



Los Angeles Area  
Chamber of Commerce

**TUESDAY | February 14, 2006**

THE BUSINESS PERSPECTIVE:

# When Will They Learn?



## Coming up at the Chamber

[View all upcoming events on our web calendar.](#)

**WED | Feb. 15**  
Technology Industry Council  
[more info](#)

**THU | Feb. 16**  
Land Use, Construction and Housing Committee Meeting with L.A. Councilmember Ed Reyes  
[more info](#)

**FRI | Feb. 17**  
Accenture Pancakes and Politics with L.A. City Council President Eric Garcetti  
[more info](#)

**TUE | Feb. 21**  
Education & Workforce Development Committee Meeting  
[more info](#)

**WED | Feb. 22**  
Environmental Quality Committee Meeting  
[more info](#)

**WED | Feb. 22**  
Transportation & Goods Movement Committee Meeting  
[more info](#)

**THU | Feb. 23**  
California Identity Theft Summit  
[more info](#)

**THU | Feb. 23**  
Enter tainment Industry Business Council  
[more info](#)

**THU | Feb. 23**  
E xport Seminar Series #2: Finding Export Markets  
[more info](#)

**THU | Feb. 23**  
International Trade & Investments Committee Meeting  
[more info](#)

**TUE | Feb. 28**  
Referral Network  
A Growing Companies program sponsored by Wells Fargo  
[more info](#)

**TUE-WED | March 7-8**  
Access Sacramento  
[more info](#)

**FRI | March 10**  
Health Care Committee Meeting  
[more info](#)

When will our lawmakers learn that they cannot talk out of both sides of their mouths? Probably never. But it's really getting ridiculous – first the L.A. City Council, then the state Legislature, and now the West Hollywood City Council is getting in on the act.

Don't look now, but another city is on the road to enacting a worker retention ordinance, as West Hollywood councilmembers follow the lead of their Los Angeles counterparts.

To refresh your memory, during the last week of 2005, the L.A. City Council enacted an ordinance—with almost no public notice or debate—that requires buyers of all grocery stores of more than 15,000 square feet to retain all the store's existing workers for 90 days, an action that will impact both small and large grocery stores throughout the city.

The council justified police power action by saying that grocery store workers are essential to the public safety and health of the city. But most people recognized it for what it was—a ploy to give union workers at Albertson's some leverage as its 20 or so L.A. stores were on the verge of sale. Ironically, the supermarket chain was sold before the ordinance even took effect.

The L.A. City Council is on shaky ground here, as even the city attorney opined that it is unprecedented and untested in the courts. Understandably, grocery store associations are planning to challenge L.A.'s worker retention ordinance as unconstitutional—and the Chamber is supporting them.

Despite the ire L.A.'s ordinance has raised, the West Hollywood City Council last week instructed its city attorney to draft a similar ordinance. To grasp how nonsensical these mandates are, imagine how newly elected city councilmembers would react if, upon taking their seats, they had to retain the staff of their predecessors.

So what is inspiring the West Hollywood City Council down this path? Is this really a priority for them? Does their city have the resources to combat a lawsuit?

Since its incorporation in 1984, this 1.9 square mile city has quickly emerged as one of the most dynamic, diverse and entertaining cities in California. West Hollywood has a vibrant nightlife and a smart city planning strategy for more pedestrian friendly housing and commercial centers. Large retailers such as Target have recently opened stores on the city's east side.

With such an upswing, why does its city council want to send a message to other large employers and tax generators that they're unwelcome?

Aside from token pronouncements about protecting public health, city councils entertaining similar ordinances need to come clean and admit that such obviously discriminatory regulation is in the best interest of the unions—not the public. The use of police power to protect the public must meet a higher test. That's not just my opinion; fortunately, it's the law. However, what we need is more plain talk and common sense from our city officials, not reasons to engage in legal battles.

Yet, rather than consider the illegality of these mandates, state officials are also bringing new, equally unconstitutional, proposals to the floor. California State Senator Carole Migden is going after retailers, planning to introduce legislation to force companies with more than 10,000 employees to spend at least 8 percent of their payroll on health care. If they devote less to insuring employees, they must pay the difference to the state's Medicaid fund.

Talk about legislation that will hold up an even larger "Not Welcome" sign for businesses considering California. While I expect that most large companies spend well in excess of 8 percent, some do not and can not. Perhaps they are not yet profitable. Perhaps they are in a fast growth phase and cannot afford it. Perhaps they pay higher salaries and lower benefits. There are many sensible reasons.

The health care problem in California is real. Too many children have no health insurance, but this bill will not solve that. Health care costs are skyrocketing, but this measure won't lower costs to make premiums more affordable. And, if this is enacted, businesses will respond by either reducing the workforce, paying less, or increasing prices.

*The Business Perspective* is an award-winning weekly opinion column by Rusty Hammer, President & CEO, L.A. Area Chamber

## L.A. Business THIS WEEK

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**Legislators talk about the importance of a growing economy and job creation. Yet ... harebrained ideas [are] turned into legislation that slaps the hands that create those jobs: private-sector employers.**

The Los Angeles Area Chamber of Commerce is the voice of business in L.A. County. Founded in 1888, the Chamber promotes a prosperous economy and quality of life in the Los Angeles region. For more information, visit [www.lachamber.org](http://www.lachamber.org)

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Legislators at all levels talk about the importance of a growing economy and job creation. Yet time and again, we see harebrained ideas turned into legislation that slaps the hands that creates those jobs: private-sector employers.

When will they learn?

And that's *The Business Perspective*.



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