Is Road Maintenance Fee in California Drivers’ Future?

Seeking a creative and long-term solution for financing highway and road construction and upkeep, a new commission has kicked off its investigation of a “road user charge” as a possible replacement for the well-traveled gasoline tax.

CalChamber, Past Governors Defend Citizen Redistricting

The California Chamber of Commerce, three former California Governors and California redistricting proponents are supporting the constitutionality of an Arizona voter-approved redistricting commission before the U.S. Supreme Court.

The friend-of-the-court brief filed with the U.S. Supreme Court supports the constitutionality of Arizona citizens’ decision to have congressional voting lines drawn by an independent redistricting commission rather than legislators.

A similar commission was formed by California voters in 2010.

The brief was jointly filed by the CalChamber, former California Governors George Deukmejian, Pete Wilson and Arnold Schwarzenegger, and redistricting proponents Charles T. Munger Jr. and Bill Mundell.

Fair, Competitive Elections

“The lines drawn by California’s Citizens Redistricting Commission have resulted in the fairest and most competitive elections in California history,” said CalChamber President and CEO Allan Zaremberg.

“California voters firmly agreed with CalChamber and former Governors Deuk-
See CalChamber: Page 4

Gas Tax Revenue

A confluence of forces continues to reduce the effectiveness of the gasoline tax as a stable revenue source for highways. Pegged to the amount of gasoline purchased, the tax could keep pace neither with inflation in construction costs or increased efficiency in automobile performance.

CalTrans has estimated that inflation and improved vehicle efficiency has eroded more than 60% of the value of the gasoline tax since 1994.

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Timing of Pay Dates

The California Labor Code (L.C.) requires that pay dates for weekly, biweekly, and semimonthly pay periods that are different than the schedule outlined in L.C. 204(a) must be designated within seven days from the end of each pay period.

Except for exempt administrative, executive and professional employees, commissioned employees of vehicle dealers and employees covered by collective bargaining agreements, most employees are subject to the provisions of L.C. 204(a), which provides in part that all wages earned by employees are due and payable at least twice each month.

Wages for labor performed between the 1st and 15th of the month are due and payable on an established pay date that must occur not later than the 26th of the month. The designated payday for the second half of the month may be no later than the 10th of the following month.

L.C. 204(d) goes on to provide that the requirements of this section shall be deemed satisfied by the payment of wages for weekly, biweekly, and semimonthly payroll if the wages are paid not later than seven calendar days following the close of the payroll period. Overtime wages for any pay period may be paid on the next regular pay date.

Penalties

Noncompliance with the payroll rules could subject an employer to penalties pursuant to L.C. 210, as well as liquidated damages pursuant to L.C. 1194.2.

L.C. 210 provides a penalty of $100 for each failure to pay each employee and $200 for each subsequent violation, plus 25% of the amount withheld.

L.C. 1194.2 provides for recovery of wages because of nonpayment of the minimum wage. An employee shall be entitled to recover liquidated damages in an amount equal to the wages unlawfully unpaid and interest thereon. When an employer fails to pay wages in accordance with L.C. 204, it amounts to a violation of these laws and results in nonpayment of the minimum wage. The Labor Commissioner may assess liquidated damages based on the current minimum wage multiplied by all unpaid hours in the pay period (except overtime hours).

Review Practices

Considering the potential of sizable penalties, it is prudent to review your pay period and payday practices to ensure compliance with the payday laws.

Additionally, make sure that you are complying with L.C. 207, which requires that employers post a notice specifying the regular paydays and the time and place of payment. The California Chamber of Commerce 2015 California and Federal Employment Notices Poster includes this required notice, which may be purchased from the CalChamber store, www.calchamberstore.com.

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.

California Chamber of Commerce

HR Adviser

Barbara Wilber

Our pay periods run from the 11th to the 25th, with the payday being on the 5th of the next month; and from the 26th to the 10th, with the payday being on the 20th. An employee alleges that our pay periods and paydays are not correct. Who is correct? The employee is correct. You have established a semimonthly pay period, which is perfectly valid, but the problem lies with the timing of the pay dates.
19 Women on *Fortune* Most Powerful List Lead CalChamber Member Companies

Four out of the top five executives on *Fortune* magazine’s latest ranking of the 50 most powerful women in business lead California Chamber of Commerce member companies. The magazine’s list includes a total of 19 CalChamber member company executives. The list features an all-time record of 24 large-company CEOs, and many of the women highlighted are leading in key industries such as tech, energy, defense and autos. The magazine notes that when it published its original list in 1998, most of the executives featured “came from industries with a premium on creativity,” such as advertising, media and publishing, with “no top women at blue-chip firms.”

