

# **INDEPENDENT BUSINESS ASSOCIATION**

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## **SMALL BUSINESS REPORT SMALL BUSINESS REPORT SMALL**

### **IBA SMALL BUSINESS REPORT - December 17, 2016**

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**NOTICE:** The information contained in the publication is intended to alert the reader to issues, laws, regulations and events which may affect the operations of a small business. The information is presented in a summary form and is not intended to assure compliance with laws or regulations which may apply to any specific business. The information is not intended as legal advice. The reader is advised to seek the advice of a qualified attorney, accountant or other advisor to obtain specific compliance advice with respect to the laws, regulations or other issues which may apply to a specific business.

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# IBA SMALL BUSINESS REPORT



## December 17, 2016

### Holiday Greetings From IBA!

Whether you celebrate Christmas, Chanukah, Bodhi Day, the Winter Solstice, the New Year or some other event in the months of December and January, IBA wants to extend our best wishes to you during this special time of year.

2015 has been a stabilizing year for most of us. There have been some bright spots along the way such as:

- No increases in general state taxes in 2015.
- Many legislative proposals harmful to small businesses never became law.
- The economy and your wallet benefited from lower cost oil.
- For more good news, see page 4

In addition to those bright spots, we must also reflect on the positives all around us.

- Our family members who make our lives so much richer and better. Make sure they know you appreciate them and their support.
- Our dedicated employees who make our business operations possible.
- Your customers who have made your business possible over the years.
- Your suppliers and vendors who help you through thick and thin.
- Your advisors, i.e. your banker, your accountant, IBA and others you rely on for information and assistance.

IBA will be here trying to make 2016 the best it can be for you!

IBA wishes you - *a personally fulfilling and rewarding 2016.*

### December 15<sup>th</sup> and 23<sup>rd</sup> And Other Key Health Care Dates

Following are some critical dates you must be aware of:

**December 15, 2015** you must be enrolled in an approved individual health care plan by 5:00pm December 15, 2015 and pay the first month's premium by December 23rd to have that health care plan become effective by January 1, 2016 or face a tax penalty for not having approved health coverage.

**January 15, 2016** you must enroll in an approved individual health care plan and pay the first month's premium by 5:00pm January 23, 2016 to have that health care plan become effective by February 1, 2016 and you will be responsible for a federal tax penalty for not being covered by an approved health care program during January 2016.

**January 31, 2016** is the last day to enroll in an individual health care plan in 2016 unless you have a qualifying event that includes but are not limited to the following:

- Marriage or entering a domestic partnership.
- Loss of coverage due to divorce or end of a domestic partnership.
- A change in residence and the old health plan is not available in the new area.

- Birth or adoption of a new dependent.
- Current plan discontinues.
- Loss of coverage as a dependent due to age.
- The loss of minimum essential coverage due to loss of eligibility through an employer plan.
- Loss of Medicaid eligibility.

Children under age 19 can be enrolled through April 30th each year.

### Health Care Penalty Increases in 2016

If you are not enrolled in an approved health care plan for each month in 2016, you will be subject to a tax penalty of 1/12th of the following penalty amount: *(the higher of \$695 per person (up to 3 people, or \$2,085) OR if your family income is more than \$27,800 in 2016 your tax penalty will be 2.5% of taxable income)* for each month you are not covered. See more via the Internet at: <https://www.irs.gov/pub/irs-pdf/p5156.pdf>

### Health Reform May Limit Doctors You Can See - Check It Out

Health care plans in Washington State are limiting the networks of physicians and hospitals you can use in their new

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plans for 2016. This can happen in two ways.

First, the Seattle Times broke this news and included the following, *“Community Health includes every major hospital in King, Pierce and Snohomish counties, but is the only exchange insurer that does.”* By contrast, *Premera and its subsidiary, Life-Wise Health Plan of Washington, include many major hospitals, but not the largest Seattle-area hospitals in the two major medical systems — Swedish and UW Medicine. BridgeSpan Health, an affiliate of Regence Blue-Shield, does not include any Swedish hospitals but includes all of the UW hospitals. Coordinated Care, on the other hand, includes all of the Swedish hospitals but no others.”*

Before you buy, it is critical for you to verify if your new health care plan will include the doctor(s) you are now seeing.

Second, a limited number of plans include child coverage at Children's Orthopedic Hospital in Seattle. If you are including a child in the plan you are buying, you should check to see if Children's is included in the hospitals covered by that plan.

