

SMAC

SMAC Legislative Report

Of CALIFORNIA

News from the Small Manufacturers Association of California

A compilation of news and commentary on the recent actions of California Legislators and bureaucrats in Sacramento

LOCKHEED MARTIN, RAYTHEON, BOMBARDIER TEAM TO WORK ON JSTARS RECAP PROGRAM

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Rob Weiss, executive vice president and general manager, Lockheed Martin Aeronautics, Advanced Development Programs

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Attorney Alison Alpert, Best, Best & Krieger

By Tom Martin
SMAC Executive Director
& Legislative Chairman

Lockheed Martin, Raytheon Company and Bombardier have teamed to deliver a low-risk, affordable solution for the United States Air Force's JSTARS Recapitalization program, according to a Palmdale based Lockheed spokesperson Heather Kelso.

Embracing the United States government's desire for strong industry partnerships, the Lockheed Martin-led team will provide the Air Force capabilities superior to the current JSTARS. The team will also deliver a true open system architecture to allow the government to own the technical baseline for future upgrades and reduce life cycle cost.

"Our track record of performance in systems integration and leadership in Open Mission Systems, combined with our teammates' relevant products and in-depth experience, give us confidence that we can provide the Air Force the best possible solution," said Rob Weiss, executive vice president and general manager, Lockheed Martin Aeronautics, Advanced Development Programs (the Skunk Works®).

According to the June 16 announcement, Lockheed Martin will serve as the lead systems integrator for the program and Raytheon will bring to the team their experience with ground surveillance, intelligence, surveillance and reconnaissance systems, mission systems integration, and JSTARS communications.

"ISR and mission systems integration are core capabilities for us," said Rick Yuse, president of Raytheon Space and Airborne Systems. "We are committed to building modular, easily adapted and upgraded open systems to help our warfighters stay ahead of future threats."

Bombardier will provide its ultra-long-range global business jet platform, which is less expensive to operate than modern airliners and is uniquely suited to the JSTARS mission by allowing the on-board radar to see further and deeper into valleys and survey the battle space for extended periods of time without refueling.

"The track record we built over the past years with the Battlefield Airborne Communications Node (BACN) program for the Air Force using the Bombardier Global platform makes us very well-positioned in this market segment," added Stéphane Villeneuve, vice president, Specialized Aircraft, Bombardier Commercial Aircraft.

WORK MAY BE AT PALMDALE SKUNKWORKS

Raytheon Company, with 2014 sales of \$23 billion and 61,000 employees worldwide, is a technology and innovation leader specializing in defense, civil government and cybersecurity markets throughout the world. With a history of innovation spanning 93 years, Raytheon provides state-of-the-art electronics, mission systems integration and other capabilities in the areas of sensing; effects; and command, control, communications and intelligence systems, as well as cybersecurity and a broad range of mission support services. Raytheon is headquartered in Waltham, Mass.

Bombardier is the world's leading manufacturer of both planes and trains. Bombardier is headquartered in Montréal, Canada. In the fiscal year ended December 31, 2014, they posted revenues of \$20.1 billion.

Lockheed Martin, Headquartered in Bethesda, Maryland, with major facilities in Palmdale is a global security and aerospace company that employs approximately 112,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. The corporation's net sales for 2014 were \$45.6 billion.

Work on a new stealth bomber is scheduled to be performed in Palmdale, at the "Skunk Works".

BROTHER, CAN YOU SPARE A SECOND? TIME ADDED FOR ATOMIC CLOCKS

On Tuesday, June 30, at 4:59:60 pm, we added an extra second to the day. Over the past 200 years, the length of a day has increased by two milliseconds, which are all well and good, but the insane accuracy of the atomic clocks we've been using since 1967 doesn't account for that, so we've had to add leap seconds 25 times since 1972. This is the first time a leap second was added during financial trading hours since markets went electronic.

Naturally, this has some experts concerned with estimates that around 10 percent of large scale computer networks will experience issues that stem from the added second. It happened to Reddit, Mozilla, and Qantas Airways back in 2012. To account for any issues that could occur trading closed early – Nasdaq stopped trading at 7:48 EST, and shut down at 7:55. Any data transmitted five minutes before and after the leap second addition was held for another five minutes.

Trading in Asia and Australia started one second after the leap, but they also planned to smear the leap over the course of two hours by splitting it up into 7,200 pieces.

KNOW THE LAW

CALIFORNIA HAS NEW ANTI-BULLYING EMPLOYEE TRAINING REQUIREMENTS

Some workplace laws may appear on their face to be almost toothless, and irrelevant; but in fact, they can be "snakes hidden in the grass" offering aggressive attorneys more grounds to sue employers for failure to comply with them. One example is sexual harassment prevention training. And, that law has now been enhanced with anti-bullying training to better protect employees but with no obvious consequences.