**CalChamber Members List**

The CalChamber member company executives featured in *Fortune* magazine’s ranking are:
- No. 1: Ginni Rometty, chairman, CEO and president, IBM;  
- No. 2: Mary Barra, CEO, General Motors;  
- No. 3: Indra Nooyi, chairman and CEO, PepsiCo;  
- No. 4: Marilynn Hewson, chairman, CEO and president, Lockheed Martin;  
- No. 10: Sheryl Sandberg, chief operating officer, Facebook;  
- No. 11: Phebe Novakovic, chairman and CEO, General Dynamics;  
- No. 14: Safra Catz, co-president and chief financial officer, Oracle;  
- No. 15: Rosalind Brewer, CEO and president, Sam’s Club, Wal-Mart Stores;  
- No. 22: Pam Nicholson, CEO and president, Enterprise Holdings;  
- No. 28: Gisel Ruiz, executive vice president and chief operating officer, Wal-Mart U.S., Wal-Mart Stores;  
- No. 30: Debra Reed, chairman and CEO, Sempra Energy;  
- No. 33: Bridget van Kralingen, senior vice president, global business services, IBM;  
- No. 34: Carrie Tolstedt, senior executive vice president of community banking, Wells Fargo;  
- No. 35: Lori Lee; senior executive vice president, home solutions, AT&T;  
- No. 36: Susan Cameron, CEO and president, Reynolds American;  
- No. 40: Ilene Gordon, chairman, CEO and president, Ingredion;  
- No. 44: Debra Crew, president and general manager, North America Nutrition, PepsiCo;  
- No. 45: Sondra Barbour, executive vice president, information systems and global solutions, Lockheed Martin; and  
- No. 48: Jane Fraser, head of U.S. consumer and commercial banking and global mortgages, Citigroup.

**Complete List**

In compiling the list, *Fortune* said its editors consider four criteria: “the size and importance of the woman’s business in the global economy, the health and direction of the business, the arc of the woman’s career (resume and runway ahead), and social and cultural influence.”

The complete “50 Most Powerful Women” list is available at [fortune.com/most-powerful-women/](http://www.fortune.com/most-powerful-women/).

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**Task Force Invites Businesses to Revitalize Civic Education**

Starting in February, six counties in California (Alameda, Butte, Fresno, Los Angeles, Sacramento, San Diego) will launch Civic Learning Partnerships led by local leaders from business, law and education. These groups will collaborate to promote high quality K-12 civic learning for all students, including working with their communities and local school districts to call for implementation of the recommendations of the California Task Force on K-12 Civic Learning.

The California Task Force on K-12 Civic Learning was established by Chief Justice Tani Cantil-Sakauye and State Superintendent of Public Instruction Tom Torlakson to explore and elevate the status of civic learning and engagement in California. Co-chaired by Administrative Presiding Justice Judith McConnell and Sacramento County Superintendent of Schools David Gordon, the task force brought further definition to the skills, knowledge and dispositions students need to be informed and engaged democratic participants.

Its report, *Revitalizing K-12 Civic Learning in California: A Blueprint for Action*, was unanimously approved by the task force members and released in August 2014. The Power of Democracy Steering Committee is now overseeing its implementation throughout the state.

**Kick-Off Meetings**

CalChamber members interested in attending the kick-off meeting in Butte on Thursday, February 5, or in Sacramento on Wednesday, February 18, or in learning more about the Civic Learning Partnerships, should contact Debbie Genzer, [Deborah.Genzer@jud.ca.gov](mailto:Deborah.Genzer@jud.ca.gov).
CalChamber, Past Governors Defend Citizen Redistricting

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mejian, Wilson and Schwarzenegger and Mr. Munger and Mr. Mundell that passing Propositions 11 and 20 were key to eliminating the inherent conflict of interest when legislators draw self-serving district boundary lines following each census.

