Media Outlets Highlight CalChamber Success

The near-perfect record of the California Chamber of Commerce on “job killer” bills drove numerous news stories reported throughout the state via newspaper, TV and radio. Strong CalChamber opposition defeated 37 of 38 “job killer” bills identified this year.

A *Los Angeles Times* article characterized the CalChamber as having the “Capitol’s deadliest aim when it comes to shooting down bills that its members don’t like. The giant lobbying group, which represents 13,500 large and small employers, posted a near-perfect score in efforts this year to defeat legislation it labeled ‘job killers.’”

**Track Record**

When the legislative session ended on September 13, just one “job killer” bill had reached the Governor’s desk. *The Sacramento Bee* CapitolAlert wrote, “Score another win for the California Chamber of Commerce’s annual ‘job-killer’ campaign... All other bills on the chamber hit list had either been held in committee, defeated in floor votes or amended to remove the business organization’s opposition. By sidetracking all but one of the bills on the list, the chamber’s lobbyists actually improved their track record.”

Each year the CalChamber releases a list of “job killer” bills, calling attention to the negative impact the proposed measures would have on California’s job climate and economic recovery if they were to become law.

San Jose State University political science professor Larry Gerston told the *Los Angeles Times*, “I like looking at the chamber’s list because it’s an indicator of its clout.”

**TV/Radio**

News coverage of the “job killer” list reached statewide TV and radio stations, including: KABC and KFI in Los Angeles; KGO and KPIX in San Francisco; KFTV in San Diego; KFSN in Fresno; KION in Monterey; KERO and KGET in Bakersfield; KOVR, KXPR, KXJZ and KFBK in Sacramento; and KPCC in Pasadena.

The *Los Angeles Times* also reviewed the CalChamber record in both the current administration of Governor of Governor Edmund G. Brown Jr. signed legislation this week to increase the state minimum wage by $2 an hour over the next three years.

Signing ceremonies for AB 10 (Alejo; D-Salinas) were held September 25 in Los Angeles and Oakland.

The minimum wage will increase from the current $8 an hour to $9 an hour on July 1, 2014, and $10 an hour on January 1, 2016.

The federal minimum wage is $7.25 an hour.

**Proposition 65**

Labor Law Corner

‘Baby Bonding’ Time May Be Denied Under Some Circumstances

An employee’s request to take two weeks of accrued vacation at the end of the following month was denied because it is our busy season and we do not allow employees to take any vacation at that time of year. A few weeks later, she requested “baby bonding time” for the same two weeks. Do we need to approve it even though our company policy does not allow time off that month and I know she is using the time to go on the same planned vacation?

A request for baby bonding time under the state and federal family leave laws may not be denied simply based on company policy that employees may not take time off during a certain time of year. Before approving the request, however, you should consider several questions:

Coverage Requirements
Is the employee legally entitled to take protected family leave?
Not every employee with a baby is entitled to baby bonding time. Under the California Family Rights Act and federal Family Medical Leave Act, there are threshold tests for both employer coverage and employee eligibility:
- First: Are you a covered employer with 50 or more employees?
- Second: Is the employee eligible to take a leave by having worked for you for at least a year, and worked at least 1,250 hours in the past year, as well as working at a location with 50 or more employees (either at her location or within a 75-mile radius)?

If the answer to any of those questions is no, she is not eligible to take family leave and you may deny the request.

Also be sure to determine whether the employee has already used up her family leave entitlement for this 12-month period, either with other time off for baby bonding or perhaps for her own illness or to care for a family member.

Advance Notice Given
How much notice did the employee provide you with for her baby bonding request?
Although employees do have the right to take leave for baby bonding even when the timing is not convenient for an employer, the employee must give at least 30 days advance notice when the need for leave is foreseeable.

If the need for baby bonding leave is unforeseeable, such as where a child is unexpectedly placed for foster care with friends, then you may be able to deny the request and possibly even discipline the employee for abusing the family leave laws.

In this case, was the employee’s request for baby bonding leave given at least 30 days in advance? Since the denied request for vacation time was originally for the following month, and the employee requested the baby bonding leave “a few weeks later,” it is quite possible that she did not provide the required 30-day notice for this clearly foreseeable baby bonding leave. If so, you may deny the request.

Other Considerations
How old is the child with whom she has requested to bond?
Baby bonding time normally must be completed within the first year of a child’s life, or within a year from placement for adoption or foster care.

