CalChamber Explains New Laws for 2016

The California Chamber of Commerce is presenting handy summaries of new legislation taking effect in 2016 that will affect the day-to-day operations of California employers.


Some of these new laws make important changes to existing state law. Other mandates make small changes to different parts of existing law or may affect only certain types of employers, such as employers with piece-rate workers.

The CalChamber also reminds employers that the minimum wage increases on January 1, 2016, to $10 an hour. The increase is not a new law, but is the last mandatory increase from the legislation signed into law in 2013.

See an infographic highlighting important new laws on Page 5.

Paid Sick Leave

Already in place are the July 13, 2015 amendments to the mandatory paid sick leave law.

Those changes included clarifying who is a covered worker; providing alternative methods of accruing paid sick leave other than one hour for every 30 hours worked; clarifying protections for employers that already provided paid sick leave or paid time off before January 1, 2015; and providing alternative methods for paying employees who use paid sick leave.

More details appear in a CalChamber

CalChamber Urges Congress to Craft, Pass Comprehensive Drought Legislation

The California Chamber of Commerce and a coalition of Western farmers, ranchers and businesses, as well as urban, suburban and rural residents, are urging members of a U.S. Senate committee to put aside partisan differences and work together to produce comprehensive drought legislation that can be passed and signed into law this year.

In its letter to the U.S. Senate Energy and Natural Resources Committee, the coalition said it is confident the committee can draw upon a strong foundation to create this legislation.

Over 2015, the committee has considered a multitude of bills addressing short-, medium- and long-term aspects of the drought, both throughout the West as well as on a state-specific scale.

During an October 8 drought hearing, the committee looked at legislation that would have an impact on New Mexico, as well as two bills—H.R. 2898 by California Representative David Valadao (R-Hanford) and S. 1894 by U.S. Senator Diane Feinstein (D-San Francisco)—that could have positive impacts in California and other Western states.

See CalChamber Urges: Page 6

California Launches Campaign to Educate Individuals About Earned Income Tax Credit

A coalition of California leaders—including community, faith, civic, labor and business leaders—this week launched CalEITC4me, a statewide campaign to ensure the first-ever California Earned Income Tax Credit (EITC) winds up in the hands of those who worked hard to earn it. The campaign will also focus on increasing the availability of free tax preparation services locally.

Governor Edmund G. Brown Jr.’s 2015–16 budget established the state’s first EITC, designed to complement the federal EITC. California working families will now be eligible for both state and federal EITC benefits. With nearly $400 million available through the new state EITC, an estimated $2.3 billion is available for Californians.

California joins 24 other states and the District of Columbia in adopting a state EITC to supplement the federal EITC.

The California Earned Income Tax Credit (CalEITC) is a cash back tax credit that puts money back into the pockets of

See California: Page 7

See 2016 New Laws Infographic: Page 5
**Labor Law Corner**

**Electronic Delivery of Paystubs Allowable Under Specified Conditions**

I would like to issue employee paystubs electronically. Is there any legal requirement that employees must receive them in hard copy on paper? Do employees have to agree to receiving them electronically?

California Labor Code Section 226(a) requires that paystubs be issued “in writing” and that deductions must be recorded “in ink or other indelible form.”

While nothing in the law specifically allows for these paystubs (also known as itemized wage statements) to be issued in an electronic format, California’s Labor Commissioner has issued an opinion letter indicating doing so is permitted with certain limitations, including the opportunity for employees to opt out of the electronic delivery method.

**Opinion Letter**

According to the Labor Commissioner’s Opinion Letter 2006.07.06, employers may distribute itemized wage statements electronically as long as:

- Employees still have the option to elect to receive their itemized wage statements on paper;
- The electronic itemized wage statements contain all the information required by Labor Code Section 226(a);
- Employees who are provided with electronic wage statements have the ability to easily access the information and convert the electronic statements into hard copies at no expense to the employee;
- Pay records are retained by the employer for a period of at least three years and are accessible by employees and former employees; and
- Proper safeguards are established for the electronic wage statement system to ensure the confidentiality of the employee’s information, such as unique employee identification numbers and confidential personal identification numbers (PINs) to allow access.

