



Press Release #1

Embargoed until 11:00 am on Thursday, January 22, 2009

Coalition of diverse industries recommends 15 California economic recovery policies

Sacramento, CA -- Today, a coalition of employers from a wide spectrum of industries deeply concerned about California's economy delivered to legislators and the governor their recommendations for policies to support job growth and improve state finances.

The fifteen proposals would promote economic growth to help solve the budget deficit and add additional stimulus to improve future state budgets. Of vital importance is the need to offset the negative economic impact of any new taxes or fees to fill the budget gap. Even before last year's budget, which imposed an estimated \$6.4 billion in new taxes on businesses, California employers already paid 20 more in taxes than the national average. This group of employers was formed last year to help link the Legislature's and Governor's budget policy decisions to strategies for economic renewal.

"We have been making a compelling case for these economic solutions for many years," said California Manufacturers & Technology Association President Jack Stewart. "But the time has come for legislative leaders to make a healthy business climate the springboard for economic recovery and long term state fiscal solvency."

California depends on income, sales, property and corporate profit taxes for most of its revenue. Government programs survive on profitable businesses employing a high-wage workforce. With the country's third worst unemployment rate, and few growing sectors outside government services, the state will not get out of the current crisis without improving the business climate.

"The theme running through the list of proposals is that they all will pave the way for new investments and growth" said American Electronics Association senior vice president Roxanne Gould. "The next wave of innovation, manufacturing and growth in the high tech green economy will not materialize in California unless we make our state a better place to do business."

One of the 15 proposals on the list is a phased-in sales tax exemption on the purchase of manufacturing equipment which would increase high wage jobs and generate more than \$100 million new state revenue after five years and close to \$500 million after ten years as a result of increased economic activity and growth. Another proposal is a clarification of employee meal



and rest period regulations that are now spawning expensive class action lawsuits. Businesses are being sued and employees are being fired for failure to comply with an overly strict application of the law.

“The current confusion over meal and rest rules creates unnecessary tension between restaurateurs and their employees and creates costly litigation that limits job growth in our industry,” said California Restaurant Association President and CEO Jot Condie. “Lawmakers must recognize the need for working Californians to have flexible schedules to accommodate their work, school and family priorities.”

This coalition represents the diverse employers that drive our economy and produce wealth for working families as well as our government.

“Small businesses along with other employers will lead California out of this recession, but today they find themselves stuck between the rock of crushing economic circumstances and the hard place of inflexible bureaucratic regulations,” stated John Kabateck, California Executive Director for the National Federation of Independent Business, "The Governor and legislators must provide our job creators with the flexibility to meet our challenging economic circumstances and the space to employ more Californians.”

Key points for lawmakers and media to consider as impetus for the listed recommendations:

- The uncertainty of California's regulatory and fiscal environment makes it almost impossible for short and long term business growth
- Taxes, fees, mandates and regulations are currently enacted without considering their cumulative and dynamic impact
- Industries such as high tech, manufacturing, entertainment and agriculture are being lured away by Nevada, Arizona and other regions
- Business costs in California are 23 percent higher than the national average
- California's unemployment rate (8.4%) is third worst in the country and at its highest level since the early 90's



Recommendations titles:

- Delayed sales tax exemption
- Design build
- Eliminate corporate penalty
- Employment training panel
- Energy infrastructure Development
- Flexible workweek/alternative schedules
- Greenhouse gas emissions AB 32 and CEQA
- Homebuyer tax credit
- Infrastructure bonds
- Meal and rest period clarification
- Public private partnerships
- Research and development tax credit
- SB 375 land use and transportation bill clean up
- Tourism tax repair

If you'd like to discuss economic recovery or any of the policies in the list you can reach any of the respective contacts listed below.

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Attachments: Cover letter, Proposal list, Economic Recovery Two-pager

Overall media contacts

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Proposal contacts

Delayed Sales Tax Exemption

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Design Build

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Eliminate Corporate Penalty

Contact: Chris Micheli, Aprea Micheli, cmicheli@apreamicheli.com

Employment Training Panel

Contact: Cynthia León, CMTA, 916-498-3322 cleon@cmta.net

Energy Infrastructure Development

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Exempt Employees Classification

Contact: Dominic DiMare, (916) 444-6670

Flexible workweek/alternative schedules

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Greenhouse House Gas Emissions AB 32 and CEQA

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Homebuyer Tax Credit

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Infrastructure Bonds

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Meal and Rest Period Clarification

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Public Private Partnerships

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Research and Development Tax Credit

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SB 375 Land use and Transportation Bill Clean up

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Tourism Tax Repair

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