If the baby is more than a year old, or will turn a year old during the vacation, it is possible to deny the request or at least part of it after the child’s birthday.

Is the employee taking the baby with her on vacation?
There is nothing specific in the family leave laws spelling out how much time employees must actually spend with their child during baby bonding leave.

If you know, however, that your employee is planning to leave the baby with grandparents and head to Hawaii with friends, then you may be able to deny the request and possibly even discipline the employee for abusing the family leave laws.

It would be wise to consult with legal counsel before taking this step, to avoid claims of retaliation for attempting to exercise family leave rights.
CalChamber Reminder

Health Care Act-Required Notices Due Oct. 1

Although the employer mandate provision of the federal Patient Protection and Affordable Care Act (ACA) has been delayed, October 1, 2013 is still the deadline for employers to provide a notice of health care coverage options to their employees.

The required notice must inform employees of the existence of a health insurance marketplace, a description of services provided, how to contact the marketplace, and other required information.

Even though the deadline to provide notices is October 1, 2013, the U.S. Department of Labor (DOL) recently issued a clarification that there is no penalty for failure to provide the health insurance notice.

Before the September 12 clarification from DOL, one interpretation of the law was that failure to comply with the notice requirement could have resulted in a $100 per day fine.

To help employers comply with the new notice, the California Chamber of Commerce is making forms available, along with recordings of several informational webinars on the ACA. The forms are free to members and nonmembers.

The recorded webinars are free to CalChamber members and $99 for nonmembers.

For further information, visit www.calchamber.com/oct1notice.

Specific Requirements

Before October 1, all employers covered by the Fair Labor Standards Act are required to provide current employees with a notice regarding new health insurance marketplace coverage options—in California, that’s Covered California.

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

DOL has created two versions of the model notice—one for employers that do not offer a health plan and another for employers that do offer a health plan to some or all employees. Both versions of the model notice—OMB No. 1210-0149—are available at www.calchamber.com/oct1notice.

Covered California

Californians without access to affordable health insurance through their employer can purchase health coverage through Covered California. Enrollment begins this October for coverage starting January 1, 2014.

A CalChamber webinar held on September 5, 2013, featured a representative of Covered California informing employers about the state’s new insurance marketplace.

Previous webinars in the CalChamber series on the ACA included an overview of the act’s employer requirements, tax and accounting considerations, and strategies for employee benefits compliance. More information is available at www.calchamber.com/acawebinars.

CalChamber Spotlights Business Benefits of Campaign for Justice

Recognizing that access to justice helps employees stay productive, the California Chamber of Commerce is encouraging members to learn more about an effort to increase funding for the state’s network of legal aid organizations.

Dealing with legal issues outside the workplace can affect employee performance on the job. The Campaign for Justice is committed to helping legal aid programs that serve those who otherwise have nowhere to turn.

The Campaign for Justice was created by a network of legal aid organizations, private lawyers, the Office of Legal Services of the State Bar of California, and the Legal Aid Association of California.

California’s nonprofit Legal Aid organizations make sure that otherwise vulnerable Californians are better able to keep a roof over their heads, food on the table, and families together.

Legal Aid also provides support for communities that need legal help with tasks such as creating affordable housing, preserving public transit corridors or establishing needed micro-businesses.

Without additional resources, Legal Aid programs face significantly reduced capacity to provide services. The Campaign for Justice funds 95 nonprofit organizations throughout California that provide legal help to hundreds of thousands of individuals each year.

Businesses can join the Campaign for Justice, or support legal aid on a local or statewide basis at www.CAforjustice.org.
CalChamber Reminds Businesses to Report Unclaimed Property

The California Chamber of Commerce is reminding businesses that they are required by law to review their records annually to determine if they are holding any unclaimed property that must be reported to the State Controller’s Office so the property can be returned to its owner.

Unclaimed property is lost or forgotten financial accounts. The most common types include paychecks, cash in inactive bank accounts and overpayments made to businesses. Unclaimed property also may come from terminated insurance policies, stocks, securities and utility deposits.

In many cases, businesses have lost contact with the employee or customer and sent the account to the state for safekeeping.

**What/How to Report**

The following steps will help businesses determine what to report and how to report.

1. **Determine if you are a “holder” of unclaimed property.** A holder is defined as any persons or entities—such as corporations, business associations, financial institutions and insurance companies—that possess unclaimed property.