Mandatory California workplace laws are not only contained in the California Labor Code but are often placed in other less obvious California codes. For example, under California Government Code Section 12950.1 an employer having 50 or more employees is required to provide at least two hours of classroom or other effective interactive training and education regarding sexual harassment to all supervisory employees in California within six months of their assumption of a supervisory position, and then repeat and/or update that training every two years thereafter.

The training and education required by this sexual harassment section must include information and

practical guidance regarding the federal and state statutory provisions concerning the prohibition against and the prevention and correction of sexual harassment and available.

In January, 2015 this law, was amended by Assembly Bill 2053: "*An employer shall also include prevention of abusive conduct as a component of the training and education specified...*"

The law states "abusive conduct" means conduct of an employer or employee in the workplace, with malice, that a reasonable person would find hostile, offensive, and unrelated to an employer's legitimate business interests. Abusive conduct may include repeated infliction of verbal abuse, such as the use of derogatory remarks, (bullying) insults, and epithets, verbal or physical conduct that a reasonable person would find threatening, intimidating, or humiliating, or the gratuitous sabotage or undermining of a person's work performance. A single act shall not constitute abusive conduct, unless especially severe and egregious.

The law also states "a claim that the training and education required by this section did not reach a particular individual or individuals shall not in and of itself result in the liability of any employer to any present or former employee or applicant in any action alleging sexual harassment. Conversely, an employer's compliance with this section does not insulate the employer from liability for sexual harassment of any current or former employee or applicant."

"...NO BENCHMARKS IN THE LAW..."

Alison Alpert, a partner for Best, Best & Krieger law firm and chair of its labor and employee practice group said "there are no benchmarks in the law for the prevention training it requires, meaning attorneys and human resource experts who provide advice to businesses have been left to look at the law's definitions of bullying to cipher their advice for best practices.

Despite the missing pieces, AB2053 has "made employers more aware of this issue," she said

"I have been talking to businesses about bullying; it's a big problem in the workplace."

She said one area of advice to clients has been to review existing company rules regarding office conduct.

While those rules may not be as explicit as the law's description of bullying, "they have some conduct guidelines about disrespectful treatment of co-workers or threatening or abusive conduct."

And even if those actions are not actionable in court, Alpert said, their existence in company policy means workers and supervisors can be subject to discipline for violations.

There also are concerns that the law can be used to cite bullying in cases of progressive discipline or performance improvement programs.

“What one person may perceive as bullying is actually a legitimate employee disciplinary action,” Alpert said. “It should not stop employers from taking reasonable action in the workplace.”

Attorney Alison Alpert, Best, Best & Krieger partner and chair of its labor and employee practice group, can be reached at (619) 525-1304.

CONTROLLER REPORTS MAY RECEIPTS \$69.1 MILLION ABOVE EXPECTATIONS

Less than a month after the governor revised his proposed 2015-16 state budget, May receipts for the state’s General Fund exceeded the governor’s new projections by \$69.1 million, according to State Controller Betty T. Yee’s monthly report of California’s cash balance, receipts, and disbursements published today.

At the same time, May receipts were \$317.9 million less than anticipated when the budget for the 2014-15 fiscal year was enacted a year ago. All told, though, General Fund receipts through May 31 outstripped projections in last year’s Budget Act by \$5.8 billion, or 6.2 percent. And receipts have exceeded last year’s actual receipts by \$10.7 billion, or 12 percent, reflecting a stronger California economy.

May retail sales and use taxes surpassed estimates in the May budget revision by \$29.8 million. The state’s other two major taxes were both lower than anticipated—the personal income tax by \$3.7 million and the corporation tax by \$20.2 million. Total General Fund receipts were \$7.6 billion, almost 1 percent higher than projected in the May revision.

Compared to the 2014-15 budget, May personal income tax came in \$333.7 million short. About \$85 million of this amount resulted from lower withholdings from workers’ paychecks, with another \$19 million attributable to higher-than-expected income tax refunds.

Retail sales and use taxes fell short by \$88.7 million and corporation taxes by \$4.5 million. In total, the top three sources of revenue came in \$426.9 million less than expected in the budget enacted a year ago. But May receipts were an anomaly in an otherwise strong year, with total General Fund receipts at \$99.6 billion, compared to the \$93.7 billion anticipated when the 2014-15 budget was approved.

The General Fund, the source of most state spending, ended the month with outstanding loans of \$6.1 billion, which is \$7.8 billion less than anticipated in last year’s budget.

CALIFORNIA EDD ANNOUNCES INTEREST ON DELINQUENT TAXES AT 3 PERCENT

California EDD has announced the interest rate charged by on all delinquent taxes for the period of July

1, 2015, through December 31, 2015 will be 3%. Interest is charged on all delinquent taxes (Unemployment Insurance, Employment Training Tax, State Disability Insurance, and Personal Income Tax withholdings).

The interest rate is established pursuant to Section 19521 of the California Revenue and Taxation Code. The interest rate is adjusted semiannually based on the short-term federal rates in January and July of each year.

Interest is compounded daily on:

- All unpaid tax
- Interest
- Certain penalties

Interest is required because there is no provision in the California Unemployment Insurance Code to waive or cancel interest.

