

Governmental Affairs Committee – April 2016

- I. **Call to Order - 12:15**
- II. **Flag Salute**
- III. **Introductions**
- IV. **Approval of Minutes**
- V. **Updates:**
 - Chamber of Commerce
 - Teens on Board, Khloe McCarthy
 - Tulare Downtown Association
 - Tulare School Districts
 - City of Tulare
 - County of Tulare: Supervisor Pete Vander Poel III
 - Board of Equalization: Tom Mendes
 - State Assembly: Assemblyman Devon Mathis
 - State Senate: State Senator Jean Fuller
 - Congressional: Congressman Devin Nunes
- VI. **Discussions and/or Action Items:**
 - Farm & Agriculture Updates:
 - TCFB News Letter - <http://www.tulcofb.org/> (no April newsletter posted as of yet)
 - CalChamber - Job Killers - <http://www.cajobkillers.com/priorities/>
 - Communication from Senator John M.W. Moorlack (37th Senate District) Information on proposed bills relative to Chamber of Commerce. – *Document Attached* (Link: <http://district37.cssrc.us/legislation>) - Information Only
 - Request for position on AB 1865 (Patterson) "Contractors: trust or custodial benefits plans: health benefits" requested by Common Sense Consulting – *Documents Attached* (Link: <https://legiscan.com/CA/text/AB1865/id/1334049>) - Action Requested
- VII. **Presentation**
 - Aubrey Bettencourt – CA Water Alliance regarding. "More DAM Storage"
- VIII. **Local Government Calendar: (Info Only)**
 - Tulare City Council Meeting on April 19th
 - Tulare Planning Commission on April 18th
 - Tulare Public Utilities Commission on April 21st
 - Tulare County Water Commission April 11th
 - Tulare County Agriculture Advisory Committee (No April meeting)
- IX. **Community Calendar: (Info Only)**
 - Tulare Downtown Association – <http://www.tularedowntown.com/>
 - Tulare Chamber of Commerce Annual State of the City – May 13th
- X. **Adjourn 1:15pm**

Next Meeting, Monday, May 9th

From: "Christensen, Lance" <Lance.Christensen@SEN.CA.GOV>
Date: March 29, 2016 at 5:23:54 PM PDT
To: Undisclosed recipients;
Subject: Regulatory Reform & Transparency Legislation

Dear local **Chamber of Commerce** representative,
It's that time of year again where the legislature will be introducing bills that will directly impact your chamber members and business associates. Senator John Moorlach from Orange County is introducing a legislative package that seeks to address regulatory burdens on Californians, reduce the cost of doing business generally in the state and produce more transparency in the financial decisions of the state. With that, I've outlined below 5 bills in our legislative package this year that may be of interest to you and your members.

SB 1140 – Regulatory Reform: Allows the legislature to ratify final regulations that are required by legislation and are promulgated in the Office of Administrative Law by sunseting the enabling statutes after 2 years.

SB 1141 – Caltrans County Pilot: Creates a voluntary pilot program to allow 2 counties to take over ALL Caltrans responsibilities for all the highways in their jurisdiction for 5 years.

SB 1142 – ADA Reform: Provides an unqualified and simple "right-to-cure" process for those sued under the federal Americans with Disabilities Act or California's Construction-Related Accessibility Standards Compliance Act. Provide that where statutes/regulations conflict between the state and federal laws, that the federal law is supreme.

SB 1248 – CEQA, Litigation Disclosure: Discloses anyone who files or pays for any CEQA lawsuits as is done in most other litigation processes and political disclosures.

SB 1251 – Financial Transparency: Requires the state to identify specific key budget and fiscal numbers on a single website and ballot statements and show how they correspond with state debts and unfunded liabilities.

Some of these bills will be heard in various committees starting next week. You can go to [this link](#) to see our fact sheets and other relevant information.

If any of these bills interest you, we would appreciate any assistance you could give us, especially in the form of a letter of support. If you know any other business or association that also might be interested in supporting any of our bills, please forward this along.

