
October 17–18, Laguna Niguel
State Needs to Plan Before It Taxes When Updating Aging Infrastructure

Modern and reliable public works are key to California’s economic growth. Indeed, few activities by state and local governments can be more helpful to economic development than ongoing maintenance and expansion of the public infrastructure: roads, water facilities and sewers, and public buildings for schools, colleges, courthouses and jails. (This doesn’t include the privately financed and operated but publicly regulated telecom and energy networks.)

State and local agencies spend billions every year on infrastructure, but population growth plus the age of the existing system, minus tight budgets and tax fatigue, equals an increasing gap between the legitimate need for new facilities and the revenues available to provide them.

Infrastructure isn’t exciting: we expect clean water to flow from the tap and a smooth road to school or work. But, inexorably, the condition and value of our current stock of public facilities is eroding. Instead of providing a competitive advantage for economic development, our infrastructure will become a drag on growth.

Assess Needs

The solution—easier said than done—is to carefully assess the public works needs of the state over a reasonable time horizon, establish the most likely and appropriate funding sources, determine where technological and regulatory efficiencies can provide more bang for the buck, and conclude by deciding where and how additional revenues, if any, should be raised to fill the gap.

Unfortunately, instead of meeting this issue head-on, the Legislature is showing signs of backing into a non-strategy.

Smitten with the prospect of passing constitutional amendments with their respective supermajorities, the Assembly and the Senate between them are moving seven measures to lower local vote requirements for numerous local taxes, including several that could finance infrastructure improvements.

Three of the proposals (ACA 3, ACA 8 and SCA 7) would reduce the vote requirement to pass local general obligation bonds (backed by a property tax increase) from two-thirds to 55%, targeting a variety of functions. Two measures (SCA 4 and SCA 8) would allow voters to increase “special taxes” for transportation purposes by a 55% threshold. These measures would permit, for example, increased sales or parcel taxes to finance debt for transportation projects.

Two other proposals, SCA 9 and SCA 11, as well as ACA 3, would reduce the vote threshold for special taxes for operating revenues for various programs.

Reasons to Reject

To be sure, there may be a case for lowering a local vote threshold for one or another tax to pay for local infrastructure, if the need is established and the tax is fair. But there are at least three reasons these active measures should all be rejected.

- First, members of the Legislature are proposing solutions before articulating the problem. Indeed, the legislative approach seems to be oriented more to what mix of tax proposals could win at next November’s ballot, as opposed to what is the right approach financially and economically to finance critical infrastructure.

- First things first: the Legislature and Governor should undertake serious strategic planning to determine how best to finance state and local infrastructure needs overall. That is, analyze and decide which public works projects are most appropriately financed using which revenue mechanisms, what are the financing gaps, and who should be responsible for the financing.

- The Governor hinted at this approach in his January budget when he committed to releasing the 2013 Five-Year Infrastruc-
October 1 Still Date to Provide Affordable Care Act-Required Notices

Although the employer mandate provision has been delayed, October 1, 2013 is still the deadline for notices required by the federal Patient Protection and Affordable Care Act (ACA).

Before October 1, employers are required to provide current employees with notices regarding new health insurance marketplace coverage options—in California, that’s Covered California.

The notices inform the employee of the existence of the marketplace, a description of services, how to contact the marketplace and other required information.

Also starting October 1, employers must provide the notices to each new hire within 14 days of the employee beginning work.

The U.S. Department of Labor (DOL) has created two model notices—one for employers who do not offer a health plan and another for employers who do offer a health plan to some or all employees.

The model notices—OMB No. 1210-0149—are available at HRCalifornia.com.

A special section at HRCalifornia.com compiles links to relevant forms, webinar recordings (free to CalChamber members) and government sources of information on the ACA.

An August 15 CalChamber webinar will look at employee benefit compliance.

More information at calchamber.com/acawebinars.

‘Job Killer’ Bill Expands Discrimination Litigation

From Page 1

supervisory care to a child, parent, spouse, domestic partner, or in-law.

The term “medical” care is undefined and therefore could be liberally interpreted to include such tasks as administering over-the-counter medication once a day or even driving a listed family member to a doctor’s appointment on a quarterly basis.

Moreover, “supervisory” care is also ambiguous and would expand this proposed classification to employees who are not actually providing any care to a covered family member, but rather “supervising” the care the family member receives.

Furthermore, SB 404 applies to anyone who is perceived to provide familial care or associated with someone who provides familial care. Such a broad application of a protected classification will essentially encompass almost all employees in the workforce and, therefore, will hamper employers’ ability to manage their business, as any adverse employment action an employer takes against an employee could potentially be challenged as discriminatory on the basis of “familial status.”