SBA OFFERS THIRTEEN TIPS FOR LOW-HASSLE, LOW-COST BUSINESS TRAVEL

If your travel plans this summer include a trip for business (or even for family vacations!), be sure to consider these tips for low-hassle, low-cost travel. A little planning can make your travel cheaper with less hassle, too, according to SBA guest blogger Anita Campbell.

Anita Campbell runs online communities and information websites reaching over 6 million small business owners, stakeholders and entrepreneurs.

1. Sign up for cloud email and documents

No more thumb drives or syncing devices upon your return. The beauty of the cloud is that you can easily carry your emails, photos, graphics, and documents along with you. Everything is available in one place upon your return, no matter which device you use.

2. Use noise cancelling earphones

Earphones that limit outside noise let you work no matter how many cranky babies are seated around you on the plane, or how many decibels are in that airport coffee shop. More importantly, they reduce noise-related stress.

3. Consider alternative methods of ground transportation

Services like Uber are a good alternative to taxi cabs and rental cars in many cities. It can save money, and it may be a convenient option in locations that lack good taxi service or where you don’t need a rental call. You use a mobile app to request a pickup, so the convenience factor can be helpful.

4. Lunch is cheaper - make it your main meal

At most restaurants lunch is considerably cheaper than dinner. Eating a big lunch late in the afternoon may save you money – especially over a week’s travel. Skip the evening meal with just a snack to tide you over.

5. Hit grocery stores instead of restaurants

Who says you always have to eat in restaurants when traveling? Eating grocery store food instead of

restaurant food can be cheaper and healthier. Price savvy travelers and those who watch their diets carefully look for nearby grocery stores. Buying food there instead of going to an often overpriced restaurant and taking it back to your room or to a local park will cut costs.

6. Make business your main travel purpose - and you may be able to deduct it

While it may be tempting to get some business done while on a family trip or other travel for pleasure, that may not be the smartest move from a tax deduction standpoint. That's because the IRS will only allow you to deduct for travel when primarily done for business. You can mix business with pleasure while on your business excursion - just be sure you don't deduct for the non-business part of your trip. And, most importantly, make sure you document your travel as being "primarily" for business.

7. Traveling internationally use a translation app

Don't count on everyone speaking English in your international travels.

Today there are translation apps you can use on your smartphone that will provide common travel phrases and requests to help you communicate. The TripLingo app, for example, not only provides a number of travel phrases, but will also provide instant voice translations in up to 19 languages.

8. Get a micro projector

If you give sales or customer presentations, you need some way to show your screen to a group. A micro-projector that can be used with a mobile device is a big help. Gone are the days of lugging a heavy projector around – or worse, asking the company you are visiting to use one.

9. Bring an extra charger

No matter how many extra phone chargers you think you need, it's easy to run out. If you're traveling all day and taking connecting flights, you may not be able to find charging stations at airports – and when you use a GPS app to navigate around in a rental car, it practically drains your smartphone battery in front of your eyes.

Anita Campbell says "Even when I carry extra chargers and power everything up before I leave home or the hotel, I always seem to have something die before the day's end. Do yourself a favor and get an additional backup battery/charger for your next trip."

10. Learn to pack efficiently

Packing to save space is an art form, and efficient packing can nearly double your space inside a suitcase or briefcase, which can also prevent costs associated with checked bags (or allow you to use a smaller carry-on, saving your back in the process). Here are a few tips:

- Roll clothes in plastic bags saves space and keep wrinkles down
- Place smaller items inside larger items to save space

- Explore mobile apps like the Pack Point app to help you plan your packing for extended trips

11. Email your important items to yourself in advance

Always email yourself your full itinerary (including those all-important confirmation numbers), and a copy of your identification and your passport in advance. It's a small step, but if you've ever had a briefcase left behind in a rental car or your pocket picked, you'll appreciate this.

If your boarding passes, ID, and/or passport get lost or stolen, you at least have access via email to recover them. This enables you to provide evidence to help you start the process of getting replacements and return home.

12. Check Seat Guru for the best seat choices

Not all seats are the same on every plane or even on the same flight.

Seat Guru shows the configuration of the plane for each airline. It helps you determine the best seats by highlighting which seats have the most room, which seats don't recline, which have issues such as being too close to restrooms, and other annoyances that can make travel less pleasant.

Be sure to open up SeatGuru.com, which is a free service, in another browser window to check when making seat selections. You'll be glad you did.

13. Don't overlook the importance of "free"

Breakfast is a particularly high-priced meal in most hotels, and WiFi can also be pricey at \$15.00 to \$20.00 per day in some locations. Some hotel chains offer free breakfast and free WiFi, sometimes just for those who are members of their rewards programs, so be sure to do your homework. Checked bag fees can mount up too, so take the time to look for airlines that offer free checked bags.

Saving on breakfast, WiFi access, and baggage costs can save you hundreds on a single business trip.

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SMAC Newsletter in the subject*