



2019 Annual Report

El Dorado County
Joint Chamber Commission

Elk Grove
Chamber of Commerce

Folsom
Chamber of Commerce

Rancho Cordova
Chamber of Commerce

Roseville Area
Chamber of Commerce

Yuba-Sutter
Chamber of Commerce



As UCAN enters our third year, we'd like to share a report of what was accomplished in 2019. UCAN - the United Chamber Advocacy Network - engaged the California State Legislature on a host of bills aligned with the expressed priorities of local chamber of commerce members in the greater Sacramento region.

Consisting of El Dorado County Joint Chambers Commission and Elk Grove, Folsom, Rancho Cordova and Roseville Area Chambers of Commerce, UCAN chambers took positions on more than 30 bills - advancing their positions through letters, testimony at committees and in meeting with legislators and staff.

UCAN Leadership Group

A leadership group that includes the CEO of each chamber and at least one volunteer leader provides overall direction to UCAN's efforts - formatting survey questions, developing the annual policy agenda and approving bill positions consistent with that agenda. The UCAN State Policy Agenda is submitted to each chamber's board of directors for approval and presented to all state legislators representing the UCAN Chambers, seeking their support and cooperation.

El Dorado County Chamber of Commerce	Laurel Brent-Bumb	CEO
El Dorado Hills Chamber	Debbie Manning	CEO
Elk Grove Chamber of Commerce	Angi Perry	CEO
Elk Grove Chamber of Commerce	Frank Maita	GRC Chair
Elk Grove Chamber of Commerce	Bob Miller	Board Member
	Kevin Spease	Board Chair
Folsom Chamber of Commerce	Joe Gagliardi	CEO
Folsom Chamber of Commerce	Susan Bassett	staff
Folsom Chamber of Commerce	Jamie McCullough	Board Chair
Rancho Cordova Chamber of Commerce	Diann Rogers	CEO
Rancho Cordova Chamber of Commerce	Douglas Brewer	GRC Chair
Roseville Area Chamber of Commerce	Wendy Gerig	CEO
Roseville Area Chamber of Commerce	John Mason	GRC Chair
United Chamber Advocacy Network	David Butler	lobbyist
Yuba Sutter Chamber of Commerce	Marni Sanders	CEO
Yuba Sutter Chamber of Commerce	Joe McClure	GRC Chair

UCAN Agenda Reflects Member Priorities

Our multi-chamber membership survey administered in late 2018 found priorities similar to the prior year: including Taxes, Regulations, HR Policy and California's overall business climate. However, two new concerns popped up in the survey - Affordable Housing and concerns about the California Supreme Court's recent Dynamex Decision which limited the definition of independent contractors.

A summary of the survey results is below. Respondents were asked to select three issues that most impacted their businesses' bottom line. The UCAN leadership group determined that any issue identified by 25 percent or more of the membership would be a priority.

Taxes	71%
Regulatory Compliance	40%
HR/Labor Compliance	34%
Overall Business Climate	33%
Affordable Housing	29%
Dynamex Decision	25%

UCAN Chamber leaders meet with Legislators to advance 2019 State Policy Agenda

On February 25, over 60 local chamber leaders presented UCAN's 2019 State Policy Agenda to state legislators: Assemblymembers Frank Bigelow, Ken Cooley and Kevin Kiley and Senator Jim Nielsen, all of whom expressed support for UCAN's efforts and appreciation of UCAN's policy positions.

With gains by Democrats in both the Assembly and the Senate, it is increasingly important for business-oriented interests like UCAN to engage with relatively pro-business Moderate Democrats. To gain greater insights into the "Mod Dem" caucus, UCAN invited Sacramento political consultant David Townsend to speak to the assembled business leaders. Townsend has advised the Mod Dem Caucus for several years and informed UCAN chamber leaders that many of the new legislators must establish relationships with their constituents in their local districts and, as a result, local chambers of commerce have a unique opportunity to amplify the voice of small business in the legislature.

Elk Grove Chamber leaders met a few weeks later with State Senator Richard Pan and his staff at his State Capitol office. Mr. Townsend, among others indicated the Senate may be the more moderate of the two legislative houses during 2019-20 legislature so establishing relationships with moderate Democrats like Sen. Pan are crucial. Sen. Pan appreciated the visit and he and his staff were especially interested to hear from UCAN members' their positions with respect to the Dynamex decision.