Burdens Small Businesses

This burden that SB 404 creates will have an impact on small businesses as well as large ones. The FEHA applies to any employer who has five employees or more.

Employees Already Protected

California already protects employees from discrimination on the basis of sex, pregnancy, medical condition, mental disability, or physical disability. Similarly, California provides employees with leave to care for the serious medical condition of family members, which may be compensated through California’s Paid Family Leave Act.

Additionally, California requires “kin care” that mandates an employee be allowed to use at least half of any accrued sick leave to care for family members. These various leaves and protections are in addition to those provided by federal law.

Given these existing protections, there is simply no basis to include the broad protected classification under California law as proposed by SB 404, other than to increase litigation opportunities.

Costly Litigation

Approximately 19,500 discrimination claims were filed in 2010 with the Department of Fair Employment and Housing under FEHA, which was 1,000 complaints more than in 2009.

Notably, more than 4,000 of these complaints were dismissed due to lack of evidence of any violation.

Action Needed

SB 404 will be considered by Assembly Appropriations soon. Contact your Assembly member and ask him/her to oppose SB 404.

Staff Contact: Jennifer Barrera

CalChamber-Sponsored Seminars/Trade Shows

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America’s Cup: San Francisco 2013.
America’s Cup. September 7–22, San Francisco.

China International Auto Parts Expo 2013.

U.S.-Saudi Business Opportunities Forum.
Guy Fox Maritime Industry Salute Dinner.

International Seafarers Center of Long Beach-Los Angeles. September 18, Aboard RMS Queen Mary. (310) 816-6510.


Select USA 2013 Investment Summit.

StartmeupHK. InvestHK. December 4–7, Hong Kong.
Economic Analysis Shows Benefits of Bay Delta Conservation Plan

Report Ties More than 1 Million Jobs to Reliability of Delta Water Supplies

Revitalizing and stabilizing the Sacramento-San Joaquin Delta ecosystem will produce significant economic benefit to California, according to an analysis released by the Brown administration on August 5.

California Chamber of Commerce President and CEO Allan Zaremberg joined administration and labor representatives at a news conference highlighting the report’s conclusions on the statewide economic impact of the Bay Delta Conservation Plan (BDCP).

The report concludes the state will gain a net benefit of $4.8 billion to $5.4 billion statewide and more than 1 million jobs due to improved water supply reliability over the 50-year life of the BDCP.

The analysis was compiled by David Sunding, a professor at the University of California, Berkeley and principal of The Brattle Group, and ICF International.

The BDCP is a 50-year, ecosystem-based plan to restore fish and wildlife species in the Delta in a way that provides for protecting reliable water supplies while minimizing impacts to Delta communities and farms.

More than 95% of Californians get some or all of their water supply from the greater Delta watershed. Improved reliability of this critical resource will sustain businesses and communities across the state, and is necessary to meet the demands of population growth and much-needed economic development.

Speaking at the news conference, Zaremberg explained that for businesses in California, the BDCP is vital to securing California’s water future and therefore vital to the state’s economic health.

Zaremberg cited two significant aspects of the economic analysis: the long-term aspect—what the plan means to California in 10 years.

Over the life of the BDCP, “improvements are necessary to protect the water supply for 25 million Californians—25 million today, that will only grow over the next 50 years,” Zaremberg stressed. “We need to have structural improvements in the Delta. It’s a fact that the business community has advocated for over 30 years.”

Although other economic studies done for the BDCP have evaluated its affordability, or narrowly defined benefits to water users, the report released August 5 looks at whether the project is a worthwhile investment for the state as a whole. The report is a draft and may be revised based on public comments, according to the administration.

Water Supply Reliability

The largest economic impacts of the BDCP are those associated with improved water supply reliability and the construction of new conveyance facilities, which together will generate more than $73 billion in economic activity in California and create or preserve up to 1.1 million jobs in the Bay Area, Southern California, the San Joaquin Valley and the Central Coast, according to the report.

“The opportunity exists now better than ever to achieve water reliability,” Zaremberg said at the news conference. “What the business community looks to for long-term investment is certainty; a certainty that they are going to have a reliable and affordable water supply over the next half century, and that is going to lead—as the report points out—to sustained economic growth.”

He pointed out that the long-term benefits of certainty in a reliable/affordable water supply are important to industries as varied as making beer, building housing, defense, agriculture and technology.

