U.S. High Court Upholds Citizen Redistricting
CalChamber, California Governors Aid Victory

The U.S. Supreme Court has upheld the constitutionality of Arizona citizens’ decision to have congressional district lines drawn by an independent redistricting commission rather than legislators.

The decision was in keeping with a friend-of-the-court brief filed jointly by the California Chamber of Commerce, three former California governors and two political reformers.

California voters formed a similar commission in 2010 when voters passed Proposition 20.

The court’s June 29 decision in Arizona State Legislature v. Arizona Independent Redistricting Commission, et al., determined that voters may use the initiative process to authorize an independent commission to draw congressional districts.

Affirms California Process

“The decision removed the conflicted legislature from the redistricting process and upheld the will of the people via the initiative process,” said CalChamber President and CEO Allan Zaremberg.

“The ruling affirms California’s commitment to the voters to have competitive congressional districts. Politicians will only win re-election if they have earned the support of voters,” he said.

See U.S. High Court: Page 4

Clarifying California’s Sick Leave Law
Employers Must Have Policy in Place to Cap Sick Leave Benefit at 3 Days

In the midst of much misinformation and confusion, July 1 marked the day California employers were required to begin providing paid sick leave benefits to their eligible employees.

The California Chamber of Commerce is providing resources to help employers understand and comply with the new sick leave mandate. A video.


Sick Leave Policy Important

“There is a lot of misinformation about what this law requires,” said CalChamber President and CEO Allan Zaremberg. “This is not a straightforward requirement of three days of leave per employee as many have suggested.

“Rather, employers must create a policy addressing the amount of leave they are providing or else they will be subject to the statutory mandated accrual.

See Clarifying California’s Sick Leave: Page 4

Roadway Repair Projects Speedier with CalChamber Job Creator Bill

Roadway repair and maintenance projects will be expedited and costs reduced with the help of a California Chamber of Commerce-supported job creator bill signed this week by Governor Edmund G. Brown Jr.

AB 323 (Olsen; R-Modesto) streamlines infrastructure development by extending until January 1, 2020 the current California Environmental Quality Act (CEQA) exemption for certain roadway repair and maintenance projects.

This exemption was set to expire on January 1, 2016. Importantly, AB 323 extends the exemption only if certain requirements are met, including that the project must not cross a waterway, there must be negligible expansion of use, the site must not contain wetlands or riparian habitat, and there must be no impact to cultural resources.

Ensuring that minor roadway maintenance and repair projects in small to mid-size jurisdictions move forward expeditiously is critically important from a public safety standpoint.

Although such projects may fall within certain categorical exemptions under the CEQA Guidelines, AB 323 ensures that roadway repair and maintenance projects will continue to be statutory.

See Roadway Repair: Page 4

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Job Creator Bill Moves: Page 3
Labor Law Corner

No Definitive List of Disabilities in Federal or California Law

My employee says she has a fragrance sensitivity and is demanding that I purchase unscented products for our cleaning service to use, even though the service provides its own products as part of our contract. She claims it is required as a disability accommodation, but I don’t think a fragrance sensitivity qualifies as a disability. Where can I find an official list of disabilities under the Americans with Disabilities Act (ADA)?

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For California employers, who are subject to both the ADA and California’s Fair Employment and Housing Act (FEHA), an employee is disabled if he or she has a physical or mental impairment that limits one or more of the major life activities, a record of such an impairment, or is regarded as having an impairment. The definition of a disability is broader under FEHA than under the ADA.

Case-by-Case Decision

Neither the ADA nor FEHA contain a definitive list of medical conditions that constitute disabilities. Therefore, the issue of whether an employee is disabled will be determined on a case-by-case basis.

For example, morbid obesity may be a protected disability where an individual is limited in one or more major life activities, such as bending or walking, or is regarded as being disabled.

On the other hand, a recent federal appeals court decision determined that Attention Deficit Hyperactivity Disorder (ADHD) may not be protected under the ADA where it causes difficulty interacting with peers and subordinates, because the ability to get along with a select group of individuals is not a major life activity.