“The Arizona litigation jeopardizes the will of the California electorate and its embrace of fair redistricting and competitive elections. It is imperative, through this amicus brief, to let the U.S. Supreme Court know the importance of this case to fair elections in California.”

Proposition 11 of 2008 gave the task of redrawing state legislative districts to the Citizens Redistricting Commission.

Proposition 20 of 2010 extended to the citizens commission authority for drafting congressional district boundaries.

Arizona Case


Arizona state legislators contend they alone have the authority to determine the lines for congressional election districts and filed a lawsuit challenging formation of the independent commission in the U.S. District Court of Arizona on June 6, 2012.

In February 2014, a three-judge panel rejected the Arizona legislators’ argument, upholding the ability of voters to establish the commission. Subsequently, Arizona legislators appealed to the U.S. Supreme Court. The matter is expected to be heard on March 2.

A copy of the brief, filed January 23, is available at www.calchamber.com.

Is Road Maintenance Fee in California Drivers’ Future?

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And this is before the ambitious rollout of electric, plug-in hybrid and fuel cells vehicles in the state—which use little or no gasoline and therefore are the quintessential “free riders.”

In his inaugural address, Governor Brown spoke of the “importance in having the roads, highways and bridges in good enough shape to get people and commerce to where they need to go,” estimating that the state has deferred maintenance and upkeep needs of $59 billion.

In calling for a bipartisan solution for transportation finance, the Governor did not single out a mileage fee, but this option is certainly deeply in the mix.

The advisory committee has an ambitious agenda: within one year it must recommend how the state Transportation Agency can launch a pilot program testing a road user charge in real world circumstances.

The committee will examine technical feasibility, reliability, implication for privacy rights, data security, motorist compliance, and overhead costs.

Other States

California probably will not break new policy ground on this project. The states of Oregon and Washington are already examining mileage fee alternatives, with Oregon on the verge of implementing a pilot project with 5,000 volunteer motorists. Findings from these other West Coast states will be invaluable for California’s consideration.

More information on the technical advisory committee is available at a California Transportation Commission website, www.cutc.ca.gov.

Contact: Loren Kaye

Tools to stay in touch with your legislators.

calchambervotes.com
Businesses Voice Concerns About Impact While Port Worker Contract Talks Drag On

The many businesses that depend directly on efficient goods movement through West Coast ports are anxiously awaiting the successful completion of negotiations for a port worker labor contract.

Earlier this month, a federal mediator stepped in and contract negotiations resumed between the Pacific Maritime Association (PMA) and the International Longshore and Warehouse Union (ILWU). Negotiations began in May 2014; the existing contract expired in July 2014.

Staff Contacts: Jeremy Merz, Susanne Stirling

The California Chamber of Commerce was among 175 business groups that sent a letter to the heads of the ILWU and PMA on January 16 asking for a “renewed commitment to stay the course, complete the contract negotiations as soon as possible and work to resolve the current congestion issues without further interrupting the flow of commerce.”

The groups represent a wide array of companies—manufacturers, farmers and agribusinesses, wholesalers, retailers, importers, exporters, distributors, and transportation and logistics providers.

About 70% of containerized cargo moves through ports in California, Oregon and Washington.

The Southern California ports of Los Angeles and Long Beach are the busiest and second busiest in the nation, while the Port of Oakland ranks as the third busiest.

Competition

The high stakes of continuing uncertainty at the West Coast ports are outlined in the letter from the business groups. The letter points out that overseas competitors highlight the problems at West Coast ports as a reason not to buy U.S.-made or -grown products.

“Manufacturers in the Midwest have had to slow and even stop production lines due to delays in receiving containers from the West Coast that hold critical inputs.

“Retailers are now seeing delays of early spring merchandise including products for Valentine’s Day and Easter.”

“Citing supply chain disruptions across all industry sectors in recent months, the letter continues, “It is a black eye for the broader economy and some jobs have and will continue to be lost as a result of continued delays at the ports.”

Jobs

The ILWU represents 20,000 West Coast full- and part-time dockworkers.

Port activity at ILWU marine terminals supported nearly 3.7 million California jobs in 2013, and contributed $742.8 billion to the state’s economy, about 37% of gross state product, according to a study prepared for PMA and released in April 2014.

PMA’s principal business is to negotiate and administer maritime agreements with the ILWU. This includes a coast-wide contract covering longshore, clerk and foreman workers at 29 ports along the West Coast, from Southern California to the Pacific Northwest.