“The economic study concludes that implementing the $25 billion conservation plan is a worthy investment for the water districts in the Santa Clara Valley, Bay Area, San Joaquin Valley, and Southern California that would pay 68% of the costs. The study found both positive and negative impacts in the Delta, but far larger statewide benefits from implementing the BDCP.

Delta Economy

The BDCP seeks to achieve the dual goals of improving Delta ecology by restoring habitat and returning more natural flows to the estuary. It also aims to improve water supply reliability and reduce the high probability of water disruptions to 25 million Californians as a result of earthquakes, storms, sea-level rise and degrading ecological conditions in the Delta.

The biggest economic stimulus of the conservation plan would be centered in the Delta. The Delta would be home to an estimated 110,600 construction jobs (over 7.5 years), 11,300 operations and maintenance jobs (over 40 years), and 55,800 restoration jobs (over 50 years). A job is defined in the economic analysis as a position equivalent to one full-time worker for an entire year.

Measures to protect, restore, and enhance wildlife habitat are expected to increase boating, picnicking, wildlife viewing, duck hunting, fishing, and other recreational activities, with net economic benefits estimated at $222 million to $370 million over a 50-year period.

Agriculture Impacts

According to the study, the largely agricultural Delta region will face significant impact from temporary, construction-related air pollution and traffic delays and the loss of farm jobs as land is converted to tidal wetlands and other habitat.

An estimated 37,000 farm jobs could be lost as habitat restoration expands, according to the economic analysis. The economic cost of traffic disruption is estimated at $53 million to $79 million over a nine-year construction period. The study also predicts that the total costs of changes in regional air quality will range up to $16 million.

See Economic Analysis: Page 6
In Memoriam: Shirley Chilton, First Woman to Chair CalChamber Board

Shirley R. Chilton, the first woman to hold the top volunteer position at the California Chamber of Commerce, passed away in Agoura Hills on June 30. She was 90.

Chilton joined the CalChamber Board in 1976, the same year she founded and became chairman of the board of Clavis Corporation, a small business in Marina del Rey specializing in financial and real estate investment consulting.

She served as a member of the CalChamber Executive Committee and officer for several years before being elected to head the CalChamber Board of Directors in 1982. At the time, she was the first woman to hold the top volunteer position in any state chamber of commerce throughout the United States.

In 1983, Governor George Deukmejian named her secretary of the State and Consumer Services Agency. In that position, which she held until 1991, she served as a member of the Governor’s Cabinet and was responsible for overseeing 11 departments and more than 50 boards, bureaus and commissions.

In 1992, President George H. W. Bush nominated Chilton to serve on the Federal Retirement Thrift Investment Board. She was confirmed by the unanimous consent of the U.S. Senate and served a two-year term.

Born in Vancouver, Washington, Chilton attended the University of Washington in Seattle, eventually relocating to California to become a social worker.

She moved from social work to time as a housewife and mother, model, flight attendant and bookkeeper before being hired in 1955 to be a switchboard operator at Daniel Reeves & Co., a brokerage in Los Angeles.

By 1962, she was a regional manager, and in 1965, she became an assistant vice president of Hayden, Stone & Co., which had acquired seven offices of Daniel Reeves. She returned to Daniel Reeves in 1971 as chairman and chief executive officer, becoming the first woman to be chief of a West Coast brokerage firm and one of the first women to hold a seat on the New York Stock Exchange.

During her years in the securities industry, Chilton earned a Master of Business Administration and Doctor of Education from Pepperdine University, where she taught economics, marketing, finance and communications, first as an assistant professor, then an associate professor. She continued to teach on weekends at Pepperdine while agency secretary, as well as teaching undergraduate and graduate classes at California State University, Sacramento.

She also developed and co-authored books to teach economic principles to elementary school students.

Economic Analysis Shows Benefits of Bay Delta Conservation Plan

From Page 5

Overall changes in salinity in Delta waterways due to implementation of the BDCP are expected to cost $1.86 million a year in farm revenues—a decline of less than one-half of one percent of total annual farm revenues in the Delta.

New Water Delivery System

Among the conservation measures in the BDCP is a new water delivery system (the most controversial element) to help safeguard water deliveries in the event Delta levees are breached by flood, earthquake, or other forces.

The system will consist of three new intakes along the Sacramento River near Hood and twin 35-mile-long tunnels to carry water to existing state and federal pumping plants in the south Delta near Tracy, according to the California Natural Resources Agency news release.

The new system aims to improve flow patterns for Delta fisheries while improving water supply reliability.

According to the economic report, construction of the new conveyance facilities alone will create more than 110,000 jobs in California over the 10-year construction period. It will generate nearly $8 billion in employee compensation to California workers.