Fragrance Sensitivity

In the case of fragrance sensitivity, an individual’s respiratory or skin allergy reactions may be severe enough to limit major life activities (i.e. breathing, working) and therefore qualify as a protected disability. If so, the employer would be required to reasonably accommodate the employee’s disability unless it is an undue hardship to do so.

It would likely be difficult to show that the relatively minor expense of purchasing unscented cleaning products would be an undue hardship.

More Information

For more information about fragrance sensitivities, visit the Job Accommodation Network at askjan.org (http://askjan.org/media/fragrance.html), a service of the Office of Disability Employment Policy at the U.S. Department of Labor.

For more information about how to determine whether a person has a disability under the ADA, visit http://askjan.org/corner/vol05iss04.htm.

Detailed information about disability accommodation is also available on the California Chamber of Commerce HRCalifornia website in the Disabilities and Accessibility Library (www.hrcalifornia.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.

CalChamber-Sponsored Seminars/Trade Shows

More at www.calchamber.com/events.

Labor Law
HR Boot Camp. CalChamber. August 18, Sacramento; September 2, Laguna Beach. (800) 331-8877.

Government Relations

International Trade


Export E-Commerce with China and Hong Kong. Port of Los Angeles. August 11, San Gabriel. (310) 732-7765.

Hong Kong Food Expo. Centers for See CalChamber-Sponsored: Page 6
CalChamber-Backed Job Creator Bill Seeks to Limit Frivolous, Costly Litigation

Opportunity to Cure Technical Violations on Itemized Wage Statement

A recently amended bill identified by the California Chamber of Commerce as a job creator that aims to limit frivolous, costly litigation passed the Senate Judiciary Committee this week.

The bill, AB 1506 (R. Hernández; D-West Covina), provides employers with a limited opportunity to cure technical violations on an itemized wage statement that does not create any injury to an employee, by allowing the employer a limited time period to fix the violation before any civil litigation is pursued, so that an employer can devote its financial resources to expanding its workforce.

The bill has such strong support that Senators Bob Hertzberg (D-Van Nuys), Mark Leno (D-San Francisco) and John Moorlach (R-Costa Mesa) asked and have been added as co-authors.

Private Attorneys General Act

The Labor Code Private Attorneys General Act (PAGA) allows an employee to file a “representative action” against an employer for any violation of the Labor Code and subjects an employer to statutory penalties ranging from $100 per employee per pay period to $200 per employee per pay period, as well as attorney’s fees.

A representative action is similar to a class action in that the litigation is filed on behalf of the employee and other current and former employees who were aggrieved by the alleged violation, yet the employee does not have to satisfy any of the class action requirements. Those requirements include commonality of issues/facts, numerosity of class members, typicality of defenses or claims, and adequacy of another forum/procedure.

Under PAGA, an employee can sue immediately for Labor Code violations listed in the Labor Code, which sets forth information categories an itemized wage statement must include. For Labor Code sections not set forth in Section 2699.5, the employee must give the employer 33 days to cure the alleged violation.

Frivolous Litigation

Labor Code Section 226 is one area in which employers have seen an increase in frivolous litigation regarding technical violations that do not harm or injure the employee.

An example of this frivolous litigation is set forth in Elliot v. Spherion Pacific Work, LLC, 572 F.Supp.2d 1169 (2008), in which an employee alleged a cause of action under Labor Code Section 226 because the employer used a truncated name on the wage statement. Specifically, the employer’s name on the wage statement was “Spherion Pacific Work, LLC,” instead of Spherion’s legal name, “Spherion Pacific Workforce, LLC.” The employee did not allege that this truncated version of the employer’s name misled her, confused her, or caused her any injury.

Although the court ultimately dismissed this cause of action through summary judgment, the employer incurred unnecessary legal costs and attorney’s fees to have the cause of action dismissed.

The Spherion case is just one example of the numerous PAGA lawsuits being filed for technical violations under Labor Code Section 226 that do not cause any harm to employees.