2. **Determine if the property has been inactive or dormant long enough to be reportable as unclaimed property.** Under California’s Unclaimed Property Law, property becomes “unclaimed” and reportable after a specific period of time or account inactivity, generally three years.

3. **Try to locate the owners.** California Unclaimed Property Law requires the holder of unclaimed property to perform “due diligence” for all property valued at $50 or more before reporting it to the state. This includes sending a notice to the last known address of the owner to warn the owner that the property will be transferred to the state if the owner does not contact the holder.

4. **File a Holder Notice Report.** Each year, holders of unclaimed property are required to report to the state. The first report is due before November 1 of each year (before May 1 for life insurance companies).

5. **The State Controller’s Office will mail notices.** These notices will instruct owners to contact the holder to claim their unclaimed property.

6. **File a Holder Remit Report.** The second report in the two-report process is due between June 1 and June 15 of the following year (or between December 1 and December 15 for life insurance companies). Property must be remitted with the report.

**Reporting Resources**

For more information on reporting unclaimed property, go to the State Controller’s website at [www.sco.ca.gov](http://www.sco.ca.gov).

If a business has never filed a report, go to the State Controller’s Office website for posting instructions and free software or call the office Outreach and Compliance Unit at (916) 464-6088 for assistance.

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**CalChamber-Sponsored Seminars/Trade Shows**

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

**Labor Law**

Leaves of Absence: Making Sense of it All. CalChamber. October 4, Huntington Beach. (800) 331-8877.

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


**International Trade**


Re-Shoring for Exporting Roundtable. Riverside County Manufacturers and Exporters Association. October 1, Murrieta. (951) 955-1308.


West Coast Trade/Export Finance Conference. Northern California Center for International Trade Development. October 9, San Jose. (916) 319-4276.


Latina Style Business Series. Latina Style Magazine. November 21, Universal City. (703) 531-1424


StartmeupHK. InvestHK. December 4–7, Hong Kong.


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**CalChamber Calendar**

**Fall Public Affairs Conference:**

October 17–18, Laguna Niguel
Job Creator Bills Await Action by Governor

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which is designed to protect California’s drinking water from chemicals known to cause cancer or birth defects, and to warn members of the public about the presence of those chemicals in their environment to help them avoid exposure.

Since its enactment in 1989, Proposition 65 has helped protect the public by incentivizing businesses to renovate their facilities, reformulate their products, and update their manufacturing processes to eliminate the use of listed chemicals.

Proposition 65 requires, among other things, that private businesses with more than 10 employees post warnings when they knowingly expose workers or the public to listed chemicals. These warnings can take the form of placards in business establishments where listed chemicals exist or are released into the environment, or as part of the labeling of a consumer product that contains a listed chemical. There are currently 774 chemicals on the list.

Drive-By Lawsuits

The benefits of Proposition 65 have not come without a cost to the economy, however. AB 227 addresses one very avoidable cost that results from the practice of a handful of law firms targeting businesses with drive-by lawsuits alleging they do not have adequate signage required by Proposition 65. These lawsuits can easily cost several thousand dollars to litigate, causing many small businesses to settle out of court regardless of whether they actually needed to have signage posted at their business establishments, or if they posted a sign with the wrong size or wording on accident.

Many business owners rightly determine that signage is not warranted all, but this does not prevent a firm from making an allegation in a demand letter in order to pressure businesses into handing over a small settlement. Hundreds of businesses are targeted in these lawsuits each year, costing the state millions of dollars in lost productivity and jobs. AB 227 will help eliminate the inappropriate use of litigation while ensuring that the public receives Proposition 65 warnings when appropriate.

Tax Environment

Since the 1990s, the “qualified small business stock” (QSBS) incentive had functioned successfully, spurring investment in California’s small businesses and startup companies. This incentive encouraged investment by allowing small business investors to exclude up to 50% of California’s capital gains tax upon sale of their small business stock.

When the 2nd District Court of Appeal invalidated certain provisions in the QSBS incentive last year, small business investors were faced with substantial retroactive tax bills.

Reassures Businesses

AB 1412 is a well-crafted solution to resolve this problem. Entrepreneurs and investors chose to invest in California’s small businesses based in part on the state’s tax structure and incentives. The California business climate needs to be dependable for these investors, whose startup businesses fuel the state’s economic growth.