**Caution**

It is important to note that opinion letters issued by the California Labor Commissioner do not have the force of law, and are subject to interpretation by the courts and/or future action by the Legislature.

Employers are therefore advised to consult with legal counsel before switching to electronic wage statements for advice on setting up a system that will meet all the requirements established by the Labor Commissioner.

**CalChamber-Sponsored Seminars/Trade Shows**

More at www.calchamber.com/events. **Labor Law**

HR Boot Camp. CalChamber. December 11, Emeryville; January 26, 2016, San Jose, February 25, Modesto; March 2, Los Angeles. (800) 331-8877.


**Business Resources**

GO-Biz Tax Credit Workshop. Governor’s Office of Business and Economic Development. December 7, Eureka; December 8, Marin, Apple Valley and Napa; December 9, South San Francisco and Milpitas; December 10, Madera and Manteca; December 11, Ridgecrest and Riverside; January 2016, webinar.

**International Trade**


Exporter Roundtable Series: Trade Compliance. Northern California

See CalChamber Sponsored: Page 3
8 CalChamber Members Creating Jobs with Help from Tax Credit

Eight California Chamber of Commerce member companies have been selected by the Governor’s Office of Business and Economic Development (GO-Biz) as recipients for the California Competes Tax Credit.

The California Competes Tax Credit committee recently approved $43.7 million in tax credits for 89 companies expanding and creating jobs in California. GO-Biz projects that the awards will help these 89 companies create an estimated 7,164 jobs and generate more than $600 million in investments across California.

CalChamber members being awarded credits in this round include:
- Allied Propane Service, Inc., propane distributor;
- Baltimore Aircoil Company, Inc., industrial cooling system manufacturer;
- Credit Karma, provider of online personal financial services;
- DMF, Inc., custom lighting fixtures manufacturer;
- Kenshoo, Inc., online marketing and advertising services;
- Pacific Steel Group, steel reinforcing contractors; and
- Valley Communications, Inc., provider of information technology services.

The complete list of approved companies and award amounts can be found at GO-Biz’s Business Portal at www.business.ca.gov.

In 2014, GO-Biz awarded $223 million to 330 companies, which was projected to create more than 42,000 jobs and $9.6 billion in investments.

About California Competes
The California Competes tax credit, focused on helping businesses grow and stay in California, is part of the Governor’s Economic Development Initiative, which Governor Edmund G. Brown Jr. signed legislation to enact in 2013 (AB 93 and SB 90).

GO-Biz evaluates the most competitive applications based on the factors required by statute, including total jobs created, total investment, average wage, economic impact, strategic importance and more. Companies are exempted from paying state income taxes in the amount awarded.

This fiscal year, GO-Biz is awarding $200 million in tax credits through three award rounds. Companies interested in applying for California Competes tax credits can apply during the next application round scheduled for January 2016. Online applications are available at www.calcompetes.ca.gov.

Workshops to Explain How to Apply for California Competes Tax Credit

The Governor’s Office of Business and Economic Development (GO-Biz) is conducting free workshops across the state to explain how businesses apply for the California Competes Tax Credit (CCTC).

This program is open to any business planning to create new full-time jobs in the state, regardless of size or location. Businesses interested in applying can register to attend any of the workshops and receive information from GO-Biz staff.

California Competes Tax Credit workshops are scheduled for the following dates and locations:
- Eureka: Monday, December 7
- Marin: Tuesday, December 8
- Apple Valley: Tuesday, December 8
- Napa: Tuesday, December 8
- South San Francisco: Wednesday, December 9
- Milpitas: Wednesday, December 9
- Manteca: Thursday, December 10
- Madera: Thursday, December 10
- Ridgecrest: Friday, December 11
- Riverside: Friday, December 11
- Online Webinar: January 2016

Members of the CCTC team are available to provide technical application assistance. An application guide, frequently asked questions (FAQs), program regulations, and a video explaining how to create an account are available at www.business.ca.gov/Programs/CaliforniaCompetesTaxCredit.aspx.

