



April 13, 2012

The Senate Insurance Committee passed two bills this week that will enable the State Compensation Insurance Fund to operate more effectively and to compete with private compensation insurance companies who have greater control over investments and hiring.

SB 1513 Gloria Negrete McLeod (D-Chino) will expand the State Compensation Insurance Fund's authority to diversify their investments. Expanded investment authority will increase State Fund's portfolio stability and protect against inflation. State Fund plays a critical and stabilizing role in California's workers' compensation market by providing competitive coverage for employers who cannot find coverage in the private market. Farm Bureau is in support.

SB 1406 Bill Emmerson (R-Riverside) would allow State Fund's Board of Directors the discretion to hire the highly skilled specialized experts and executives needed to fully execute State Fund's goals. State Fund needs greater flexibility to secure the high-level, highly-skilled talent it needs in some critical areas such as actuaries, computer modelers and financial services specialists instead of having to obtain those services from contracted consultants. These consultants are costly and do not provide the same level of consistency as permanent employees can. Farm Bureau is in support.

Legislation that would designate the Department of Boating and Waterways as the lead agency to control the South American Sponge plant in the Delta, AB 1540 Joan Buchanan (D-San Ramon), passed out of the Assembly Water Parks and Wildlife Committee unanimously. Current law gives the department authority to treat only water hyacinth and Egeria Densa, two very aggressive invasive plants that have impacted the health of the delta water system. In many instances the South American Sponge plant, also a very aggressive invasive plant, has been found growing alongside the other treatable plants. This bill will provide the necessary authority to also treat the spongeplant when it is found. Farm Bureau is in support.

Senator Corbett (D- San Leandro) has introduced SB 1480 to expand the regulation of licensed trappers and limit the use of certain traps in California. The bill is co-sponsored by Born Free USA and the San Francisco Wildlife Center and was heard by the Senate Natural Resources and Water Committee this week. Farm Bureau is opposed unless the bill is amended to eliminate the restrictions the bill places on certain traps that are necessary for farmers and ranchers to protect their livelihoods. The bill passed out of the Committee with a party line 5-3 vote. Farm Bureau

will continue to work with the author and sponsors to address our concerns. The bill will be heard next in the Senate Appropriations Committee.

The Fish and Wildlife Strategic Vision process came to a close this week with the final meeting of the Executive Committee. CFBF participated in the committee that adopted a final strategic vision and accompanying recommendations to improve operations of the Department of Fish and Game (DFG) and the Fish and Game Commission (FGC). The final report is due out by the end of next week and will be posted on the strategic vision website ([www.vision.ca.gov](http://www.vision.ca.gov)). Numerous bills have been introduced with some connection to the strategic vision process and many of the recommendations are likely to be incorporated into the currently proposed bills.

The Chairs of the Assembly Water, Parks, and Wildlife Committee and Senate Natural Resources and Water Committee have both introduced bills with the intent of incorporating recommendations included in the strategic vision. These bills are AB 2402 (Jared Huffman, D-San Rafael) and SB 1148 (Fran Pavley, D-Agoura Hills). In addition to these two bills, there are a few other bills with ideas discussed in the strategic vision process and these include AB 1961 (Huffman) that would create a simplified permit system at DFG for projects benefitting Coho salmon; AB 2609 (Ben Hueso, D-Chula Vista) that makes recommendations on qualifications for FGC members and changes the way the Commission elects its officers; and SB 1249 (Lois Wolk, D-Davis) that creates a system to allow non-profits to enter into contracts with DFG to manage its lands and would allow DFG to charge fees for non-consumptive users visiting DFG owned lands. Farm Bureau is watching all these bills closely and waiting to see how they may be amended now that the strategic vision process has concluded.

AB 1508 (Wilmer Carter, D-Rialto) would strengthen the current metals theft law sponsored by Farm Bureau and passed by the legislature in 2008. First, this measure would close a loophole in the law which allows people who bring junk metal in to recycle more than five times per month to get paid immediately and doesn't require the recycler to keep as detailed records for these individuals. The bill also rescinds a provision in the law which allows people recycling beverage containers to recycle less than \$20 of junk metal and get paid immediately. The bill was heard by the Assembly Business, Professions, and Consumer Protection Committee this week and passed unanimously, 9-0. Farm Bureau supports this bill, which will next be heard in the Assembly Appropriations Committee.