Stability and predictability—essential factors for small business investors choosing California as their headquarters for innovation—are especially important for California to maintain due to other states constantly trying to lure away entrepreneurs.

AB 1412 would send a compelling message of reassurance to businesses, especially those within the high-tech and biotech communities where startup entrepreneurs are most prevalent, that California will honor its promises to those who invest in the state.

Innovation Crucial to Economy

Inviting innovation is crucial to California’s economic recovery. AB 1412 will help California promote its business climate by encouraging future investment and growth while ensuring the state remains the best place for ingenuity and development.

By restoring fairness and predictability to California’s tax system, this bill lets small business investors know for certain that they can commit to California.

Action Needed

The CalChamber is calling on members to write Governor Edmund G. Brown Jr. and urge him to sign AB 227 and AB 1412.

Staff Contacts: Mira Guertin, Jeremy Merz

calchambervotes.com
Council Seeks Input on Boosting U.S.-Canada Regulatory Cooperation

The United States-Canada Regulatory Cooperation Council (RCC) is inviting stakeholders, Americans and Canadians alike, to contribute their views on how to reinforce, institutionalize, and expand efforts at regulatory cooperation between the United States and Canada.

Since RCC’s inception, consultations with the public have been of paramount importance to the work of the RCC. In August 2011, RCC released its summary on what Canadians told the council. These findings helped guide the development of the RCC’s initial Joint Action Plan, which was released in December 2011.

Since the RCC was created in February 2011, the United States and Canada have made significant progress toward reducing barriers to trade and moving goods across the shared border with fewer delays and less paperwork.

The goal of the RCC is to better align U.S. and Canadian regulatory systems to benefit producers, manufacturers and consumers. Lack of alignment between regulations creates duplication of effort for manufacturers, which results in higher costs and delays in moving goods across the border.

Progress

Progress has been made on 29 initiatives, including:
- an agreement between the U.S. Department of Transportation and Transport Canada to harmonize certain vehicle safety standards;
- an agreement between the U.S. Occupational Safety and Health Administration and Health Canada to collaborate on implementing common workplace chemical classifications; and
- an agreement between the U.S. Animal and Plant Health Inspection Service and the Canadian Food Inspection Agency to draft a cooperative framework aimed at protecting the United States and Canada from plant pests and invasive species.

U.S.-Canada Highlights

The United States and Canada enjoy the largest bilateral trade and investment relationship in the world ($1.2 trillion). U.S.-Canada bilateral trade in goods and services surpassed $742.8 billion in 2012, with $2 billion worth of goods and services crossing the U.S.-Canada border daily. This is the equivalent of $1.4 million traded every minute.

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.

Related: Beyond the Border Action Plan

On July 31, 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. That plan encompasses four key areas of cooperation, including about 30 specific initiatives:
- addressing border threats early;
- facilitating trade, economic growth and jobs;
- integrating cross-border law enforcement; and
- establishing critical infrastructure and cybersecurity.

Request for Input

Consideration of further RCC work is now underway. Input is being sought from stakeholders in the United States and Canada. See the U.S. Federal Register and www.regulations.gov (type keyword “Regulatory Cooperation Council” or Docket ID# OMB-2013-0004). These highlight a number of key areas where the RCC is seeking input.

Submissions through these processes will be accepted until October 11, 2013. All input will be shared with RCC officials in both countries as options are evaluated for regulatory cooperation going forward.

For further information, see www.calchamber.com/Canada.

Staff Contact: Susanne Stirling

CalChamber Success

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Edmund G. Brown Jr. and his predecessor, reporting that the CalChamber’s “Capitol clout has been consistent throughout the administrations of former Gov. Arnold Schwarzenegger, a Republican, and Brown.”

To review the final status of the “job killer” bills this year, visit www.calchamber.com/jobkillers.
State Economic Recovery Spreading Inland; Growth Strongest in Low/High-End Jobs

California’s economy continues to post strong year-to-year gains but growth no longer appears to be accelerating. Nonfarm employment has increased 1.6% over the past year, producing a net gain of 236,400 jobs. By contrast, employment rose 2.3% during the prior year.

While we suspect that job growth during the most recent year has been understated and will be revised higher, there is little question that both the quantity and quality of jobs being added in California this past year has slipped a bit. Hiring in higher-paying sectors, including the tech sector, has slowed, while hiring in lower-paying sectors, such as leisure and hospitality, has accelerated.