Background

In November, the CalChamber joined the U.S. Chamber and other business groups in signing a petition on the White House website urging President Barack Obama to get involved to end the port dispute.

The West Coast lockout 12 years ago cost the U.S. economy $1 billion a day. It took half a year for the ports to clear the backlog and recover from that 10-day shutdown.

A shutdown now would be even more costly, according to a June 2014 study released by the National Association of Manufacturers and the National Retail Federation. That study estimated impacts of nearly $2 billion a day for a five-day interruption.

Indoor Lighting Supplier on Impact of Port Crisis

“The Long Beach port is having a tremendous negative effect on our business and others who depend on product coming from overseas. This problem is affecting much more than just California.

“As a business-to-business company, we have more than 2,000 customers across the United States, Canada and South America who depend on us to provide them with product. Magnify that 2,000 by the number of customers they service and it starts to multiply tenfold very quickly. Our product is all distributed from our local warehouse here in Southern California and of course this problem has an effect on the number of jobs we can offer.

“Cash flow is negatively impacted by the product being ‘held’ at the port. Product needs to be paid for prior to our company even having the opportunity to ship to our customers because of the delays.

“We need the government of the United States to step up, recognize and put an end to this nonsense that is having such a negative effect on business. Businesses are already hurting; we do not need more issues added to an already-lackluster economy.”

—David Lu, President/CEO, Lite Source Inc., Chino
Obama 2015 Trade Agenda Mirrors Goals of California Chamber of Commerce

Testimony by the U.S. Trade Representative (USTR) Michael Froman told the U.S. Senate Finance Committee and the U.S. House Ways and Means Committee.

2015 Trade Agenda

As Ambassador Froman explained to the Senate Finance Committee, the Obama administration’s 2015 trade agenda is focused on expanding opportunities to export more Made-in-America products, support jobs at home and create economic growth by opening overseas markets and leveling the playing field for American workers, farmers and businesses.

In the last four years, the increase in U.S. exports has supported 1.6 million more good jobs, which typically pay 13%–18% more on average than jobs not related to exports.

Main priorities for the USTR are to:

- Lead the administration’s effort to secure Trade Promotion Authority (TPA) with bipartisan support;
- Make significant progress to bring home high-standard trade agreements, including the successful conclusion of the Trans-Pacific Partnership (TPP); and
- Advance the Transatlantic Trade and Investment Partnership Agreement (TTIP).

CalChamber Trade Priorities

Earlier this month, the CalChamber sent a letter to President Barack Obama, Secretary of Commerce Penny Pritzker, the U.S. Trade Representative Froman, and the California congressional delegation reiterating CalChamber support for the same priorities Ambassador Froman mentioned in his testimony.

Trade Promotion Authority

The CalChamber supports the extension of trade promotion authority so that the President of the United States may negotiate new multilateral, sectoral and regional trade agreements ensuring that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

Renewing TPA “makes it clear to our trading partners that the Administration and Congress are on the same page negotiating high standards in our trade agreements,” Ambassador Froman said.

Trans-Pacific Partnership

Leaders of the current 12 Trans-Pacific Partnership countries—Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand,

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Pictorial Rosters of Legislature, Congress

CalChamber-Sponsored Seminars/Trade Shows

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SelectUSA Investment Summit. Select USA. March 23–24, National Harbor, Maryland. (202) 482-6800.
SelectUSA Road Show in Mexico. SelectUSA. May 12–14, Merida, Mexico City and Tijuana, Mexico.
SelectUSA Greater China Road Show. SelectUSA. May 18–29, Hong Kong, Shanghai, Shenyang and Dalian, China. (202) 482-6800.
9th World Chambers Congress. International Chamber of Commerce. June 10–12, Torino, Italy.

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Obama Trade Agenda Mirrors Goals of California Chamber of Commerce

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Peru, Singapore, the United States and Vietnam—have announced the broad outlines of an ambitious, high-standard, regional, 21st century Trans-Pacific Partnership Trade Agreement, of which the CalChamber is supportive.

According to a 2013 analysis supported by the Peterson Institute, a TPP agreement provides global income benefits of an estimated $223 billion per year, by 2025. Real income benefits to the United States are an estimated $77 billion per year. The TPP could generate an estimated $305 billion in additional world exports per year by 2025, including an additional $123.5 billion in U.S. exports.