The Department of Finance's attempt to cut state expenses related to reimbursable state mandates by eliminating the local coastal plan (LCP) mandate received another setback this week. Under the Administration's proposal, the California Coastal Commission would assume authority for all land use decisions in the coastal zone. On April 11<sup>th</sup>, the Senate Budget Subcommittee No. 2 on Resources, and Transportation agreed with a similar Assembly Budget Subcommittee and rejected the LCP repeal.

The Assembly Budget Subcommittee No. 3 on Resources and Transportation heard the Governor's budget proposal this week to reduce the number of regional water boards from nine to eight. As proposed the bill would eliminate the Colorado River Basin Region and divide it between the Lahontan and San Diego regions. The proposal also reduces the number of members on the regional boards from nine to seven, six of whom are required to have a proven ability in

the field of water quality and an understanding of water pollution control, or in the beneficial use of water by the region's nonpublic economic sectors. The chairperson of each regional water quality control board will be appointed by the Governor. Farm Bureau believes the proposal does little to reduce costs and threatens local representation. Farm Bureau is opposed.

The State Water Resources Control Board has released a draft report assessing and aligning priorities, resources and performance targets. During their upcoming April 17th board meeting, the State Water Board will hear a presentation on the draft report they asked staff to prepare after adopting their Annual Fee Schedule on September 20, 2011. The draft report highlights a severe shortfall in funding and personnel for the Irrigated Lands Regulatory Program (ILRP), also known as the "Ag Waiver" Program. Farm Bureau will provide comments on the draft report that raises concerns about the content and tone, but more over the lack of communication with stakeholders before its release.

On March 29, the Assembly Labor and Employment Committee pushed through legislation on a party-line vote to create yet another opportunity for employers to inadvertently violate the law and incur substantial penalties as a result. AB 2099 (Gil Cedillo, D-Los Angeles) would increase the statutory penalty for employers who "neglect" to comply with the Labor Code or IWC Wage Orders, "cause" an employee to work longer hours than allowed by the Labor Code or Wage Orders, or pay less than minimum wage. This penalty can be imposed simply on the basis that the employer "neglected" to comply. "Neglect" is one of the lowest civil standards of liability to prove and requires no evidence of actual intent. The Committee passed AB 2099 with a "do-pass" recommendation and the bill is now pending third reading in the Assembly. CFBF and virtually the entire employer community in Sacramento are opposed.

The Senate Labor and Industrial Relations Committee rejected legislation on April 11 to change the state's daily overtime requirement. SB 1114 (Bob Dutton, R-Rancho Cucamonga) would have shifted the California 8-hour daily overtime requirement for non-agricultural industries to a requirement for overtime after 10 hours in any work day, and 40 hours in any work week. The bill drew strong support from employer representatives, and strong opposition from labor. CFBF took no position. The committee rejected SB 1114 on a party-line vote.

On April 12, the California Supreme Court handed down its much-anticipated *Brinker* decision that provides employers much-needed clarity and guidance as to the requirements of the law. The Court concluded that under applicable California laws and regulations, "an employer's obligation is to relieve its employee of all duty, with the employee thereafter at liberty to use the meal period for whatever purpose he or she desires, but the employer need not ensure that no work is done." The Court also addressed itself to questions about the number and timing of meal periods that employers must provide: "an employer's obligation is to provide a first meal period after no more than five hours of work and a second meal period after no more than 10 hours of work." With respect to rest periods, the Court ruled, "employees are entitled to 10 minutes' rest for shifts from three and one-half to six hours in length, 20 minutes for shifts of more than six hours up to 10 hours, 30 minutes for shifts of more than 10 hours up to 14 hours, and so on....(employers) must make a good faith effort to authorize and permit rest breaks in the middle of each work period, but may deviate from that preferred course where practical considerations render it infeasible."