Another example is a company that was sued for millions of dollars in PAGA penalties and attorney’s fees in Yolo County because the itemized wage statement included only the ending date of the pay period, yet specified the employee was paid on a weekly basis. An April 16, 2014 article in the Los Angeles Daily Journal, “An Alternative to Employee Class Actions,” states PAGA lawsuits increased more than 400% between 2005 and 2013, given the ease of filing such cases without satisfying class action requirements and the potential financial windfall.

AB 1506 Cure

AB 1506 would help curb this type of frivolous litigation under PAGA for only two subparts of Labor Code Section 226—Section 226(a)(6) and 226(a)(8)—by allowing an employer 33 days to cure any alleged violation.

If the employer cannot cure the violation, the employee still would be able to file a civil action and obtain any unpaid wages, penalties and attorney’s fees.

This reform would provide the appropriate balance of allowing an employer to correct unintentional errors without the threat of a multimillion-dollar lawsuit that could put the employer out of business, while still protecting the employee’s ability to obtain accurate information.

Key Vote

AB 1506 passed Senate Judiciary 6-0 on July 7:

Ayes: Hertzberg (D-Van Nuys), Jackson (D-Santa Barbara), Leno (D-San Francisco), Moorlach (R-Costa Mesa), Monning (D-Carmel), Wieckowski (D-Fremont).

No vote recorded: Anderson (R-Alpine).

The bill will be considered next by the Senate Appropriations Committee.

Staff Contact: Jennifer Barrera

CalChamber Member Feedback

“CalChamber does the heavy lifting for businesses in California by explaining to policy leaders how current and proposed state laws create hurdles for employers trying to create jobs and by working to achieve consensus on how to solve the problems.”

Grace Evans Cherashore
Chief Executive Officer
Evans Hotels
San Diego
U.S. High Court Upholds Citizen Redistricting; CalChamber Aids Victory

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Citizen Redistricting Defense

The CalChamber, former Governors George Deukmejian, Pete Wilson, and Arnold Schwarzenegger, Charles T. Munger, Jr. and Bill Mundell jointly filed an amicus brief in the case supporting the constitutionality of Arizona citizens’ decision to have congressional voting lines drawn by an independent redistricting commission rather than by legislators.

The case heard by the high court involved a constitutional challenge by Arizona state legislators in the wake of a vote by the people of Arizona in 2000 to form the Arizona Independent Redistricting Commission.

Arizona state legislators contended they alone had the authority to determine the lines for congressional election districts and filed a lawsuit challenging formation of the independent commission. The matter was appealed all the way up to the high court.

Threat Averted

The Arizona case threatened the will of California voters who passed Propositions 11 and 20. Proposition 11, passed by California voters in 2008, created a 14-member independent citizens commission to redraw state legislative district lines based on nonpartisan rules. Proposition 20, passed by voters in 2010, extended the commission’s authority to creating congressional districts.

“The decision is good news for California voters who wanted to end the inherent conflict of interest when legislators drew self-serving district boundary lines following each census. The lines drawn by California’s Citizens Redistricting Commission have resulted in the fairest and most competitive elections in California history,” said Zaremberg.

Roadway Repair Projects Speedier with CalChamber Job Creator Bill

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rily exempt from CEQA and thus not subject to exceptions that may defeat their use.

Accordingly, if a proposed project fits within the terms of AB 323’s stated exemption, then that is the end of the inquiry and the exemption applies.

CalChamber also emphasizes that CEQA was initially passed to ensure that California’s environment is considered before moving forward with a project. Over time, however, CEQA has become a hook for litigation and a means to delay worthy projects for reasons that have nothing to do with the environment.

Clarifying California’s Sick Leave Law

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rate of one hour of sick pay for every 30 hours an employee works.

“This means that if employers are not clear about capping their leave at three days, full-time employees will be entitled to 69 hours of paid leave per year and they will be allowed to carry that over to the next year, and so on. This is nearly nine days—not three—if the employee works a 40-hour workweek. It is critical that employers understand that they must have a policy in place—preferably in writing—that clearly communicates to employees about the amount of leave they are providing.”