Unemployment has continued to drift lower, but rose in July. Moreover, California’s labor force participation rate remains below the national average and the state’s disability rolls are still growing. Businesses also remain exceptionally cautious and we are still seeing a number of firms opt to expand outside the state.

Solid Employment Growth

Even though the pace of hiring has moderated, employment growth remains solid. Private sector businesses added a nation’s-best 42,000 net new jobs in July, as hiring in professional and business services increased solidly during the month. Gains were nearly evenly split between professional and technical services, where much of the growth in the tech sector shows up, and administrative support services.

Hiring also continues to rise solidly in the leisure and hospitality sector, fueled by strong gains in the state’s important tourist sector. Construction, which has been a strong source of growth in recent months, ceded some of its recent improvement, with employment falling 1.2% in July.

The unemployment rate rose 0.2 percentage points in July to 8.7%. The increase was primarily due to a 65,100-person drop in household employment. The civilian labor force contracted by about half that amount.

The drop in household employment was the largest single decline since June 2009. While that may raise a few eyebrows, the household employment series is notoriously volatile, and is showing 1.2 percentage points more growth than the more closely watched nonfarm employment measure. Household employment has risen 2.8% over the past year, producing a whopping net gain of 468,100 new jobs.

Coastal Gains

The strongest job growth and lowest unemployment rates continue to be along the coast. San Jose and San Francisco continue to see the fastest job growth, with employment rising 2.9% and 2.2%, respectively, over the past year. Hiring continues to be driven by gains in social media, mobile devices, and cloud computing.

Weaker global economic growth and a slowdown in business fixed investment have cut into production of technology hardware in recent months, however, which has had a negative impact on manufacturing payrolls.

On the positive side, construction payrolls continue to ramp up, reflecting gains in both residential and commercial construction. The Bay Area’s tourist sector also remains strong and received a boost from hosting the America’s Cup this year.

Southern California

Employment conditions have also improved in Southern California. The Los Angeles-Long Beach-Glendale metropolitan division posted the largest numerical job gain over the past year, adding 61,800
jobs. The 1.6% increase, however, merely matches the state.

Hiring has been stronger in Orange County, rising 2.1%, reflecting broad-based gains across most industries.

Homebuilding is making a major contribution, helping send construction payrolls 6.6% higher over the past year. Hiring has also picked up in the financial sector and tourism remains strong.

**Inland Empire**

Employment conditions have not improved nearly as much in the Inland Empire, however, with payrolls rising just 0.4% over the past year. Construction remains a huge drag on the region’s overall performance, and manufacturing and agricultural employment have also decreased.

Employment in the region's important transportation and distribution sector continues to increase, however, and hiring has also picked up in the leisure and hospitality sector, and in professional services.

**International Trade**

California’s exports through the first six months of 2013 are running 1.4% below their year-ago level. The slowdown in the global economy is evident in the latest trade figures.

Exports to Europe have generally weakened. Shipments to Germany have fallen 6.2% and shipments to Italy are off 9.6%. Exports to the Netherlands and Denmark also declined.

In addition, demand has cooled off in many rapidly industrializing nations. Exports to India through the first six months of this year plunged 24.2% from their year-ago level and exports to China off 0.5%.

Trade also has slowed with Brazil, but exports to Mexico, the state’s largest from the prior year, while the number of loaded out-bound containers declined 4.8%. Total trade through the port through the first seven months of this year is running 6.5% below its year-ago pace.

Trade through the Port of Long Beach has held up better, with the volume of loaded in-bound containers rising 15.1% through the first seven months of this year and the number of loaded out-bound containers rising 9.5%.

The Port of Oakland has seen modest gains, with loaded inbound containers increasing 1.8% and loaded out-bound containers rising 2.3%.

**Housing**

Concerns that rising mortgage rates will short-circuit the recovery in California’s housing market appear to be overblown. The latest figures show existing home sales holding up remarkably well, and demand for new homes is outstripping supply in the Bay Area and many areas along the Coast. Sales have moderated, but most of the moderation occurred prior to the recent rise in mortgage rates.

The latest figures from the California Association of Realtors drive home this point. Sales of existing single-family homes in July rose 1.5% from last year, which marks the first year-to-year increase in 2013. Prices continue to post huge gains, with the median price of a single-family home rising 29.8% from its year-ago pace statewide and prices of condominiums and townhomes increasing 40.4%.