Third, it is important that you check to see if the health care plan you are buying is a PPO or an HMO. A PPO plan is a plan that includes services by any doctors in a network of doctors covered by that plan. Under a PPO plan, you can choose which doctor in that network you want to see and when. An HMO plan requires you to get a referral from your primary care doctor to see another doctor in that HMO's network before you see a second doctor (e.g. specialist) or have a diagnostic

service such as a lab test or x-ray and have the second doctor's services or the other services covered under your plan. Before enrolling in an HMO, you need to decide if you want your primary care doctor to be a gatekeeper before you can see a specialist or receive a diagnostic service such as a lab test or x-ray covered by that HMO. PPO plans are generally a bit more costly than are HMO plans.

## **New Health Care Opportunity and Challenge For WA Small Businesses**

The Washington state-run [www.WaHealthPlanFinder.org](http://www.WaHealthPlanFinder.org) exchange is currently offering small business group health care plans to small businesses. That's the opportunity. If your business qualifies for a small business premium tax credit, you MUST buy your health care plan through the [WaHealthPanFinder.org](http://WaHealthPanFinder.org) system to qualify for that small business tax credit.

Beginning in 2016 small businesses with 50 to 100 employees must provide group health care to their employees or pay a sizable tax penalty. Small employers with 50+ employees have two ways to meet this requirement and avoid the federal tax penalty. One is purchasing a small group health insurance plan through the state-run [www.WaHealthPlanFinder.org](http://www.WaHealthPlanFinder.org). United Healthcare will be the only provider that offers small business plans statewide through the state-run health [www.WaHealthPlanFinder.org](http://www.WaHealthPlanFinder.org) exchange, while Kaiser Foundation offers small business plans in Clark and Cowlitz counties only. The other is to contact a private insurance broker and choose from a number of plans that meet the requirements of the new fed-

eral health care reform law but are not included in the state run [WaHealthPlanFinder.org](http://WaHealthPlanFinder.org). There are 11 such plans

## **Moda Health Exits Washington State**

Moda Health announced in October that it is leaving the Washington market. Last year, Moda was the only health care insurer that offered small business health plans in all 39 counties of Washington State.

According to a statement sent to the Washington Insurance Commissioner, by the Portland-based company, "Effective immediately, Moda will cease all sales and renewals of health insurance plans in the individual, small group and large group markets in Washington state."

Moda's 47,000 Washington members will have to find new insurance plans. Moda Health explained that it will continue to fulfill all contracts signed on or renewed before Oct. 31, 2015 with an effective date prior to Jan. 1, 2016, until they expire according to their terms.

## **2% Increase In 2016 State Industrial Insurance Rates Approved**

The Department of Labor and Industries approved its proposed 2% average state Industrial Insurance rate increase for 2016. Some individual rates will increase more than 2% and some will increase less than 2%.

You can find the list of industrial insurance rates for 2016 via the Internet at:

[lni.wa.gov/ClaimsIns/Files/Rates/2016RatesBusTypeClassCode.pdf](http://lni.wa.gov/ClaimsIns/Files/Rates/2016RatesBusTypeClassCode.pdf)

Remember, the rates for your company may be lower or higher depending on your firm's experience rating (claims history). See the later report about how to reduce your state industrial insurance rates in the future

## Why Did My Rate Go Up More Than 2%

The most common question Director Sacks and IBA are asked is, *why are my rates going up more than 2%?*

The answer is longer than most people want, but here it is. Each risk classification is set up for similar types of businesses and is pooled across all of the covered businesses in that risk classification. This groups similar risk businesses together to stabilize premiums for all the employers in that risk classification. Higher risk businesses (e.g. construction) have more industrial insurance claims than do lower risk businesses (e.g. banking, accounting, etc.). Naturally, higher risk business with more claims will pay a higher Industrial Insurance premium than will lower risk businesses with fewer claims and less costly claims. Thus the risk class your business is assigned to determines your firm's "base rate".

Due to claims, some of those classifications will increase more than 2% and others will increase less. The increases and decreased average out to 2%.

One of the first things to check is to make sure your employees are in the correct state Industrial Insurance risk classification. Clerical and sales workers should be in a different and lower cost risk classification than your

other employees. Below is a list of occupations that should be separated from your rank-and-file workers.