Small Employers Included

In addition, it is important to note that the law applies to private and public employers regardless of size; there is no exception for small employers.

Any employee who has worked in California for 30 or more days within a year from the beginning of his/her employment will be entitled to paid sick days.

Notice/Posting/Recordkeeping

The law also includes several notice, posting and recordkeeping mandates.

• **Pay-Stub Notice:** An employer must provide an employee with a written notice setting forth the amount of paid sick leave available to the employee each pay period. An employer can provide this notice to the employee either on the already-required itemized wage statement or in a separate written document provided to the employee with the payment of wages.

• **Wage Theft Notice:** The Wage and Employment Notice (Labor Code Section 2810.5), which employers have been required to provide to nonexempt employees since 2012, has been updated by the Labor Commissioner to contain information about an employee’s right to accrue and use paid sick leave and about employee protections under the law. The updated Wage Theft Notice is available on the Labor Commissioner’s website and also on **HRCalifornia**.

• **Poster:** There is a new required poster advising employees of their sick leave rights. The Labor Commissioner has released the poster, and it’s available on the Labor Commissioner’s website. Purchasers of **CalChamber’s 2015 California and Federal Employment Notices Poster** will receive this posting.

• **Recordkeeping Requirements:** Employers will need to keep records for at least three years which document the number of hours that each employee worked and paid sick days accrued and used by each employee.

California’s new sick leave law also carries consequences for noncompliance. If employers do not comply with the new law, they can face Labor Commissioner enforcement measures that include awarding back pay, damages and penalties up to $4,000.

The law also specifies that employers are prohibited from retaliating against employees who take sick leave.

For more information, visit **www.calchamber.com/PaidSickLeave**.
Job Killer Bill May Increase Fuel Costs; Proposal Continues to Move in Assembly

Fuel costs for California businesses may increase if a job killer bill passed by the Assembly Utilities and Commerce Committee this week is signed into law.

**SB 350 (de León; D-Los Angeles)** potentially increases costs and burdens on all Californians by mandating an arbitrary and unrealistic reduction of petroleum use by 50%, increasing the current Renewable Portfolio Standard to 50% and increasing energy efficiency in buildings by 50% — all by 2030 without regard to the impact on individuals, jobs and the economy.

**Blank Check Authority**

SB 350 provides broad and undefined authority to the California Air Resources Board (CARB) to adopt regulations, standards and specifications “in furtherance of achieving a reduction of petroleum use in motor vehicles by 50% by January 1, 2030.”

This bill does not specify whether CARB should adopt and implement policies that have an impact on the demand for petroleum fuels, or whether it should adopt and implement policies that affect the supply of transportation fuels. SB 350 provides a blank check delegation of authority to CARB and fails to require CARB to give consideration to the cost or job loss associated with the mandatory reduction.

Without legislative guidance or protections against increased costs or job loss, what tools could CARB employ to meet the reduction mandate: Ration the use of petroleum? Limit driving to certain days of the week? Demand vehicle efficiency without available technology?

Implementing any of those approaches will come at a high cost to families and residents in California.

**Driving Integral to Daily Life**

Most of California’s businesses and families rely on petroleum for their day-to-day transportation needs and SB 350 may compromise the availability of transportation fuels.

The California Energy Commission reported in its 2014 Integrated Energy Policy Report that 92% of all transportation fuels in California are made up of petroleum. Businesses rely on petroleum to transport goods and people. Imagine the upsetting reducing petroleum by 50% will have on daily activities, including getting to and from work, taking children to school, grocery shopping, getting to the doctor, etc.

**Higher-Cost Vehicles**

The goal of reducing petroleum consumption by 50% fails to recognize the needs of average Californians. Electric and hybrid vehicles, which consume less petroleum than traditional vehicles, come with a higher price tag and are out of reach for many Californians whose disposable income must be spent on groceries, child care, rent and other basic needs.

**Good Petroleum Jobs**

The CalChamber and coalition opposing SB 350 also call attention to the potential impact on good-paying jobs in the petroleum industry if petroleum production in California is reduced.