Supplies of existing homes remain...
State Recovery Spreading Inland; Growth Strongest in Low/High-End Jobs

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remarkably tight across the state, with less than a three-month supply of single-family homes available statewide. Precipitation was near normal in the northern parts of California, but they were severely short in the central and southern areas.

Despite good rains in the fall, there were severe drought conditions south of the Delta this last winter, causing projected water deliveries to be reduced to 20% in most of the West San Joaquin Valley and 55% in the East San Joaquin Valley for 2013. This has forced acreage to be fallowed and increased the cost for many farmers to pump and/or buy more supplemental water.

Most operators are concerned about the performance of their wells and the possible impact of lower-quality water on some orchards and vineyards. The open market price for supplemental water in 2013 has more than doubled since the last drought.

There have been some redistribution effects, with the cost rising for some growers and providing additional income to others. Since there is no water to carry over and groundwater basins are being depleted, many growers are concerned about water supplies for 2014, if precipitation is only normal or less for next season.

Agriculture

Short water supplies are challenging many in California’s agriculture sector with higher costs. Dairy

Dairy

Milk prices strengthened during the first half of this year, as global milk production declined with poor weather, put to market. Poultry prices have improved, helping offset higher feed prices.

Fruits, Nuts and Vegetables

Fruit prices are lower than last year, disappointing many growers and packers. Frost last spring resulted in only minimal damage and cost. Citrus producers have enjoyed good prices.

Despite slowing economies locally and abroad, nut sales continue to be strong in 2013, due in large part to robust exports. The almond bloom and pollination this year was not as good as many hoped, resulting in a slightly smaller crop, even though plantings have increased dramatically. The lack of rain and early crop set has made most nuts in the San Joaquin Valley more vulnerable to pest problems. Short water supplies and lower-quality well water may also reduce nut yields in the San Joaquin Valley, especially for almonds. This has strengthened nut prices.

Almond yields could suffer for the next couple of years if growers find it necessary to irrigate with saltier water. Nut crops and vineyards are doing well in northern regions, where water is not so problematic.

Vegetables experienced severe freezing conditions in the deserts early this year, which slowed production for some producers and provided market opportunities for others to realize higher prices. Good weather in latter months has increased yields and unfortunately reduced prices for many vegetables.

Wine and Wine Grapes

California wine grape producers are enjoying good prices in 2013, as wine sales improve and wineries have already worked down their inventories. The large crop last year moderated the higher prices they received in 2012, but they will stay strong, as long as our weak dollar
State Recovery Spreading Inland; Growth Strongest in Low/High-End Jobs

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continues to impede competition from imports. Plantings of new vineyards in California continue to increase.
Wineryreportssignificant reductions in their finished inventories, though consumers are resisting a full return to the higher retail prices wineries enjoyed before the recession. Yields in the coastal regions are expected to be average, while the Central Valley may be slightly more this year. The latter may give wineries the ability to negotiate slight reductions in the price of generic white wine grapes.

Field Crops
Field crop production will decline slightly, because of water shortfalls, but hay prices are expected to remain strong with better dairy demand and exports. Cotton prices have decreased with slowing economies and increased production abroad. Tomato production is expected to remain high, despite water costs.

Labor
Many producers reported shortages of labor in California last year. Fruit and vegetable producers have slightly increased their wages paid. They are apprehensive about future labor availability due to the improving economy in Mexico and possible federal regulatory changes requiring stricter worker documentation.
They are, however, hoping for the passage of immigration reform legislation in Congress, designed in part to provide a more stable labor force for California agricultural producers.

Tourism
Tourism remains a bright spot in California and recent expansions to major tourist attractions are drawing increased attendance at a number of locations.
Hotel occupancy rates are running 2.1 percentage points above their year-ago level and revenue per available room (RevPAR) is up a solid 9.2%.
California airport passenger traffic rose 4.3% in 2012. Domestic travel accounted for the majority of California's increase in traffic, rising by 6.1 million passengers. International travelers increased by approximately 1 million. Oakland and San Francisco saw the largest overall gains in passenger traffic, rising 8.4% and 10.4%, respectively.
The pickup in tourism has boosted hiring in the leisure and hospitality sector. Overall, payrolls climbed 4.8% or 74,100 jobs. The bulk of that increase was at restaurants, with limited-service operations leading the way. Hotels are only modestly adding to payrolls.
One possible caveat is that many employers are opting to limit workers to less than 30 hours a week to minimize the hit from the Affordable Care Act, which means they are hiring more part-time workers than they have in the past. This may be inflating some of the reported gains at retailers and the leisure and hospitality sectors. A recent University of California, Berkeley study highlighted this concern.