The market size is nearly 800 million consumers with a combined gross domestic product (GDP) of $28.1 trillion in 2012 (39% of world GDP). In 2013, U.S. exports with the TPP members topped $699 billion and California exports were approximately $70.4 billion, according to the U.S. Department of Commerce.

The TPP Agreement is important as a vehicle for Trans-Pacific-wide economic integration. This regional agreement sets a high standard that will enhance the competitiveness of the countries that are part of it and help facilitate trade and promote investment between them, increasing their economic growth and development. Moreover, the Trans-Pacific Partnership is reinforcing the Asia-Pacific Economic Cooperation goal of promoting regional economic integration and could serve as a potential way to build toward the Free Trade Area of the Asia-Pacific.

Trans-Atlantic Trade

The trans-Atlantic economic partnership is a key driver of global economic growth, trade and prosperity, and represents the largest, most integrated and longest-standing regional economic relationship in the world.

Together, the European Union and the United States are responsible for 11.5% of the world’s population, nearly half of global GDP, 30% of global merchandise trade, and 40% of world trade in services.

The trans-Atlantic relationship defines the shape of the global economy as a whole; either the European Union or the United States also is the largest trade and investment partner for almost all other countries.

According to the World Bank, the EU market represents 506.7 million people, and has a total GDP of $17.4 trillion. The United States has more than 316.1 million people and a GDP of $16.8 trillion.

Total bilateral goods trade between the European Union and United States was nearly $650 billion in 2013, with the United States exporting $262 billion worth of goods to EU member nations. California exports to the European Union in 2013 totaled $28.2 billion. California is one of the top exporting states to Europe, with computers, electronic products and chemical manufactures as the state’s leading export sectors to the region. EU countries purchase roughly 17% of all California exports. For California companies, the single market presents a stable market with huge opportunity.

Tariffs on goods traded between the U.S. and the EU average less than 3%, but even a small increase in trade could have major economic benefits. U.S. trade with Europe is much larger than with China. Although there are numerous issues such as agricultural subsidies, privacy and aircraft subsidies, obtaining agreements on issues such as uniform car safety testing could be a huge benefit.

A free trade agreement could increase economic output and GDP in the long term, benefiting industries ranging from chemicals to automakers. EU-U.S. commercial links are unrivaled. Total U.S. annual investment in the EU is higher than in all of Asia, while EU investment in the U.S. far outstrips EU investment in India and China combined.

Building on U.S. Exports

In 2014, the USTR built on record-breaking exports, market opening initiatives, intensive engagement, and trade enforcement to achieve strong results for America’s economy, according to Froman. He cited data such as the unemployment rate dipping to 5.6% and the creation of more than 200,000 jobs per month. Those jobs include a gain of 786,000 new manufacturing jobs over the last five years. Manufacturing exports have grown by 9% a year on average. Total U.S. exports have grown by nearly 50% and contributed nearly one-third of economic growth since the second quarter of 2009.

“Done right, trade policy unlocks opportunities for Americans,” Ambassador Froman said. “Done right, trade policy promotes not only our interest, but our values. And it gives us the tools to make sure others play by the same values as we do. The United States is an open economy and our borders are already open to trade. But other countries still erect real barriers to our exports.”

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A new version of the California Chamber of Commerce Alert app is available for download now.

Besides a new look, Version 2.0 gives readers the ability to search story content. Still available is the ability to download a PDF of the Alert to read offline.

The search feature is made possible by moving the app to a new publishing platform. Therefore, readers who downloaded the previous version of the app will need to download Version 2.0 at www.calchamber.com/mobile. The previous version of the app is no longer supported and readers with that version will not receive any news updates.
LIVE WEBINAR | FEBRUARY 19, 2015 | 10:00 - 11:30 A.M. PT

How to Pay by the Rules in California

California goes beyond federal law and requires more of employers when it comes to wage-and-hour laws. Properly classifying and paying employees gets complicated, so it’s important to pay by the rules to avoid fines or legal trouble—especially with the increased wage-and-hour enforcement efforts of the state’s Labor Commissioner.

Spend what could be the best use of your time when you attend CalChamber’s 90-minute webinar on Thursday, February 19.

Cost: $199.00 | Preferred/Executive Members: $159.20

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