At the recommendation of Assemblyman Ken Cooley, leaders from UCAN chambers also met with Lt. Governor Eleni Kounalakis at her office in the State Capitol. Local chamber leaders presented the Lt. Governor with the 2019 UCAN State Policy Agenda and reviewed early bill positions on taxes, economic development and Dynamex. Kounalakis, a Sacramento area resident, encouraged UCAN leaders to continue to engage members of the legislature and shared her priorities relative to economic development and small business – which include working with Governor Newsom to open California to additional foreign capital investment.

UCAN Chambers focused efforts on Water Tax and AB 5

While the UCAN Chambers engaged on a host of bills, we chose to focus our efforts on two priority bills:

Water Tax/SB 200(Monning) Instead of a surcharge on water bills, the final version of the bill tapped carbon tax/cap and trade funds to create the California Safe Drinking Water Fund. The UCAN Chambers were the only local chamber of commerce group included in a coalition organized by the Association of California Water Agencies (ACWA) to oppose the water tax.

Dynamex/AB 5(Gonzalez), sought to codify the California Supreme Court's ruling narrowing the definition of independent contractors, dominated much of the 2019 legislative session and occupied a big chunk of the news cycle. The Dynamex decision concerned a complaint filed by truck drivers against a trucking company that miscategorized the drivers as independent contractors rather than employees. Unfortunately, the court chose to apply the ruling to all businesses in the state and significantly narrowed the definition of an independent contractor.

Many individual groups – such as physicians and insurance agents – lobbied Assemblymember Gonzalez for special "carve outs" and the big prize for organized labor, sponsors of the bill, were those independent contractors engaged in the so called "gig" economy – Uber, Lyft and other on-demand "app-based" services. Meanwhile, small businesses dependent upon independent contractors to provide a flexible workforce were not well represented in the debate.

UCAN joined a coalition formed by the California Chamber but did not adopt their "Support if Amended" position. The UCAN Chambers remained "Opposed unless Amended" throughout the session.

The UCAN Chambers hosted a meeting at the State Capitol with State Senators Brian Dahle, Jim Nielsen and Richard Pan to advance UCAN's position on AB 5 – to provide small businesses with the ability to utilize independent contractors in core areas of their business and to eliminate the retroactivity included in the Dynamex Decision. The bill was amended somewhat in the Senate – to provide a limited "business to business" exemption and to address the retroactivity.

While the bill was ultimately approved by the Legislature and signed into law by the Governor, much uncertainty remains. A lawsuit by the California Trucking Association is pending in the courts and many legislators have discussed taking up "clean-up" legislation during the next session. Regardless, utilizing an independent contractor and establishing one's self as an independent contractor will be more complicated, more expensive and, in some cases, prohibitive, as a result of AB 5.

A summary analysis of the implementation of AB 5 is included on the back page of this report.

Support/Advance

SB 200 (Monning) was the only UCAN **support** bill that advanced out of the legislature. SB 200 was a compromise bill and alternative to a “water tax” using “cap and trade” allocations to fund safe drinking water projects in parts of the state. UCAN was part of a coalition led by ACWA, and among the only local chamber organizations included in the coalition.

Oppose/Dead

Several bills UCAN **opposed** never made it out of the first house, including **SB 522** (Hertzberg) to establish a sales tax on services and **SB 246** (Wieckowski) to establish a 10% oil severance tax.

Several other UCAN oppose bills died in the final days of the legislative session, including:

AB 846 (Burke) originally a UCAN support bill and intended to protect customer loyalty programs as a privacy clean-up bill but was amended late and supporters switched to oppose. The bill was placed in the inactive file by the author.

AB 516 (Chiu) sought to remove penalties for illegal parking as a way to protect homeless people was held in Senate Appropriations. UCAN was part of a coalition led by the League of California Cities.

AB 1066 (Gonzalez) sought to provide unemployment benefits to striking workers did not achieve the needed / necessary votes in the Senate on concurrence and was “refused passage.”

Support/Dead

Most of the bills UCAN chose to support failed in the legislature including several authored by local UCAN legislators, including:

AB 162 (Kiley) to preclude the CPUC from placing surcharges on texting services.