Construction spending for the BDCP will increase California business sales by more than $21 billion, the report estimated.


CalChamber Position

The CalChamber supports a comprehensive solution to California’s chronic water shortage. It is vitally important that all Californians have an adequate and reliable source of water while safeguarding the environment. Developing additional water supplies and conveyance facilities can no longer be postponed without subjecting the state to long-term economic damage. One serious earthquake or a series of Delta levee failures could leave millions of people and businesses without a water supply for the foreseeable future.

Staff Contact: Valerie Nera
Canada Policy Adviser Offers Update on Beyond the Border Action Plan

Caron Wilson, policy adviser with Canada’s Privy Council Office, shared details on the Beyond the Border Action Plan between the United States and Canada during an International Roundtable at the California Chamber of Commerce on July 31.

U.S.-Canada Relationship

Wilson explained that the flow of people, goods and services across the shared border is unmatched anywhere. The United States and Canada enjoy the largest bilateral trade and investment relationship in the world ($1.2 trillion).

Canada-U.S. bilateral trade in goods and services surpassed $742.8 billion in 2012, with $2 billion worth of goods and services crossing the Canada-U.S. border daily. This is the equivalent of $1.4 million traded every minute.

“Of course, Canada and the United States’ relationship goes beyond trade and investment,” Wilson said. “We share critical infrastructure. We share bridges and tunnels between our two countries. We share electricity grids between our two countries. Of course we share pipelines between our two countries.”

Recognizing the significant economic and security relationship between the United States and Canada, President Barack Obama and Canada Prime Minister Stephen Harper issued a declaration known as “Beyond the Border: A Shared Vision for Perimeter Security and Economic Competitiveness” in February 2011, Wilson said.

The purpose of the declaration was “to establish a new long-term partnership furthering our shared security and further accelerating the legitimate flow of trade and travel between our countries,” she said.

On December 7, 2011, after consulting with stakeholders, chambers of commerce, industry and interest groups, President Obama and Prime Minister Harper released the Beyond the Border Action Plan, which seeks to deepen the Canadian partnership with the United States and enhance mutual security, prosperity and economic competitiveness while respecting each country’s sovereignty and privacy regimes.

Plan of Action

Four key areas of cooperation, which include approximately 30 specific initiatives, comprise the Action Plan:

- **Addressing Threats Early:** A program currently addressing this area is an immigration information sharing agreement, which allows the exchange of information between the U.S. and Canada when one of the countries has denied a visa to a foreign national.

- **Facilitating Trade, Economic Growth and Jobs:** A current pilot program has reduced cargo stop time at the border by an hour-and-a-half by removing duplicative inspections and risk assessments that are done both in Canada and in the United States. Another program, NEXUS, is designed to expedite the border clearance process for low-risk, pre-approved travelers into Canada and the United States.

- **Integrating Cross-Border Law Enforcement:** A program known as “Shiprider” allows the U.S. Coast Guard and Royal Canadian Mounted Police to share vessels when patrolling common waters.

- **Establishing Critical Infrastructure and Cybersecurity:** This includes preventing, responding to and recovering from physical and cyber disruptions of critical infrastructure, as well as strengthening cybersecurity.

Of interest to California businesses, the U.S.-Canada Border Action Plan will provide opportunities to reduce costs and wait-times of cross-border trade through initiatives related to Trusted Trader programs and business travel mobility.

California businesses are encouraged to learn more about the Border Action Plan and related opportunities for more secure and efficient flows of goods and services between the United States and Canada.

Canada has remained California’s second largest export market since 2006, with a total value of almost $17.3 billion in 2012 (11% of all California exports).

Computers and electronic products remained California’s largest exports, accounting for 31% of all California exports to Canada. Exports of agricultural products and food manufactures from California to Canada grew to total almost $3.6 billion, with transportation equipment and chemicals continuing to be strong export sectors as well.


Staff Contact: Susanne Stirling
Starting in 2015, employers with the equivalent of 50 full-time employees must at least offer minimum essential health care coverage or face penalties.

What health benefits strategies can you use to meet your compliance obligations but still offer a competitive package? What is minimum essential coverage vs. minimum value coverage? What must you know regarding the employer mandate’s one-year delay?

On August 15, special guest presenter Liliana Salazar of Wells Fargo Insurance Services offers expert guidance on navigating the employer mandate and designing a plan that’s strategic and realistic.

Moderated by CalChamber, the 90-minute webinar is free to CalChamber members and $99 for nonmembers. Can’t make the live event? Register for the recorded version.

REGISTER at calchamber.com/aug15 or call (800) 331-8877 and mention priority code REG.