

GOVERNMENT AFFAIRS WATCHDOG

PROPOSED UNEMPLOYMENT TAX INCREASE

On November 6th, Governor Schwarzenegger released his proposals to address the state's revenue shortfall, including an economic stimulus package. Among other things, the Governor wants to make the Unemployment Insurance (UI) Fund solvent with a gradual increase in contributions into the UI Fund, combined with a small reduction in benefits.

His UI plan includes:

- Taking out a federal loan to maintain payments to the unemployed in the short-term.
- Increasing the amount in contributions employers make to the UI Fund by increasing the taxable wage ceiling from \$7,000 to \$10,500 and the maximum tax rate from 6.2 percent to 8.1 percent. (The increased contributions will range from a minimum of \$56 to a maximum of \$427 per employee.)
- Slightly reducing benefit levels including lowering the replacement rate from 50 percent to 45 percent and increasing the minimum earnings requirement to file a claim from 3.5 weeks to 7.5 weeks in a year.

The Governor recognizes that the UI Fund is on the brink of bankruptcy and feels that this tax increase is necessary to make it solvent again. The unemployment rate has risen higher than any estimates, and the UI Fund does not have enough resources to keep up with the demand.

The UI Fund has had only one benefit increase in the past 10 years but has

NOVEMBER BALLOT MEASURES

There were twelve propositions on the November ballot on which voters made a decision. PIC was successful on all but one of those on which it took a position. We opposed Proposition 1A that issues \$9.95 billion in bonds as part of a \$40 billion-plus project to build high-speed trains linking Northern and Southern California. We believed that the project would only increase the state's current fiscal problems, since the state, without adding this \$9.95 billion, will pay a record 6.1 percent of total state revenue in 2010-12 just to service its bond debt.

Prop#	Subject	Position	Election Results
1A	High Speed Rail Bond	Oppose	Passed
2	Treatment of Farm Animals	No Position	Passed
3	Children's Hospital Bond	No Position	Passed
4	Parental Notification about Abortion	No Position	Failed
5	Rehabilitation of Non-Violent Offenders	No Position	Failed
6	Public Safety Spending (Criminal Penalties)	No Position	Failed
7	Renewal Energy	Oppose	Failed
8	Ban on Gay Marriage	No Position	Passed
9	Victims' Rights	No Position	Passed
10	Renewable Energy/Alternative Fuel Bond	Oppose	Failed
11	Redistricting Reform	Support	Passed
12	Veterans' Bond	Support	Passed

had no adjustment to the tax wage base since 1983. It is predicted that the UI Fund will be \$2.4 billion in the red for the coming calendar year and \$4.9 billion in the red in 2010.

If California does not pay back the federal loan before Sept. 30 of 2009, an interest rate will be charged to the loan and employers may see an increase in their federal taxes.



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PROPERTY TAX ON PRESSES: INFORMATION NEEDED

As you may know, our government affairs office is working to revise the depreciation schedule (termed "valuation good factors" table) that county assessors use to determine the personal property tax on printing presses. Our goal is simple: to align the depreciation schedule to market values—and ultimately reduce personal property tax liability on printing presses.

To accomplish this goal, we need to identify printers who have either formally appealed their tax assessment or had the assessment adjusted from its original value at the staff level. This information is vital to achieving our goal and, in no way, will expose your company to any scrutiny by county tax auditors.

It's important that we identify companies that have had adjustments made as we move through this process. To share your experience, please contact Gerry Bonetto at (323) 728-9500, Ext. 248 or email: gerry@piasc.org.

NO TEXT MESSAGING WHILE DRIVING

One of the first bills that Governor Schwarzenegger signed after passage of the state budget banned text messaging. And, yes, the law covers reading as well as writing text messages.

The law will go into effect on January 1, 2009, and it will make California one of a handful of states that bans texting while driving. Other states include Louisiana, Minnesota, New Jersey, Connecticut, and Washington.

A violation would result in a \$20 fine for a first offense and \$50 for each subsequent offense—although some counties may set higher fines.

PROMOTION OF PRINTING

The Print Council has produced a new 24-page marketing brochure that demonstrates the extraordinary value and effectiveness of print communications.

UV CLEANUP LIMITS GO DOWN

UV/EB printers in the South Coast Air Quality Management District (SCAQMD) will have to use cleanup solvents with less than 100 grams per liter VOC on January 1, 2009.

The SCAQMD will not extend the current VOC limits beyond this deadline. It claims that there are products on the market that work—and they are being employed by printers in their day-to-day operations.

As you know, in July 2007, we negotiated an additional year and a half for UV/EB printers (and solvent manufacturers) to test new, low VOC cleanup solvents. While this is still going on today, the SCAQMD has told us that it will not negotiate with the industry any further delays.

If you have any questions or comments, please contact Gerry Bonetto at 323-728-9500, Ext. 248.

Entitled "Why Print? The Top Ten Ways Print Helps You Prosper," the full-color brochure is the first in a series of materials The Print Council is making available to printers to influence media decision makers' appreciation of the value of print. Printers are encouraged to download and use any or all of the materials provided in their own marketing materials to underscore the power of print communications.

You can find the brochure at www.theprintcouncil.org following links to access print-ready ZIP files for the "Why Print?" brochure.

COURT TO REVISIT MEAL AND REST RULES

Compliance with California's meal and rest period requirements—and whether employers must ensure they are taken or simply provide them—has been a source of litigation in both federal and California courts.

In early 2008, a class-action suit was denied by a federal District Court, finding that nothing in California law required the employer to ensure employees took their meal breaks—employers must only supply or make such time available to employees (*Brown v. Federal Express Corporation*). Because this is a federal court ruling, it did not change the law in California that employers must ensure employees stop working during their meal breaks. As such, merely providing meal breaks to nonexempt employees is insufficient.

Then, in July 2008, a California Court of

Appeal denied class action for almost 60,000 restaurant employees because the lower court did not properly consider the elements of the employees' claims in determining if they were susceptible to class treatment. Specifically, the court found that:

- While employers cannot impede, discourage or dissuade employees from taking rest periods, they need only provide, not ensure, rest periods are taken.
- Employers need only authorize and permit rest periods every four hours or major fraction thereof, and they need not—where impracticable—be in the middle of each work period.

Because rest and meal breaks need only be "made available" and not "ensured," the court also found that individual issues predominate, and—based upon the evidence presented to the trial court—they are not amenable to class treatment. (*Brinker v. Superior Court*).

This case was appealed to the California Supreme Court, which on October 22, agreed to hear the case. Until the California Supreme Court issues its ruling, the Court of Appeals ruling cannot currently be relied upon and should not be followed.

Remember: always track hours worked and not worked of all your nonexempt employees; and make sure supervisors and managers consistently enforce your policies and procedures, in particular, as they relate to meal and rest breaks for nonexempt employees.