The petroleum industry is a major economic engine in the state and has been helping California grow for more than 100 years. A 2014 report produced by the Los Angeles Economic Development Corporation noted that the petroleum industry is responsible for 468,000 jobs in the state, 104,000 of which are located in Los Angeles County.

The industry provides billions of tax dollars to the state and local government. If half of this is taken away, the job and economic losses to the state would be devastating.

**Energy Cost Impacts**

In addition to the 50% reduction in petroleum, SB 350 also seeks to increase the current Renewable Portfolio Standard from 33% to 50% as well as increase energy efficiency in buildings to 50%.

Both policies will significantly increase costs to ratepayers. California’s energy price per kilowatt hour is among the highest in the nation and our energy efficiency standards are among the strongest. Upgrading current energy efficiency standards while increasing the cost of energy will make California’s businesses less competitive.

**Key Vote**

SB 350 passed Assembly Utilities and Commerce on July 6, 9-5.

Ayes: Bonilla (D-Concord), Burke (D-Ingleswood), Eggman (D-Stockton), Cristina Garcia (D-Bell Gardens), Quirk (D-Hayward), Rendon (D-Lakewood), Santiago (D-Los Angeles), Ting (D-San Francisco), Williams (D-Carpinteria).

Noes: Achadjian (R-San Luis Obispo), Hadley (R-Torrance), R. Hernández (D-West Covina), Obernolte (R-Big Bear Lake), Patterson (R-Fremont).

Absent, Abstaining, or Not Voting: Dahle (R-Bieber).

**Action Needed**

The bill now goes to the Assembly Natural Resources Committee, where it is likely be considered on July 13. The CalChamber is encouraging members to contact their Assembly representatives and legislators on the Assembly Natural Resources Committee to ask that they oppose SB 350.

An easy-to-edit sample letter is available at [www.calchambervotes.com](http://www.calchambervotes.com).

Staff Contact: Amy Mmagu

Tools to stay in touch with your legislators.

[calchambervotes.com](http://calchambervotes.com)
President Signs CalChamber-Backed Bills Promoting U.S./State Trade Capabilities

U.S. President Barack Obama recently signed several California Chamber of Commerce-supported trade bills. A key victory for free trade supporters was the legislation renewing the authority for the President and/or U.S. Trade Representative to negotiate trade agreements.

Obama signed the trade promotion authority bill during a brief ceremony on June 29 in the East Room of the White House, according to The Hill. Among those behind him during the signing were U.S. Trade Representative Michael Froman, Treasury Secretary Jack Lew, Agriculture Secretary Tom Vilsack and Commerce Secretary Penny Pritzker.

Trade Agreements

By approving trade promotion authority, Congress helped strategically address the range of U.S. trade negotiations being pursued:

- the Trans Pacific Partnership (TPP) between the United States and Asia-Pacific region;
- the Transatlantic Trade and Investment Partnership (TTIP) between the United States and European Union; and
- the Trade in Services Agreement (TISA) to liberalize trade in services globally.

Future trade negotiations will be helped, as well.

The United States is among the world’s leading exporters due to increased market access achieved through trade agreements. Trade promotion authority is vital for the President of the United States to negotiate new multilateral, bilateral and sectoral agreements that will continue to tear down barriers to trade and investment, expand markets for U.S. farmers and businesses, and create higher-skilled, higher-paying jobs for U.S. workers.

For more information, see www.calchamber.com/tpa.

Program Extensions

In addition, President Obama signed two other CalChamber-supported measures extending:

- the African Growth and Opportunity Act (AGOA) and
- the Generalized System of Preferences (GSP) program.

For 15 years, the AGOA (which had been scheduled to expire in September) has provided tangible economic benefits and opportunities to sub-Saharan Africa by helping African companies improve their competitiveness and invest in building a strong private sector.

The legislation extends AGOA for 10 years and provides incentives to adopt good governance and pro-growth/pro-development policies, including on workers’ rights and human rights. The bill also gives the administration the ability to withdraw, suspend or limit benefits if designated AGOA countries do not comply with the eligibility criteria.