AB 906 (Cooley/Kiley) to direct GO-BIZ to develop a statewide economic development strategy.

AB 312 (Cooley) to require agencies to review and ID duplicative and outdated regulations.

Oppose/Advance

Fewer than half of the bills UCAN chose to oppose were approved by the Legislature and sent to the Governor.

Governor Newsom vetoed four bills approved by the Legislature and opposed by UCAN Chambers:

AB 171 (Gonzalez) sought to prohibit employers from taking action against an employee who filed a harassment claim.

AB 403 (Kalra) sought to extend the statute of limitations for retaliation claims from 1 to 3 years.

AB 589 (Gonzalez) sought to expand the three day sick leave to five days without a phase in or reforms.

SB 1 (Atkins) intended to block federal efforts to relax environmental and labor regulations. UCAN joined local water agencies in requesting a veto request since implementation of

SB 1 endangered agreements among local, state and federal agencies concerning the management of water resources and supply.

Unfortunately, Governor Newsom did sign several bills into law that UCAN Chambers opposed:

AB 5 (Gonzalez) codifies the Dynamex Decision re: independent contractors and granted several industries an exemption from the new “ABC test.”

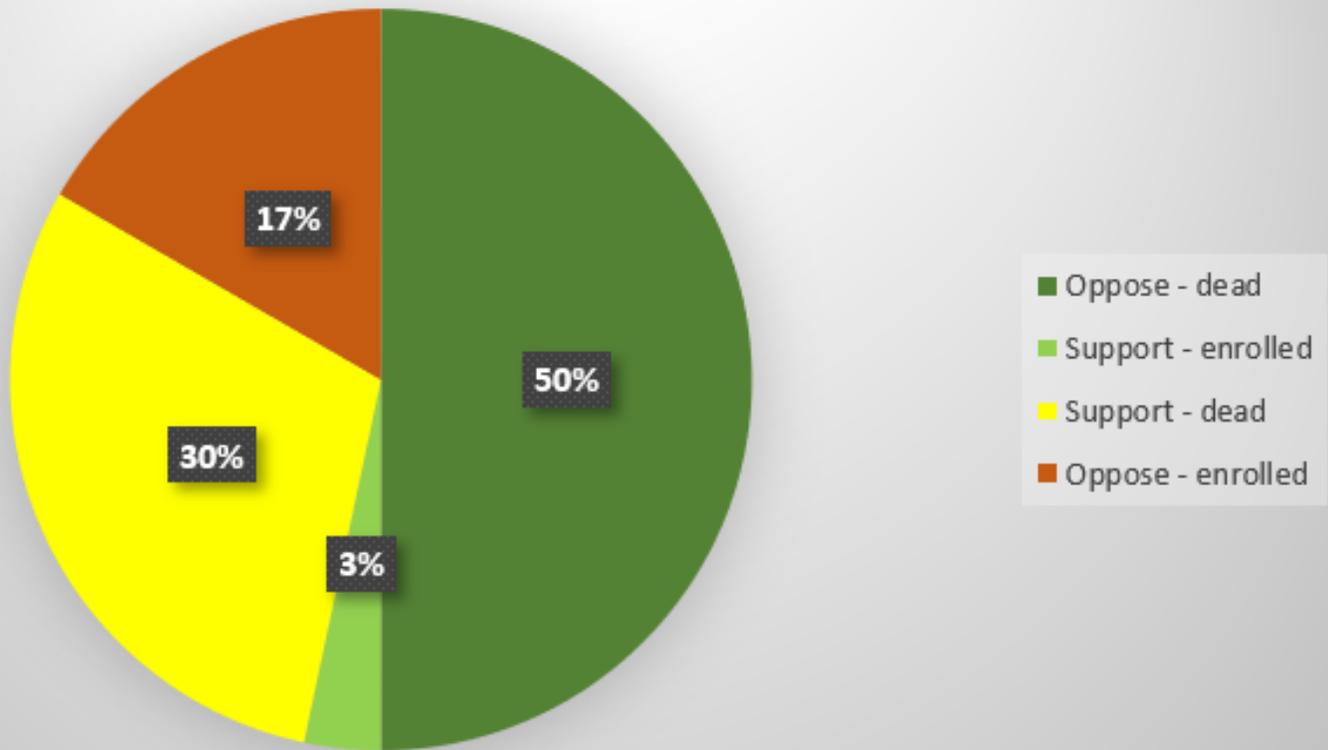
AB 9 (Reyes) extends the statute of limitations for employment discrimination from one to three years.