Administrative and Clerical office workers WAC 296-17A-4904;

Inside sales people - WAC 296-17A-4904

Sales personnel, driving instructors, and limousine drivers as described in WAC 296-17A-6301;

Outside sales personnel WAC 296-17A-6303;

Limited Liability companies WAC 296-17A-7100

Classification 7101, corporate officers WAC 296-17A-7101

Farms: Hand harvesting crops - WAC 296-17A-4806.

Security guards at construction or logging sites - WAC 296-17A-6601.

Construction Superintendent or project manager - WAC 296-17A-4900.

Check with your Department of Labor and Industries account manager for more details.

Then, the number of claims your business has over a 3-year period are compared to others in your risk classification. If your firm has more claims and more costly claims, your firm's Experience Modification Factor will increase as compared to other businesses in your risk classification that have fewer claims and less costly claims.

Employers with no Industrial Insurance claims over 3-years actually enjoy a special claims-free discount (small employers with no compensable claims for three years) will pay 10 to 40 percent less in premiums from the base premium rate. Even claims-free-firms may still see a rate increase due to their industry's poorer performance

as compared to other risk classes, but they will still enjoy the claims-free discount from their risk classification's base rate.

Washington is the only state that gives a premium break to small employers through a claim-free discount program.

For more information on the claims-free discount, go to:

[www.Lni.wa.gov/ClaimFreeDiscount](http://www.Lni.wa.gov/ClaimFreeDiscount)

## How To Reduce Your State Industrial Insurance Rate

The key to controlling your future state Industrial Insurance costs is to reduce accidents that result in Industrial Insurance claims and reduce the cost of claims by keeping injured workers on your payroll. This requires the effective implementation of a safe workplace. You can actually get FREE help to reduce your firm's industrial insurance premiums by reducing your firm's industrial insurance claims through effective safety programs. This service is free (you have already paid for it) from the Department of Labor and Industries and cannot result in any citations or penalties for violations. You will have to correct any violations in a reasonable period of time **and you will not be scheduled for an inspection by L&I for 1 year after you have this free consultation service.** You can get more information about this program from the Internet at:

[lni.wa.gov/Safety/Consultation/about.asp](http://lni.wa.gov/Safety/Consultation/about.asp)

## 2016 Priorities For Legislature

2016 is a short legislative session as directed by the state's constitution. It is scheduled to run for 60-days unless there are extra Special Sessions called by the Governor.

IBA recently met with Governor Inslee's Policy Director who manages the Governor's legislative agenda.

IBA has also met with the Senate and House leaders about their likely agendas for the 2016 Legislature.

The legislative agenda of both the Governor and the legislative leaders is very similar as follows:

- After the 176 day marathon 2015 legislative sessions, the Governor and the legislative leaders do not expect to have to deal with any major issue in 2016 other than set up a mechanism to plan for defining what is included in public K-12 education and how to fully fund public K-12 education . The fact is, the legislators are not yet ready to define what is included in public K-12 education or how much it will cost. They don't know where any additional funds will come from. IBA agrees, this will be a very time consuming undertaking and having legislators from all around the state sitting in Olympia waiting for the legislative leaders to work all this out is a waste of taxpayer money.
- Pass a revised state budget from the one they passed in July 2015 due to several events since then that are described below:
  - The state has spent \$174 million on fighting forest fires that was not included in the budget passed in July 2015 and must be paid for somehow.
  - State revenues have not grown as fast as expected due to the slow economic recovery so some adjustments must be made.
  - Caseloads for schools and social program are increasing faster than expected last July and must be funded.
  - Washington State is under two court orders to improve care for mentally ill patients and must provide additional

funding to provide appropriate care for the mentally ill.

This revised budget will cost about \$500 million more than the budget passed in July 2015 and will likely be funded by minor reductions in other state programs and a few tax tweaks (not major tax tweaks).

- The Legislature must decide what it will do to respond to Mr. Eymans's I-1366 passed by the voters in November, 2015 that cuts the state's sales tax rate by 1% on April 15, 2016 unless the Legislature places a constitutional amendment for a 2/3s vote of the Legislature to increase state taxes on the 2016 November ballot. This will be a very challenging issue for the 2016 Legislature to deal with.
- The Governor will not pursue major climate change legislation in 2016 like he did in 2015 that failed to pass the 2015 Legislature.
- There will also be some budget tweaks to the new state transportation budget to clarify projects funded by the new, higher fuel tax approved last June.
- You can expect hearings on a great number of controversial legislative proposals in 2016 .
- 2016 is a major election year and 75% of the legislators are up for re-election in November 2016. Legislators cannot campaign for re-election as long as the Legislature is in session in Olympia so most legislators want to be out of Olympia ASAP and begin to campaign for re-election. Legislators cannot raise campaign funds or engage in any campaigning while the Legislature is in session.