Best,
Lance

Lance Christensen

Deputy Chief of Staff, Senator John M.W. Moorlach

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<http://district37.cssrc.us/legislation>

37th State Senate District

AB 1865 (Patterson) Double Payments for Health Care Coverage Fix

SUMMARY

AB 1865 seeks to eliminate a problem that causes an employer to make double payments for health care coverage of employees who are sent to work on certain public work projects even when the employee has employer provided health coverage that meets the standard of the Affordable Care Act.

EXISTING LAW

The Patient Protection and Affordable Care Act (ACA) was signed into law by President Obama on March 23, 2010.

The ACA is a mandate on individuals to obtain health insurance coverage. Although employers are not required to offer coverage, a penalty applies if the employer does not offer minimum essential coverage or they offer such coverage but it is deemed unaffordable or not meeting minimum standards and an employee receives a subsidy on the Health Insurance Exchange.

Certain construction projects add extra mandates that say a contractor must pay into a union-operated health plan in order to bid or be awarded work on that project – even if the contractor already has health insurance for their employees.

If the contractor does not agree to follow that rule to avoid paying twice, that company is barred from working or even bidding on that project. This takes away the opportunity for local contractors to provide solid, middle class jobs for their employees.

PROBLEM

Many construction companies currently provide ACA compliant health insurance coverage for their employees that include all of the ACA essential health benefits (EHBs).

The ACA's essential health benefits are: (1) ambulatory patient services; (2) emergency services; (3) hospitalization; (4) maternity and newborn care; (5) mental health and substance use disorder services, including behavioral health treatment; (6) prescription drugs; (7) rehabilitative and habilitative services and devices; (8) laboratory services; (9) preventive and wellness services and chronic disease management; and (10) pediatric services, including oral and vision care.

However, contractors who work on certain public works projects are mandated to pay for health insurance a second time when the work is covered by a project labor agreement (PLA). A PLA requires all employers on that project to pay into union trust funds for certain benefits, including health insurance, for employees sent to work on those projects, regardless of the fact the employer already has insurance.

The justification in the past by governments for these double medical payments is that the non-union plans are not deemed "quality" health plans in many cases. While critics have charged that the process of approving those non-union plans was overly politicized in the past, since the implementation of the Affordable Care Act (ACA) by President Obama, employers now have a clear standard of "government approved" quality when it comes to healthcare plans.

This bill would simply state that if an employer's healthcare plan met the essential coverage standard under the ACA, then that employer has met the government standard of "quality" in their healthcare plan for certain state construction projects where double payments were charged in the past.

The question for lawmakers is basic and clear – If ACA coverage constitutes "quality" coverage for all Americans, why would employers on state construction projects have to pay for healthcare twice?

While the debate if government can force you to buy healthcare coverage continues on across America, no one is suggesting that the government can make you buy healthcare twice. AB 1865 would fix that loophole in our construction contracting processes.

Today, an employer can expect to pay well over \$5,000 dollars per employee under a group health policy according to recent Kaiser Family Foundation and National Small Business Association studies.

The cost of health insurance has also increased every year since ACA was implemented. Forcing a contractor to pay that amount twice for all employees dispatched to jobs with project labor agreements just doesn't pencil out.

For every 10 employees dispatched to a year-long job, like a new water project, that contractor pays out at least \$50,000 in duplicate health benefit payments.

The savings from not having to pay twice could be used for a variety of things such as increased wages for current employees, an

upgrade equipment or tools, or best of all, provide a new job to a new employee.

THE SOLUTION

AB 1865 provides a simple exemption from health care double payments under a PLA. To get the exemption, the construction employer must show proof that the company provides ACA-compliant health care coverage that includes all of the ACA-mandated essential health benefits for their employees in order to bid on or be awarded work on that project.

AB 1865 is substantially similar AB 842 (Patterson 2015) but has two distinct changes to address concerns brought forth by various labor organizations. First of all, in order to not retroactively change existing contracts, the bill will only be applicable work covered by a PLA that was entered into on or after January 1, 2017.

Secondly, the bill will exclude from the exemption instances where a union member covered by a union-operated health plan is dispatched by a labor union hiring hall to a project awarded to a nonunion contractor.

SUPPORT

- Associated Builders and Contractors (Sponsor)

STATUS

Assembly Desk – 30 Day In Print