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Headline Summary

- Air Violations
- Federal EEOC Complaints
- Sick Leave
- Plastic Bag Ban on Hold
- Workers' Comp Costs
- Gas Tax Relief
- General Fund Revenues
- Proposition 65 Warning

Air Violations

Assemblyman Jim Patterson (R-Fresno) recently introduced AB 335 (Air Quality: Minor Violations). This bill would require the State Air Resources Board and local air quality management districts to adopt regulations classifying "minor violations" and defining the term "notice to comply." Furthermore, it requires a representative of those agencies, who in the course of conducting an inspection, detects a minor violation, to issue a notice to comply, not a notice of violation.

PIC supports AB 335: it seeks to standardize what is considered a minor violation and the penalty. There are considerable differences in how minor violations are currently handled between the state board and the districts.

WatchDog

Guarding the Business of Print

March 2015

Federal EEOC Complaints

The Equal Employment Opportunity Commission (EEOC) released a detailed breakdown of the 88,778 charges of workplace discrimination the agency received in fiscal year 2014. Retaliation remains the number one charge received by the EEOC. The most frequent charges include:

- Retaliation is the number one EEOC charge with 37,955 charges (42.8 percent of all charges filed);
- Race charges (including racial harassment) came in second, with 31,073 charges (35 percent);
- Sex charges, including sexual harassment and pregnancy discrimination, took third with 26,027 charges (29.3 percent); and
- Discrimination based on disability was fourth with 25,369 charges (28.6 percent).

California represented 7.2 percent (6,363) EEOC charges of the nationwide total. This percentage remains unchanged from last year. Only Texas (9.7 percent) and Florida (8.1 percent) ranked higher in terms of percentage of nationwide claims. These figures are not surprising given the large populations of these states.

Sick Leave

Beginning July 1, 2015, employers with workers in California will need to provide paid sick leave benefits under the Healthy Workplaces, Healthy Families Act of 2014 ("the Act"). The Act requires employers to provide paid sick leave to any employee who has worked in California for 30 days within a year. Employers are allowed to limit employees' use of paid sick leave to 24 hours or three days in each year of employment.

The right to accrue and take sick leave under the Act does not take effect until July 1, 2015. However, other requirements such as posting the required paid sick leave poster and the updated *Wage and Employment Notice to Employees* (Labor Code section 2810.5) became effective on January 1, 2015

Plastic Bag Ban

The plastic bag ban in California was supposed to take effect this July, but has been delayed until after the November 2016 election after opponents of the ban qualified for a referendum (public vote) on the law.

Numerous counties and cities in California already have plastic bag bans in place, but the statewide ban has been the subject of controversy. In the interim, many other cities and counties are making moves toward local legislation regarding plastic bags.

Workers' Comp Costs

Currently, California employers are paying for the most expensive workers' compensation system in the country, according to a study of by the Oregon Department of Business and Consumer Services.

California regained the top spot with employers paying 188% more in workers' compensation costs than the national median and 33% more than the second most expensive state (Connecticut).

Although California has consistently ranked among the most expensive states for more than a decade, it has not held the No. 1 spot in this study since 2004. Moreover, insurance rates are projected to increase again this year.

In August 2014, the Workers' Compensation Insurance Rating Bureau recommended a workers' compensation rate increase of 3.4%. Insurance Commissioner Dave Jones ultimately adopted an increased rate of 2.2%. Although the recommended rate is provided only as guidance and insurers are free to follow or reject it, the recommendation mirrors many employer experiences in the marketplace.

Gas Tax Relief

The five-member State Board of Equalization ("Board") voted unanimously to cut the state gasoline tax from 36 cents to 30 cents a gallon. The new rate takes effect July 1, although motorists likely will not see much difference at the pump.

Californians will still pay some of the highest gas taxes in the nation. Drivers pay an additional 18.4 cents a gallon to the federal government and a 2.25 percent sales tax that benefits local governments

The annual adjustment is the result of a complicated deal to close the 2010 budget deficit. The agency sets the tax rate to bring in the same amount of money the old sales tax would have brought in. Because the tax board predicts lower gas prices, it is preemptively reducing the gas tax to avoid over collecting.

General Fund Reviews

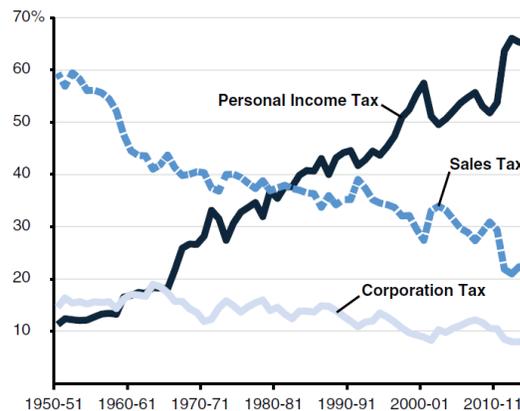
Over the past several decades, the personal income tax (PIT) in California has replaced the sales and use tax (SUT) as the predominant source of state General Fund revenue, as shown in the chart below.

The increase in the PIT is due to growth in real incomes, the state's progressive tax structure, and increased capital gains.

The decline in the SUT is largely due to a shift in the economy from manufacturing to services, which generally are untaxed.

Personal Income Tax Is the Dominant State Revenue Source

All General Fund Revenues



Note: Excludes transfers and bond proceeds.

Source: Legislative Analyst Office, "Personal Income Tax Is State's Dominant General Fund Revenue," December 9, 2014

Proposition 65 Warning

PIC has joined with other business organizations in support of AB 543 (R-Quirk), which would promote the use of and reliance on a scientific exposure assessment when deciding whether or not to warn the public under Proposition 65.

Proposition 65 requires California businesses with 10 or more employees to provide a clear and reasonable warning before "knowingly and intentionally" exposing individuals to chemicals known to cause cancer and/or reproductive toxicity.

Businesses may use a Proposition 65-listed chemical without providing a warning so long as the exposure does not exceed a specified threshold level. Notwithstanding this so-called "safe harbor" from the warning requirement, businesses often provide warnings on their products or facilities out of an abundance of caution, even if no chemical exposure is present or if the chemical exposure is occurring below specified threshold levels.

AB 543 is a modest improvement that provides that a business does not "knowingly and intentionally" expose individuals to Proposition 65-listed chemicals and thus need not provide a warning if the exposure assessment (1) is documented in writing and prepared by or under the supervision of a qualified scientist; (2) is conducted in accordance with existing regulations; and (3) concludes that the business is not exposing an individual to a Proposition 65-listed chemical at a level requiring a warning.