## Governor NOT Proposing Tax Increases In 2016

Last year at this time, Governor Inslee proposed \$1.5 billion in new state taxes to provide additional revenues for state programs. The Good News—IBA opposed those new taxes and the Legislature never approved those higher taxes.

In a recent meeting with Governor Inslee's Policy Director, IBA was advised that Governor Inslee is NOT proposing any new or increased state taxes to the 2016 Legislature

Why you might ask?

The Governor is up for re-election in 2016 and proposing tax increases in an election year is not helpful to getting re-elected.

## More and New Labor Regulations In Washington State?

Labor unions and worker advocates are planning on pushing "predictive scheduling" legislation in Washington State in addition to their proposal to increase in the state's minimum wage, implementation of paid family leave funded by new employer taxes, a statewide paid safe/sick leave requirement, employer sanctions for worker retaliation, etc.

San Francisco enacted legislation on predictive scheduling that requires employers to give employees two weeks' notice if there will be any changes to their work schedule and even requires employers to inform employees if there is no change to their schedule. Failure to provide such advance notice – or changing a schedule inside of the two week time frame – requires employers to pay employees varying amounts of "predictability pay." For example, if an employee was scheduled to work a full shift but was notified less than 24 hours in advance that their shift was cancelled, they would be entitled to four hours of "predictability pay." Additionally, the law requires employers to provide new hires with a good faith estimate of the

number of hours they will work each week and mandates that part-time employees and full-time employees in the same position receive the same starting wage and leave benefits.,

[Schedules that Work Act](#) legislation has been introduced in Congress and is likely to inspire similar legislation at the state level in 2016.

Politico suggests that Congressional inaction on labor/worker protections coupled with the declining union representation in today's workforce is promoting wage and benefit issues such as increasing minimum wages, paid sick leave, and so-called "fair scheduling" on the state and local levels.

IBA will be in Olympia to oppose "predictive scheduling," increasing the state minimum wage, implementation of paid family leave., a statewide paid sick/safe leave law, etc.

### **68% Of IBA Members Oppose Increasing Washington State's Minimum Wage**

Your votes are in from last month's IBA Small Business Directive and 68% of voting IBA members oppose an increase in the Washington State minimum wage rate.

Thus, IBA will be opposing an increase in the Washington State minimum wage rate in the 2016 Legislature.

## **Small Businesses Confidence for 2016**

Small business owners nationally have about the same confidence in the economy for 2016 as they did in November of 2015 according to the latest Wells Fargo/Gallup Small Business Index.

You can review the full survey via the Internet at:  
[www.ibaw.net/sbindex.pdf](http://www.ibaw.net/sbindex.pdf)

In a quarterly small business survey,

conducted Nov. 10-15, the overall Small Business Index\* score was slightly lower at 54 than it was a year ago when it was at 58. The index spiked up to 64 in the first quarter of 2015 and has since softened to 54. A major contributor to this year's decline is a drop in the number of business owners reporting increases in company revenues. The Wells Fargo/Gallup Poll surveys 606 randomly selected businesses nationwide to establish the small business confidence factor

### **Seattle Proposing Major Rewrite Of New Labor Laws**

Small businesses located in or doing business in Seattle are still reeling from the 5 new City of Seattle labor laws adopted over the past several years that include Paid Sick/Safe Leave, \$15 Minimum Wage Phase In, Wage Theft, Employee Retaliation Protections, and a Ban on Questions About Criminal Convictions On Employment Applications. Now the Seattle City Council is effectively rewriting all of these laws into one comprehensive City of Seattle Labor Ordinance that, as of now includes a new Private Right Of Action for employees to sue their employer if they feel their employer may have violated any of these new laws as well as how the Seattle Office of Labor Standards will investigate employers for violations of these laws and penalize employers for violations of these laws.

This rewrite of Seattle's Labor Ordinance is 175 pages long and is extremely complex and challenging to interpret. IBA's Executive Director Gary Smith testified to the City of Seattle's Public Safety and Civil Rights, and Technology Committee on concerns about the complexity of this new law and urged that Seattle phase in the application of the new law on small businesses and implement a policy of education before enforcement (educating small employ-

ers who make a first time violations instead of fining and penalizing them).