The deadline to submit applications is January 25, 2016, at 11:59 p.m. (Pacific Time) and the online application website will automatically close once this deadline has passed. The online application can be accessed starting January 4, 2016 at www.calcompetes.ca.gov.

Registration

CalChamber-Sponsored Seminars/Trade Shows

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CalChamber Explains New Laws for 2016

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The Labor Commissioner’s Office also has released revised FAQs to reflect its position on the paid sick leave amendments.

Leaves and Benefits

Other changes to leave and benefit laws include changes to kin care requirements; school and child care activities leave; National Guard leave and protections; unemployment insurance and electronic reporting (taking effect January 1, 2017); state disability insurance eligibility waiting periods (taking effect July 1, 2016); and unemployment insurance training benefits.

Discrimination/Retaliation

The Fair Pay Act prohibits an employer from paying any of its employees less than employees of the opposite sex for “substantially similar work, when viewed as a composite of skill, effort and responsibility.”

The act places specific requirements on employers to affirmatively show that a wage differential is not unlawful but is instead based entirely and reasonably upon one or more acceptable listed factors, including seniority and merit systems or other bona fide factors coupled with a showing of “business necessity.”

It also creates a private right of action for retaliation and discrimination.

Other new laws expanding employee protections in 2016 include: whistle-blower and anti-retaliation protections; protection against retaliation for requesting reasonable accommodation; immigration-related protections; and expansion of anti-discrimination protections in state contracts.

Wage and Hour

Many of the new wage-and-hour laws deal with how the laws will be enforced, instead of imposing significant new obligations on employers.

Urgency legislation that went into effect when the Governor signed it on October 2, 2015 gives employers the right to correct two types of violations relating to itemized wage statements before an employee may bring a civil action under the Private Attorneys General Act, subject to specified limitations.

Other wage-and-hour laws set new rules for employers with piece-rate employees; deal with the meal periods in the health care industry (urgency legislation that went into effect on October 5, 2015); expand the Labor Commissioner’s ability to enforce state and certain local laws; reduce the prohibited amount of weekly disposable earnings that may be garnished (effective July 1, 2016); provide an amnesty program for port drayage companies that misclassify commercial drivers; and make various changes relating to public works and prevailing wages.

Hiring

New laws affecting hiring practices in 2016 deal with the use of the federal E-Verify system; job protections for grocery store workers when the store changes ownership; and classifying cheerleaders for professional sports teams as employees, not independent contractors.

Workers’ Compensation

Workers’ compensation-related bills signed into law in 2015 will require creation of a formulary for prescription medications in the workers’ compensation system by July 1, 2017; clarify that workers cannot be denied benefits based on citizenship or immigration status; require certain forms, notices and fact sheets to be made available in additional languages by January 1, 2018; clarify medical provider network laws; allow investigation and enforcement of the obligation to secure valid workers’ compensation insurance.

The Division of Workers’ Compensation also recently finalized regulations revising certain benefit notices for January 1, 2016.

Miscellaneous

Other new laws deal with franchisor/franchisee agreements; and require ride-sharing services, such as Uber and Lyft, to participate in the state Department of Motor Vehicles “pull-notice” system to regularly check the driving records of participating drivers.

Compliance Help

CalChamber employment law experts will cover new state laws in more detail on HRCalifornia and in the 2016 California Labor Law Digest and will make the necessary updates to all CalChamber products.

In addition, live 2016 Employment Law Updates seminars are scheduled in January throughout the state. Seminar attendees will receive a handout on important cases and new laws. A live webinar also is scheduled.

More information about the Digest, the seminars and webinar are available at www.calchamberstore.com.

Staff Contact: Gail Cecchettini Whaley

Affordable Care Act: CalChamber-Hosted Webinar Recording Available

Beginning in 2016, employers subject to the mandate in the Affordable Care Act (ACA) must comply with reporting requirements concerning the health insurance coverage offered to employees.