The GSP program is the oldest trade preferences program in U.S. history. Instituted in 1974, GSP is designed to promote economic growth in the developing world by providing preferential duty-free entry into the U.S. market for nearly 5,000 products from 122 designated beneficiary countries and territories.

In 2012, the year before the program expired, the U.S. imported $20 billion worth of products, helping developing countries to increase and diversify their trade with the U.S. and grow their economies.

U.S. businesses also have paid a high price after this program expired—more than $1 billion in tariffs on goods that previously entered the U.S. duty-free. Renewal of GSP will help some of the poorest countries in the world, U.S. businesses, and consumers alike.

Staff Contact: Susanne T. Stirling

CalChamber-Sponsored Seminars/Trade Shows

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International Trade Development. August 13–15, Hong Kong. (909) 556-6639.


Export Leaders Roundtable. Small Business Administration. September 17, Southern California (location to be determined). (415) 744-7730.


Academia and Related Export Controls.

U.S. Commercial Service. October 14, Claremont. (909) 390-8429.


Hong Kong/China Trade and Leadership Mission. CalAsian Pacific Chamber. November 7–19, Hong Kong, Guangzhou, Shanghai, and Beijing, China. (916) 446-7883.
CalChamber Urges Reauthorization of Successful Export-Import Bank

The California Chamber of Commerce this week asked the state’s representatives in Congress to support reauthorizing the U.S. Export-Import Bank, which expired on June 30.

Ex-Im has a proven record of success, and turns a profit for the American taxpayer. Since 1990, Ex-Im has refunded $7 billion to the U.S. Treasury above all costs and loss reserves, including $674.7 billion in the 2014 fiscal year alone.

Economic Impact
The potential impact of a lack of financing for exports for both small and large businesses will damage the economic recovery of both California and the United States. Over the last five years, Ex-Im assisted 800 businesses from California, the vast majority of which were small businesses.

In fact, small businesses account for approximately 89% of Ex-Im’s transactions. These small business transaction figures are in addition to the tens of thousands of small and medium-sized businesses that supply goods and services to large exporters. In the 2014 fiscal year, Ex-Im provided more than $5 billion in financing and insurance for U.S. small businesses.

California is one of the top 10 economies in the world with a gross state product exceeding $2 trillion; the state exports to more than 225 foreign markets. Trade offers the opportunity to expand the role of California’s exports.

Failure to reauthorize the Ex-Im Bank would put at risk the more than 150,000 U.S. jobs at 3,000 companies that depend on Ex-Im to compete in global markets.

Action Needed
The CalChamber is strongly urging the California congressional delegation to consider legislation to reauthorize the Export-Import Bank of the United States as expeditiously as possible.

The CalChamber also is asking that businesses send a letter to their congressional representatives via our grassroots system at www.calchambervotes.com.

Staff Contact: Susanne T. Stirling

First Application Window for California Competes Credits Starts July 20

The Governor’s Office of Business and Economic Development (GO-Biz) has posted the California Competes Tax Credit application periods for fiscal year 2015–16.

The tax credit is an income tax credit made available to businesses that want to locate in California or stay and grow in the state. Roughly $200 million in credits will be made available for the fiscal year, which is an increase of about $50 million from the previous year.

Application Periods
GO-Biz will accept applications during the following periods:
- July 20, 2015 through August 17, 2015 ($75 million in credits will be available);
- January 4, 2016 through January 25, 2016 ($75 million in credits will be available);
- March 7, 2016 through March 28, 2016 ($50.9 million plus any remaining unallocated amounts from the previous application periods will be available).

How to Apply
Any business or industry may apply for this tax credit, regardless of size. Twenty-five percent of the yearly total credits, however, are reserved for small businesses.

GO-Biz has scheduled workshops in the coming weeks to explain how to apply for the tax credit. More information and a calendar of workshops is available at www.business.ca.gov/calcompetes.aspx.

To apply for the California Competes Tax Credit, visit www.calcompetes.ca.gov during the application periods specified.

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