If your business is located in Seattle, you need to contact your Seattle City Council Member about this new Seattle Labor Ordinance and ask your Council Member to phase in the application of the new law to small businesses, provide small employer education forums, and implement a policy of education before enforcement (educating small businesses who make a first time violations instead of fining and penalizing them).

You can review the draft ordinance via the Internet at:

[www.ibaw.net/seattlelaborord.pdf](http://www.ibaw.net/seattlelaborord.pdf)

## **Tax Help For Small Businesses**

Our friends at the Washington Association of Accountants and Tax Professionals advise us that the Internal Revenue Service recently simplified the paperwork and recordkeeping requirements for small businesses by raising from \$500 to \$2,500 the safe harbor threshold for deducting certain capital items.

The change affects businesses that do not maintain an applicable financial statement (audited financial statement). It applies to amounts spent to acquire, produce or improve tangible property that would normally qualify as a capital item.

The new \$2,500 threshold applies to any such item substantiated by an invoice. As a result, small businesses will be able to immediately deduct many expenditures that would otherwise need to be spread over a period of years through annual depreciation deductions.

"We received many thoughtful comments from taxpayers, their representatives and the professional tax commu-

nity, said IRS Commissioner John Koskinen. "This important step simplifies taxes for small businesses, easing the recordkeeping and paperwork burden on small business owners and their tax preparers."

Responding to a February comment request, the IRS received more than 150 letters from businesses and their representatives suggesting an increase in the threshold.

Commenters noted that the existing \$500 threshold was too low to effectively reduce administrative burden on a small business. Moreover, the cost of many commonly expensed items such as tablet-style personal computers, smart phones, and machinery and equipment parts typically surpass the \$500 threshold.

As before, businesses can still claim otherwise deductible repair and maintenance costs, even if they exceed the \$2,500 threshold.

The new \$2,500 threshold takes effect starting with tax year **2016**. In addition, **the IRS will provide audit protection to eligible businesses by not challenging use of the new \$2,500 threshold in tax years prior to 2016.**

For taxpayers with an applicable financial statement, the de minimis or small-dollar threshold remains \$5,000.

Further details on this change can be found via the Internet in IRS Notice 2015-82 at:

[www.irs.gov/pub/irs-drop/n-15-82.pdf](http://www.irs.gov/pub/irs-drop/n-15-82.pdf)

The Washington Association of Accountants and Tax Professionals are all small businesses that participate in the Independent Business Association and provide accounting and tax services to small businesses across Washington State. If you need ac-

counting or tax help, IBA recommends you contact the WAATP via the Internet at [www.waa.org](http://www.waa.org). Click on "Find A Member" at the top of the page, click on the box "*last name*" and select "city" and then input a city near you and then click on search for the WAATP members in that city.

## What To Expect From The 2016 Economy And Beyond???

Most of the experts have already made their predictions for the 2016 economy and most seem to be saying almost the same thing. Expect 2016 to be much like 2015 with possibly a slight uptick.

IBA met with Steve Lerch, Ph.D, Executive Director & Chief Economist for the Washington State Economic Forecast and Revenue Council about his predictions for 2016 and beyond. For Washington State, Dr. Lerch agrees that the national and Washington State economies are likely to track similar to the 2015 economy unless some significant and unexpected event were to occur like another 911.

The fact that former Speaker of the U.S. House, John Boehner, tried to "clean out the barn" before resigning by passing a federal spending resolution for two years and also passing an increase for the national debt for two years to avoid federal government shutdowns. Unfortunately, Speaker Boehner was unable to fill in all of the agency-by-agency details of the federal budget plan, so, this past week, Congress has been trying to fill in those details and pass a federal budget for the next year based on the budget framework Speaker Boehner had passed. Congress is not now fighting over the top-line dollar figure but more intricate details and other hot-button issues. As of this writing, it appears that Congress will agree on a 2016 budget and avoid

a government shutdown later this month. That's good news for the economy.

Dr. Lerch and other economists do not see an increase in interest rates by the Federal Reserve to be problematic as the Fed will adjust rates carefully and slowly.

The real item of interest is, what happens after 2016? Is the USA likely into a recession? Dr. Lerch and others believe that is a possibility given the length of the current recovery, the relatively weak rate of recovery in 2015 and 2016 and a number of international events that could trigger a recession in 2017 or 2018.

Dr. Lerch explains that the current recovery from the Great Recession is now 80 months long. The average post World War II recovery from a recession is about 5 to 6 years from economic peak to recession to the next economic peak that is higher than the previous peak.