The new requirements are confusing to employers, who have many reporting and open enrollment questions.

The California Chamber of Commerce held a 90-minute webinar in late October to give employers the opportunity to gain a clear picture of upcoming reporting requirements and the impact of new ACA rating methodologies on health care premiums to help make informed decisions.

CalChamber’s special guest presenter was Liliana Salazar, a nationally recognized employee benefits compliance leader from Wells Fargo Insurance.

Salazar has extensive experience addressing employers’ responsibilities under federal, state and local laws, in addition to interacting with regulatory agencies and state insurance departments on the applicability of laws and regulations to group health plans.

CalChamber members can view the recorded webinar for free on HRCalifornia. Nonmembers can purchase a recording for $99 at the CalChamber store, www.calchamberstore.com.
NEW CALIFORNIA EMPLOYMENT LAWS FOR 2016

Unless otherwise specified, new legislation takes effect January 1, 2016.

IT’S A BALANCING ACT

HOW MANY NEW EMPLOYMENT LAWS CAN YOU JUGGLE AT ONCE?

HIRING
- Unlawful Use of E-Verify (AB 622)
- Grocery Store Workers – Retention (AB 359, AB 897)
- Professional Cheerleaders Are Employees (AB 202)

WAGE AND HOUR
- Private Attorneys General Act (AB 1506) October 2, 2015
- Piece Rate Workers (AB 1513)
- Wage Garnishment (SB 501) July 1, 2016
- Expanded Enforcement Powers – Labor Commissioner (SB 588)
- Labor Commissioner Enforcement of Local Laws (AB 970)
- Meal Periods – Health Care Industry (SB 327) October 5, 2015
- Misclassification Amnesty for Motor Carrier Employers (AB 621)
- Public Works and Prevailing Wages (AB 219, AB 327, AB 852)

DISCRIMINATION AND RETALIATION PROTECTIONS
- Gender Wage Equality (SB 358 Fair Pay Act)
- Whistleblower and Anti-Retaliation Protections (AB 1509)
- Reasonable Accommodation and Retaliation (AB 987)
- Immigration-Related Protections (AB 560)
- State Contracts (SB 703)

LEAVES AND BENEFITS
- Mandatory Paid Sick Leave Amendments (AB 304) July 13, 2015
- School Activities Leave (SB 579)
- Kin Care (SB 579)
- Unemployment Insurance and Electronic Reporting (AB 1245) January 1, 2017
- State Disability Insurance Eligibility – Waiting Periods (SB 667) July 1, 2016
- Unemployment Insurance – Training Benefits (AB 1514)
- National Guard Leave and Protections (AB 583)

WORKERS’ COMPENSATION
- Revisions to Benefit Notices and Posting (Division of Workers’ Compensation)
- No Denied Benefits Based on Citizenship or Immigration Status (SB 623)
- Additional Languages for Specified Forms (AB 438) January 1, 2018
- Clarifications to Medical Provider Network Laws (SB 542)
- Enforcement by Contractors State License Board (SB 560)

DON’T DROP THE BALL
Juggling your California employer compliance requirements takes practice and precision. Learn more about the new laws for 2016 by downloading our free white paper: “An Overview of New 2016 Laws Affecting California Employers” calchamber.com/newlaws2016

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Share this infographic: rfr.bz/s3mar
CalChamber Urges Congress to Craft, Pass Comprehensive Drought Legislation

From Page 1

Further strong leadership will be required in order to find consensus on this legislation intended to address the drought in California and across the West, the coalition said.

Water Challenges

Water challenges in the West are significant and daunting. According to the U.S. Bureau of Reclamation, the Colorado River Basin has experienced the driest 15-year period since the 1960s with above-average flows in only 3 of the last 15 years.

Research by the Woods Hole Oceanographic Institution found while evaluating tree rings that the ongoing drought in California is the worst to hit the region since the 13th century. Drought conditions in the Pacific Northwest are the worst seen in decades with no end in sight.

Drought also exacerbates already-declining forest health, increases the risk and severity of devastating megafires and threatens the origin of water supplies for millions in the West.

