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Headline Summary

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- LA County Raises Minimum Wage
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- UC Raises Minimum Wage
- Eating in the Workplace
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Property Tax Initiative Filed

Proponents have filed a petition to collect signatures to qualify an initiative—titled “Lifting Children and Families out of Poverty Act.” The document is 47-page statement on why we need to fund specific programs “that we know are effective,” such as new reforms in healthcare and local school funding.

Major funding will come from an increase in property tax.

Beginning in 2017-18 the measure proposes a .3% surcharge on assessed value between \$3 million and \$5 million; on property valued between \$5 and \$10 million the charge will be .6%; over \$10 million the charge is scheduled at .8%. For some properties then, the base property tax will nearly double.

WatchDog

Guarding the Business of Print

August 2015

Employee or Contractor?

The U.S. Labor Department issued an administrative guidance explaining when and how it will judge an independent contractor to be an employee—often misclassified by a business to avoid paying payroll and unemployment taxes, providing health insurance, or obeying wage and hour laws.

The guidance lays out an “economic realities” test to decide whether a worker is an employee. It come at a time when high profile companies like FedEx and Uber have been fighting lawsuits that ask whether their workers were misclassified independent contractors. The Seventh Circuit recently upheld a decision from the Kansas Supreme Court that FedEx drivers, classified as contractors, were really employees.

Under the new economic realities test a number of factors are considered in what the guidance terms “a qualitative rather than a quantitative analysis.” Is the work an integral part of the employer’s business? If so, then the worker is likelier to be an employee. Do the worker’s managerial skills affect his or her “opportunity for profit or loss”? If so, then the worker is likelier to be an independent contractor. Is the worker’s relationship with the employer permanent or indefinite? If so, the worker is likelier to be an employee. Who has made the bigger financial investment—the worker or the employer? “If the worker’s investment is relatively minor,” the guidance reads, “that suggests that the worker and the employer are not on similar footings and that the worker may be economically dependent on the employer.”

In addition, a business’ control over the worker is taken into account, though the guidance warns that this “should not play an oversized role in the analysis.”

Source: *Jim Kyger, Printing Industries of America*

LA County Raises Minimum Wage

The Los Angeles County Board of Supervisors voted on to raise the minimum wage over five years from the current \$9 an hour to \$15 by 2020 in county unincorporated areas. The action mirrors the increase adopted by the City of Los Angeles in June.

Like the city increase, the ordinance raises the wage to \$10.50 an hour by next July for businesses with 26 or more employees. For those businesses, the wage increases to \$12 by July 2017, \$13.25 by July 2018, \$14.25 by July 2019 and then \$15 July 2020.

For businesses with fewer than 26 employees, the ordinance delays each increase by one year. Beginning in 2022, the rate will increase for all businesses based that year’s inflation rate.

It’s unclear how many of the 87 cities in the county will follow suit.

UC Raises Minimum Wage

The University of California announced an increase of the minimum wage to \$15 an hour by 2017—up from the current state rate of \$9. The first scheduled increase will be to \$13 an hour on October 1. After that, it will increase to \$14 an hour in October 2016 and \$15 an hour in October 2017.

UC's action has spurred calls for the California State University system to follow suit and has intensified debate in the state legislature, where a bill has already passed the Senate to increase the rate from \$9 to \$13 an hour by 2017. And it will put more pressure on local governments to raise the minimum rate in their jurisdiction.

Interestingly, Governor Brown's finance department opposes an increase in the minimum rate. The department claims that the increase will cost state agencies by \$393 million this year, close to \$1 billion in 2016, and \$3.4 billion in 2017.

Eating in the Workplace

The California Code of Regulations, Title 8, Section 3368 ("General Industry Safety Orders"), provides guidelines for employers, including printers, who allow employees to eat on the company's premises. The guidelines read as follows: "Food and beverages shall not be stored or consumed in a toilet room or in an area where they may be contaminated by any toxic material."

In the past, Cal/OSHA has cited printers for violating this guideline. It is especially concerned about employers who allow employees to eat while working at the press since there are often toxics, albeit at low-percentages, in some of the materials used.

The employer must establish rules that employees should not consume food or beverages when directly in contact with equipment or near materials with which they are working—for example, directly on the press or at the press or near open containers of hazardous or toxic materials.

We Need Your Support

You may have already received a letter from your association encouraging you to support our governmental affairs effort with a voluntary contribution to PrintPAC of California—our statewide political action committee.

We're positive our past successes have contributed directly to your bottom line—such as lower workers' compensation premium rates.

At some time or another, your company will come face to face with legislation or regulation that will harm your business. It's our job to see that it doesn't. To do this, however, requires us to cultivate contact among elected officials. The most effective way to do this is through campaign contributions. These contributions ensure access to key legislators—access that allows us to state our case on any particular issue.

Please join with your fellow association members to help protect California's strong and vibrant printing industry by making a voluntary contribution to PrintPAC of California.

Paid Sick Leave Amended

The California legislature passed "clean up" legislation for the paid sick leave law—the Healthy Workplaces, Healthy Families Act of 2014 (AB 304, Gonzales; D-San Diego). The amendments went into effect immediately.

Among the issues addressed are thus:

- Clarify who is a covered worker;
- Provide alternative accrual methods other than one hour for every 30 hours worked;
- Spell out protections for employers that already provided paid sick leave or paid time off before January 1, 2015 (a grandfather clause);
- Provide alternative methods for paying employees who use paid sick leave; and
- Explain the rules regarding reinstatement of benefits to rehired employees.

Legislature On Break

The California legislature is on break for a month—after policy committees their work on July 17th. When legislators return on August 17th, the Appropriations Committees and then house floors will be all that is left before bills are sent to the governor for signature.

Below are three key bills on which PIC has taken a position.

AB 12 (Cooley; D-Sacramento)-Regulatory Reform. Requires all state agencies to review existing regulations by January 1, 2018 and revise duplicative, overlapping, out-of-date, or conflicting regulations. Senate Appropriations; **Support**

SB 406 (Jackson; D-Santa Barbara)-Paid Family Leave Expansion. Reduces the small business exemption from 50 employees to 25 employees. Assembly Appropriations; **Oppose**

SCA 5 (Hancock; D-Oakland & Mitchell; D-Los Angeles) Split-Roll Property Tax (anti-Prop 13). Mandates that all commercial and industrial properties be annually reassessed at their full market value. Senate Governance & Finance; **Oppose**