The 2008 Great Recession has been recovering since April 2009 and is now more than 6 years old. The last economic peak was in July, 2007 - more than 100 months ago. The unique thing about this recovery from the Great Recession is that the recovery has been notably weaker than previous recoveries and has not yet reached a peak higher than the previous GDP peak in 2007.

The recovery from the Great Depression resulted in USA GDP growth of 11%, 9% and 13% in the first three years of that recovery. The annual growth in the USA GDP following the Great Recession (2008) has been 3%, 1.7%, 2.5%, 2.5%, and 2.2% for the past 5 years. Previous recoveries have historically experienced USA GDP growth of 3.0 to 3.5 percent per year of recovery.

So, the recovery from the Great Recession is different and less robust than recoveries from previous recessions.

The post World War II economic cycle has been about 5 to 6 years of growth

after a recession, followed by another recession.

Our national and state economies are nearing that 6 to 7 year historic cycle - thus the warnings from the economists.

Again, none of the experts are predicting a recession in 2016 but prospects increase in 2017 and 2018.

## Paris Climate Change Agreement Will Affect Your Future

195 nations in Paris have approved an agreement to reduce climate change. The agreement will likely result in actions in the USA nationally and by some states, possibly Washington State.

Some elements of the agreement are:

- Ultimately, hold the increase in the global average temperature increase to well below 2° C and pursue efforts to limit temperature increase to 1.5° C
- Countries agree to aim to reach global peaking of greenhouse gases as soon as possible
- Participating countries shall provide financial resource to assist developing countries in their efforts to achieve greenhouse gas emissions reductions.
- Participating countries shall report on the success of their greenhouse gas reduction efforts yearly.
- Participating countries shall share technology on greenhouse gas reduction.
- Reconvene in 2023 and every 5 years after that to assess levels of greenhouse gas reductions.

There are no specific requirements for countries to implement this agreement.

## Enjoy The Low Price of Gasoline & Diesel

As we enjoy the lowest gasoline and diesel prices in decades, many are asking why gasoline and diesel prices are so much lower than just a year ago.

The economic law of supply and demand is the reason for the low gasoline and diesel prices. With the oil drilling in North Dakota and elsewhere in the USA, the USA is now a net oil exporting nation as compared to decades ago when the USA imported significant amounts of oil. Remember the two Oil crises in the 1970's when OPEC cut oil supplies to the USA and there were long lines at gas stations by motorists hoping to get some fuel.

Well, today is much different. Middle Eastern OPEC countries are trying to protect their market shares of the world oil market so they continue to produce large quantities of oil and have even increased production in recent months. These Middle Eastern OPEC countries are trying to lock-in as long as possible the world use of gasoline and diesel and reduce the economics of developing and using other forms of fuel (i.e. solar). This has effectively stopped all USA oil drilling as it is no longer economically feasible to drill a new well and get enough money for the oil it produces to pay the cost of drilling the well.

The BIG question is, if and when will this all change? There are a number of oil producing countries that are pressing OPEC to reduce its oil production and let the price of oil on the world market increase. Some of those countries asking for higher oil prices include Venezuela, a country that is very poor and needs a higher price for their oil exports to fund their government programs.

So, enjoy the current lower prices but expect that prices will go up sometime in the future. It depends on how much oil the oil producing countries produce.

“When will the price go up?” That's the BIG question no one can answer at this time.

## Seattle's Crazy New Labor Law

The Seattle City Council has outdone itself when it adopted a new collective bargaining law for Uber and Lyft independent contractor drivers. It will allow independent contractor drivers working for Uber and Lyft to join together and negotiate the prices, working conditions, and terms of service with Uber and Lyft.

IBA's concern is that this new law could be easily extended to other types of businesses like hair salons, house cleaning and janitorial services that work with a scheduling agency, and many other types of firms we have not yet thought of.

There are two very interesting twists to this new law. First, is that independent contractors are not employees and thus cannot be represented by a union under the National Labor Relations Act as the NLRA is limited to employees bargaining with their employer. Since the Uber and Lyft drivers are independent contractors, they are not employees, they are independent businesses and cannot join a union to represent them. Second, it is against both federal and state anti-trust laws for independent businesses, including independent contractors providing similar services, to collude on pricing their services and set terms and conditions before they will or will not provide their services.

The Seattle City Council did adopt this new collective bargaining law for Uber and Lyft independent contractor drivers. Expect Uber and Lyft to sue the City of Seattle to repeal this new law.