AB 51 (Gonzalez) prohibits mandatory arbitration agreements as a condition of employment may lead to additional litigation for employers v. the relatively streamlined process of arbitration.

AB 749 (Stone) prohibits settlement agreements that include a no re-hire provision.

SB 142 (Wiener) seeks to accommodate nursing mothers in the workplace was amended to address some employer concerns – businesses with less than 50 employees can claim hardship; building code directive was removed; a records requirement was removed.

UCAN Priority Legislation - 2019



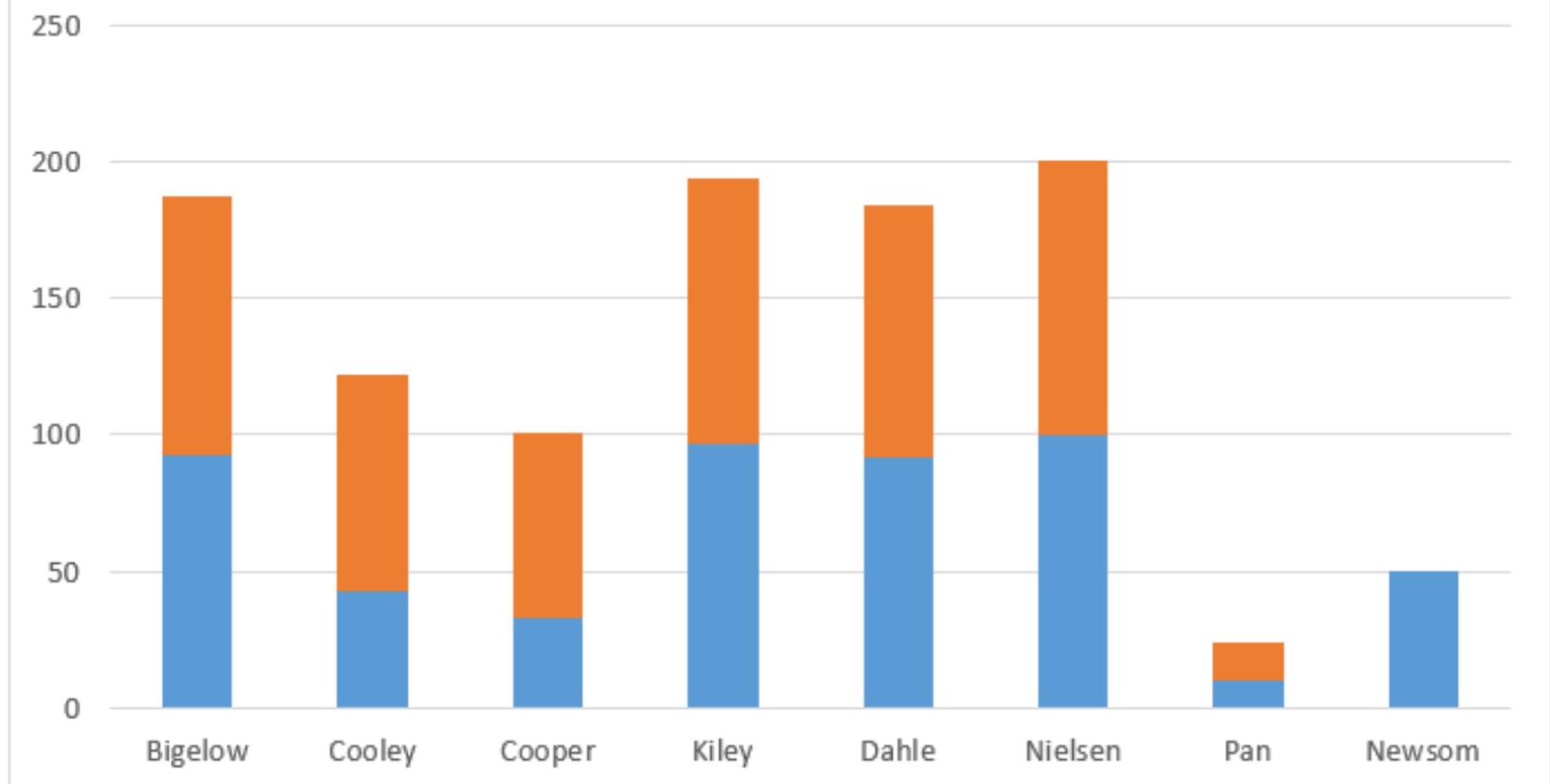
Oppose - Dead	15	Dk. Green
Support - Enrolled	1	Lt. Green
Support - Dead	9	Yellow
Oppose - Enrolled	5	Red