Western Drought Legislation

To respond to current and future water shortages, the coalition is urging Congress to provide federal agencies with more flexibility under existing environmental laws and regulations to encourage a more cooperative approach toward achieving multiple goals. Where such flexibility currently exists in laws, the coalition said, Congress should demand that agencies use those flexibilities to act with the urgency and promptness that the drought crisis demands.

Western drought legislation should shift the regulation of water resources away from the current adversarial structure that regards agriculture as a harmful activity that must be minimized in order to maximize environmental benefits, the coalition stated.

It advocated moving toward an approach that encourages cooperation and innovation to produce better results for both agriculture and the environment. This includes promoting the use of new technology in water management. Real-time monitoring and data collection can be used to more closely align water supply operations to actual fishery and environmental needs.

The coalition stresses that the nation must invest and reinvest in the Western water infrastructure needed to meet current and future demands. Existing water infrastructure in the West is aging and in need of rehabilitation. The West needs new water storage in order to adapt to a changing hydrology and develop usable and sustainable supplies to meet growing demands for water. Failing to improve infrastructure and expand usable supplies will inevitably result in more conflict as pressure grows to “solve” urban and environmental water problems by taking water from agriculture.

Streamlining permit processes and aligning regulatory agencies will help increase water storage and improve water management. The federal government can continue to be a partner in solving these water problems in the West by using financing mechanisms that have a very low cost to the Treasury and make water resources investment more attractive and affordable for nonfederal interests.

Current Federal Legislation

Both H.R. 2898 and S. 1894 are intended to address counterproductive regulatory practices and expedite new water storage projects, and both measures would facilitate the use of water management tools, such as voluntary transfers.

Although the House and Senate bills take sometimes starkly different approaches to achieving their common goals, these differences should not be irreconcilable for members of Congress working together to bring effective relief to the West as quickly as possible, the coalition asserted.

Comprehensive Solution Needed

Although many of the ideas above are found in the separate bills the U.S. Senate Energy and Natural Resources Committee has heard, multiple competing bills are of no help to the drought-stricken West. The coalition stresses that the committee needs to bring these ideas together in a single, effective compromise bill that can be signed into law before the end of the year.

The coalition is counting on Congress to ensure that Western water users have every tool available to survive and recover from the current drought and to prepare for the hard, dry years that the future may hold.

The 114th Congress is still in session. The target adjournment date is December 18.

Staff Contact: Valerie Nera

Californians Keep Cumulative Water Savings Above 25% Mandate

Californians have reduced water use by 27.1% since emergency conservation rules took effect in June, according to state officials.

Governor Edmund G. Brown Jr. mandated a 25% reduction in water use for cities and towns in an April 1 executive order.

The State Water Resources Control Board said the statewide conservation rate was 22.2% in October, down from 26.4% in September. Even so, average statewide water use declined from 97 gallons per person per day in September to 87 in October.

State water officials attributed the slight drop off in savings to the above-average temperatures in October and noted that the last five months have been the hottest on record.

The state goal was to save 1.2 million acre-feet of water from June 2015 through the end of February 2016. The cumulative savings through October equals 913,851 acre-feet (297.8 billion gallons), 76% of the goal, according to the state water board.

25% Statewide Water Conservation
Goal 1.2 million acre-feet

913,851 acre-feet saved from June-October 2015

Source: State Water Resources Control Board
CalChamber Attends Annual National Export Council Forum

Susanne T. Stirling, California Chamber of Commerce vice president of international affairs, joined colleagues from across the country at the recent meeting of the National Export Council in Washington, D.C. The group, which is made up of the regional District Export Councils (DEC), met November 18–20.

There are 1,500 DEC members around the country, all appointed by the Secretary of the U.S. Commerce Department. Stirling serves on the Northern California DEC and on the Steering Committee of the National DEC. The mission of the DECs is to work with the Commerce Department on export promotion and commercial diplomacy.

