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## N E W S L E T T E R

From the Executive Director...

### **EMPLOYMENT LAWS**

Currently you should have posted for your employees certain basic information such as your Company Name, address, phone number, regular payday, and contact information for your workers' compensation carrier. Beginning January 1, 2012 **new law AB469** will require that you give *new hires* the above information in writing, in addition to informing them how their overtime pay will be calculated, especially if paid hourly or by piecework.

Also beginning 1/1/12 **new law AB22** prohibits the use of consumer credit reports for hiring or other employment purposes unless the applicant or employee is a manager or other confidential employee as defined in the law. As a general rule, never use this for hourly or production workers.

Beginning 1/1/12 **new law SB459** provides hefty fines of between \$5,000 and \$25,000 for *intentionally* misclassifying independent contractors. In my opinion you should always be very careful when you label someone as an independent contractor instead of an employee. This area of law is confusing and complicated. (If your intention is simply to avoid paying overtime, then you can generally assume that it would be illegal to do so.) Historically employers have tried to classify sales reps, designers, patternmakers, or even sewing machine mechanics as independent contractors. I would shy away from doing this unless I could be convinced that the individual truly has other clients than myself, has a recognized business address and name, and files with the IRS as a self employed person.

Sales Reps bring to mind that **new law AB1396** provides that beginning 1/1/13 all contracts for employment involving commissions must be in writing and must specify the method by which the employee's commission is calculated. The employee should sign the agreement and you need to keep a signed confirmation of receipt.

### **STATE FUND**

Surprisingly, State Compensation Insurance Fund announced it will be paying its first dividend in about ten years. Instead of a cash dividend, however, it will provide a credit for future premium payment. Details of this Dividend Plan are sketchy as of this writing so I would suggest that you contact your broker or insurance sales agent for more detailed

information. Otherwise, if you are a State Fund policyholder with our group, call or write me and I will request that our State Fund Representative contact you directly.

### **PAYROLL TAXES**

At press time there was still no news as to whether the Social Security tax paid by your employees at the rate of 4.2% would be extended at this rate or be increased back to 6.2% or anything else in between. This subject has been receiving broad coverage nationally, however, so stay tuned to your news providers for information to tell your employees.

### **GOODBYE 2011**

I know that 2011 has been a difficult year for many of you because you have told me so. For the association it has also been a tough year despite the fact that we celebrated our 40<sup>th</sup> anniversary since our founding in 1971.

There continues to be talk of recognition on a national level of the mistake we made as a country to abandon domestic manufacturing in favor of offshore production. Perhaps this talk will not amount to much but I would rather be the eternal optimist. I still feel that those of you who have survived so far have taken the worst the economy has to offer and that your production and services will be valued highly in the future. Hang in there!

My very best wishes go to all of you for a Merry Christmas, happy holidays, and a terrific new year in 2012.

So long for now...

Joe Rodriguez