UCAN Legislator Scorecard

Below is a “scorecard” which demonstrates how UCAN legislators voted on UCAN supported/opposed bills. Sen. Nielsen voted with UCAN 100% of the time. If “not voting” is considered – since often times legislators choose not to vote for a bill if key constituents are in opposition – Assemblymember Cooley and Cooper’s UCAN percentage increases significantly to 79% and 68% respectively.

	Bigelow	Cooley	Cooper	Kiley	<u>Dahle</u>	Nielsen	Pan	Gov. Newsom
w/UCAN	25	3	3	28	11	15	2	5
v/UCAN	2	4	6	1	1	0	19	5
Not voting	8	12	10	0	0	0	1	
UCAN %	93%	43%	33%	97%	92%	100%	10%	50%
% w/NV	94%	79%	68%	97%	92%	100%	14%	

Legislators: UCAN Position %



Blue = UCAN votes

Orange = includes no votes

AB 5 Implementation Analysis

The “B test” requirement for a business to perform work “outside the usual course of the hiring entity’s business” is moot under the **professional services**, which allows an IC to be defined under Borello if several conditions are met:

- Separate business location
- Has a business license
- Set own rates
- Set own hours
- Holds out to other potential customers
- Exercises independent judgement

Professional services identified in bill:

- Marketing
- HR
- Travel agent
- Graphic design
- Grant writer
- Fine artist
- Enrolled agent
- Still photographer
- Freelance writer (35 x per year)
- Esthetician

Business to business/sole proprietorship

The B test is also moot under business to business and the IC relationship is defined under Borello if the following conditions are met:

- Free from control
- Services directly to contracting business v. customers
- In writing
- Business license
- Separate location
- Independently established business of the same nature as work performed
- Provider “actually contracts with other business”
- Advertise, hold self out to others
- Provides own tools (deleted “other financial relationship”)
- Negotiates its own rates
- Set own hours
- Not performing work which requires license from Contractors State License Board

Retroactivity

RE: Liability, it appears retroactivity only applies to “existing claims.”

The bill language states provisions shall apply for work performed on or after January 1, 2020.

One concern of note: one provision under the “Business to Business” language states an independent contractor must already be contracting with other businesses. If that’s the case, how does an individual get their first contract? Perhaps this will be addressed in a “clean up” bill in 2020 ...

WE INVITE YOU TO JOIN US!

The UCAN chambers will work with our advocates at Advocacy and Management Group in Sacramento to monitor legislative proposals and assist chamber leaders and chamber members in supporting bills that align with our shared priorities and oppose bills that are inconsistent with our unified agenda.

To learn more, contact one of the UCAN chambers directly.

Visit amgroup.us/ucan or email ucan@amgroup.us

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Members of the Elk Grove Chamber of Commerce Board of Directors chat with Assemblymember Ken Cooley (D-Rancho Cordova) at the UCAN Legislative Forum in February.

UCAN, NIFIB California and the California Trucking Assn. hosted a Forum on AB 5 featuring (L-R) State Senator Jim Nielsen (R-Red Bluff); State Senator Richard Pan (D-Sacramento) and State Senator Brian Dahle, (R-Bieber). The forum took place in August at the State Capitol Building just before AB 5 was to be heard in Senate Labor, Public Employment and Retirement.



Pictured at the UCAN Legislative Forum with members of the Folsom Area Chamber of Commerce are (back row, center, L-R) Assemblymember Ken Cooley (D-Rancho Cordova), Assemblymember Kevin Kiley (R-Rocklin) and Assemblymember Frank Bigelow (R-O'Neals).