Welcoming members to the national council forum were Roy Paulson, National DEC chair emeritus, president and CEO of Paulson Manufacturing, and a CalChamber member; Thomas McGinty, national director for U.S. operations at the Commerce Department; and Judy Rising Reinke, deputy director general of the U.S. Commercial Service.

Issues of Concern

Policy issues of concern to the DECs are Trade Promotion Authority, the Trans-Pacific Partnership, the Trans-Atlantic Trade and Investment Partnership, and the reauthorization of the Export-Import Bank.

Other activities include the promotion of the Export University, a program designed to educate small and medium-sized businesses in potential export endeavors.

Award

The DEC of the year award was presented to the Louisiana DEC by Holly Vineyard, deputy assistant secretary of commerce for global markets. The other DECs vying were from Idaho, San Diego and Imperial, North Carolina, Missouri, and South Florida. Each outlined their past year’s export promotion activities.

Ambassador Vinai Thummalapally, executive director of SelectUSA, representing the branch of the U.S. Department of Commerce that promotes foreign direct investment, explained the role of his department, which was established in 2011, based on President George W. Bush’s 2007 Invest in America Program. A summit is set for June 2016.

There was a discussion of the DEC collaboration initiative with the Centers for International Business Education and Research (CIBERs). Congress created the CIBERs to increase and promote the nation’s capacity for international understanding and business competitiveness. There are 17 centers around the country hosted at various universities.

Trade Symposium

The DECs also participated in a Trade Symposium Day held at the U.S. Chamber where the Trans-Pacific and Trans-Atlantic Trade and Investment partnerships were discussed in detail.

In addition, Fred Hochberg, chair of the Export-Import Bank, talked about the status of the reauthorization of the Export-Import Bank. He indicated the bank has already been reauthorized more than 28 times since its establishment.

The bank has approximately 400 employees who until reauthorization cannot plan for future operations. Board members will also need to be confirmed again. Reauthorization, which is hoped for in early December, will be for four years—until 2019.

Staff Contact: Susanne T. Stirling

California Launches Campaign to Educate Individuals About Tax Credit

From Page 1

California’s working families and individuals, available for the first time this tax season.

The CalEITC could boost income for an estimated 600,000 eligible families.

Who Is Eligible?

An individual is eligible for the EITC if:

• You have earned income within certain limits (see chart below), AND
• You, your spouse, and any qualifying children each have a Social Security number (SSN), AND
• You do not use the “married/RDP filing separate” filing status, AND
• You lived in California for more than half the tax year.

Both the CalEITC and the federal EITC will be available this tax season and may provide eligible Californians with a refund or reduce the amount of money they might owe.

Californians who qualify for the CalEITC will likely also qualify for the federal EITC. This will significantly boost household income for eligible families and individuals.

The state credit offers working families the chance to get ahead. Studies show that young children in households that receive the EITC do better in school, are more likely to attend college and earn more, brightening the future of the next generation.

More Information

CalEITC4Me.org is a one-stop, multilingual online hub of information and interactive resources. Innovative online tools include:

• the CalEITC4Me Calculator, created for California by the Intuit Financial Freedom Foundation, where individuals can determine their new state and federal EITC eligibility and potential refund in a few easy steps;
  • the Free Tax Prep Finder, which connects families to local free tax preparation services; and
  • the interactive CalEITC4Me Heat Map that allows nonprofits, government agencies and others to identify key regions of eligible filers by ZIP code and other searchable criteria.

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*Up to
**Simplify your training requirement and reward supervisors with free coffee.**

Regardless of company size, CalChamber recommends harassment prevention training for all supervisors and employees. Just ask any employer blindsided by a workplace harassment lawsuit—the costs are enormous. California requires companies with 50 or more employees to provide two hours of sexual harassment prevention training to all supervisors **within six months of hire or promotion**, and every two years thereafter. CalChamber's online training makes it easy to educate employees and meet your compliance requirements.

Get a **$5 Starbucks eGift Card** for every California Harassment Prevention training seat you purchase by 12/31/15.

Use priority code CHTA. Preferred and Executive members receive their 20% discount in addition to this offer.

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