Outlook
The Economic Advisory Council continues to gain momentum and is spreading from the coastal regions to interior areas, which had until recently been lagging. Most members expect job growth to gain momentum in 2013, as home-building and commercial construction improve.
A few members have expressed concerns about the quality of jobs being created throughout the state, with the strongest growth occurring at lower and upper ends of skill and pay categories. Hiring and income growth for mid-skilled workers has been lagging, and median income growth has fallen the past three years.
These issues are not unique to California, however, and we continue to believe that the state’s lead in information technology, life sciences and alternative energy will continue to drive solid gains in job and income growth during the second half of 2013 and the coming year.

Staff Contact: Dave Kilby

The California Chamber of Commerce Economic Advisory Council, made up of leading economists from the private and public sectors, presents a report each quarter to the CalChamber Board of Directors. This report was prepared by council chair Mark Viner, managing director and senior economist at Wells Fargo Securities, LLC.

Publication of this report is a project of the California Foundation for Commerce and Education.
October 4 Registration Deadline Looms for CalChamber Public Affairs Gathering

Great cast of legislators (past and present) offering their insights, along with members of Capitol Press Corps, California political insiders

A new political era in California began on January 1 due to several CalChamber-backed voter-enacted reforms.

Did this new era bring new opportunities? Or was it more of the same? It certainly brought new faces—40 freshman legislators walked into the Capitol’s corridors.

The California Chamber of Commerce Fall Public Affairs Conference on October 17–18 will offer attendees a chance to hear from the experts about how the “new look Legislature” fared; get a California election forecast; and tune into a pollster’s perspective on what the public is thinking.

The conference will include informative sessions led by notable veterans like former Assembly Speaker Willie Brown, Republican Party Chair Jim Brulte and Democratic Party Chair John Burton, as well as CalChamber senior staff.

Participating Lawmakers

Among the many California legislators who have confirmed their participation/attendance, are:

● Senators Marty Block (D-San Diego), Anthony Cannella (R-Ceres), Bob Huff (R-Diamond Bar), Ted Lieu (D-Torrance), Norma Torres (D-Pomona);
● Assemblymembers Travis Allen (R-Huntington Beach), Cheryl Brown (D-San Bernardino), Tom Daly (D-Anaheim), Cristina Garcia (D-Bell Gardens), Diane Harkey (R-Dana Point), Marc Levine (D-San Rafael), Brian Maienschein (R-San Diego), Melissa Melendez (R-Lake Elsinore), Al Muratsuchi (D-Torrance), Scott Wilk (R-Santa Clarita).

Conference Agenda

Conference sessions will include:

● A bipartisan panel of legislators who will take a look back at the “new look Legislature” and discuss the Legislature’s recent accomplishments and what to expect for next year. Jeanne Cain, CalChamber executive vice president, policy, will serve as moderator.
● The Capitol Press Corps perspective on the “new look Legislature” and Governor, with Beth Miller, Miller Public Affairs Group, moderating a discussion by panelists Carla Marinucci, San Francisco Chronicle; John Myers, ABC News10; and Anthony York, Los Angeles Times.
● A 2014 California election forecast from Brulte and Burton.
● A pollster’s perspective on what the public is thinking with Robert Green, Penn Schoen Berland; and Dave Sackett, The Tarrance Group.
● Former Speaker Brown as moderator of a panel featuring members of one of the largest freshman legislative classes in recent history.
● “California Initiative Throwdown” with veteran consultants Rick Claussen, Redwood Pacific Public Affairs; and Jason Kinney, California Strategies, LLC.

● A data drill down and look at predictive analytics and the changing nature of campaigns featuring former Obama for America Deputy Chief Analytics Officer Andrew Claster and Lara Aulestia of Resonate. Joe Rodota of Forward Observer will moderate the session.

Registration

CalChamber Public Affairs Council and Board of Directors members receive a substantial discount on registration. The $450 fee includes both evening receptions. Registration is $800 for attendees who are not members of the Public Affairs Council or CalChamber Board.

The Thursday Reception only is $100.

For more information and to register, visit www.calchamber.com/fall2013.

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