

## Health Care bill to be voted on Monday

After an 11 hour Senate Health Care Committee hearing, Thursday, January 24th, which reviewed every aspect of the massive Health Care Reform (HCR) package, the Senators adjourned until Monday when a vote on ABx1 1 (Fabian Nuñez) will be taken.

The marathon hearing brought out dozens of stakeholders that expressed their support, opposition or concerns about the implementation and financing of a HCR package. Senator [Sheila Kuehl](#) (D-Santa Monica), chair of the committee, provided a unique opportunity by creating an extensive agenda that allowed individuals to testify on every aspect of the bill, from individual mandate, regulatory reforms and financing.

The most anticipated portion of the agenda came at the beginning when representatives from the Legislative Analyst Office (LAO) made a presentation on their fiscal analysis of ABx1 1 and its potential impact on the general fund. The [report](#) primarily outlined potential risks that the state would face if certain factors were to occur over the course of five years while the program is implemented. The conclusion was a potential \$4 billion dollar deficit. The report provided a thorough perspective of all the potential risk factors and urged the legislature to examine more in depth the long term effects and fiscal solvency of the HCR proposal.

The LAO in general outlined the following risk factors:

- **Federal Funding:** The HCR proposal relies on funding sources which are outside of the State's control. The Federal funding depends on the approval of waivers that will allow for the expansion of certain subsidized programs. Matching dollars from the federal government would place an additional burden on the general fund.
- **Declining Revenue Source:** The financing for the HCR proposal relies both on a tobacco tax and a fee on hospitals. The hospital fee currently has a sunset which would require reauthorization, which means that there is the potential that the State loses a significant portion of the revenue needed to continue operating the program. There is also the potential for a decline in revenue from the tobacco tax if consumers respond to the tax by decreasing consumption.
- **Access to Health Care:** There could be significant impact on the Health Care system if we have underestimated the amount of uninsured in California. The report addressed the potential public backlash

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if the trigger off mechanism is implemented (the Department of Finance may terminate certain provisions of ABx1 1 if there is not sufficient funding).

There is speculation on how the vote will turn out when the Senate Health Care Committee convenes again on Monday, January 28th. Senator Kuehl has expressed her opposition to the bill because she supports a single payer system and other Democratic Senators have begun to express concerns with passing such a massive proposal during an economic downturn. Speaker Nuñez and Governor Schwarzenegger must convince the Senate that this bill, at this time, is in the best interests of California.

### **Local tax incentive disclosure bill**

Newly introduced SB 1103 ([Gil Cedillo](#), D-Los Angeles) requires cities, counties, and redevelopment agencies to not only provide specific taxpayer information to the public before approving certain economic development incentives, but also to hold a public hearing on the matter. The bill is sponsored by the American Federation of State, County, and Municipal Employees and the author has introduced this legislative concept at least three times in the last three years.

Prior to approving economic development incentives, a local agency must provide written information with the name and address of the company that is the beneficiary of the subsidy. A local agency must also provide a description of the economic development incentive, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the activity. In order for an agency to grant any economic development assistance of \$100,000 or more, the local agency would be required to hold a public hearing on the specific project.

Local agencies currently hold hearings when items are up for consideration so that the comments of the public can play a part in the local decision-making process. Once a decision has been made and a subsidy approved, it is unclear what value an additional required public hearing would have (particularly if the terms of the incentive have not changed).

The purpose of the bill is to gather more information on the effects of economic development incentives on local economies, but the bill's likely unintended consequences are of great concern.

Duplicative disclosure requirements will result in delays for economic development projects. Taxpayer groups and other opponents of the bill are also uneasy about the potential for confidential/proprietary taxpayer information to be publicly disclosed as a result of the requirements in the bill.

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Governor [Arnold Schwarzenegger](#) vetoed a similar bill of Cedillo's last year, SB 103, stating that "local governments already provide sufficient information about the amount and timing of payments (or forgone revenue) at the time the decision is made to grant an economic development subsidy. Such decisions must be made in open meetings and all documents are subject to public review. The approval processes envisioned by this bill will likely result in major time delays in getting the economic assistance to deserving communities and citizens."

Since SB 1103 is newly introduced, it cannot be acted upon by the legislature until after February 15th. It is likely to have its first policy hearing in the Senate Local Government Committee.

### **Anti-LNG bill put on hold**

Legislation making it harder to site liquefied natural gas (LNG) facilities has been quietly shelved, at least for now. SB 412 ([Joe Simitian](#), D-Palo Alto) has been bottled up in the Assembly Appropriations Committee since last August.

The bill requires that environmental impact reports for proposed LNG facilities include an analysis of alternative technologies and additional provisions relating to "writ of mandate." Both would delay the permitting process; the latter inevitably leading to a flurry of litigation.

Simitian's decision to put the bill on hold is not final, with the bill eligible to be taken up again anytime prior to the adjournment of the Legislature in September.

Proposed LNG terminals already undergo an extensive permitting process to ensure that the projects are environmentally sound. Passage of SB 412 would create an additional barrier, compromising California's future energy supply and hindering the state's efforts to secure a variety of fuel sources for growing demand.

A growing supply-demand imbalance has pushed California's natural gas prices steadily upward, with future demand projected to increase prices still further. SB 412 would cause severe delays in the delivery of new natural gas supplies to California and raise energy costs, to the detriment of California consumers and businesses. With more than 40 percent of the state's electricity generating capacity being fueled by natural gas, it is critically important for California to identify and build the natural gas infrastructure that

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allows our economy to grow and to meet the peak demands of a summer heat wave.

CMTA brought together a statewide coalition of business, taxpayer, consumer, local government, education, agriculture and senior organizations to educate the public about the benefits of importing LNG. To learn more about the efforts of Californians for Clean Affordable Safe Energy (Cal-CASE) go to: [www.casefornaturalgas.org](http://www.casefornaturalgas.org).

### **Green chemistry follow-up report unveiled**

Last Thursday, January 17th, Michael Wilson (the UC–Berkeley professor who authored the initial 2006 green chemistry report to the legislature) disclosed an updated report commissioned by Cal/EPA’s Department of Toxic Substance Control recommending actions be included in a green chemistry program. Authors of this report, Wilson, Megan Schwarzman (a UC colleague of Mr. Wilson’s), and Timothy Malloy (a UCLA professor), made a presentation the following day to legislators and their staff and later to industry representatives at CMTA’s office.

The report raises numerous concerns. It does not include any of the problems and drawbacks inherent with implementing a green chemistry initiative. The need to educate a new breed of chemists in toxicology and environmental impacts is mentioned, but not stressed enough. Without the chemists, companies will not be able to discover the alternative chemicals and processes needed for the success of the green chemistry initiative.

Another major drawback to full disclosure of product constituents is the issue of trade secret protection. A means to protect confidentiality in dealing with proprietary products must be found in order for companies to be willing to invest in the research to derive safer alternatives.

CMTA was a proponent of a previous study by Cal/EPA, the Green Chemistry Initiative, because it appeared to get politicians away from deciding which chemicals are good or bad and put those decisions in the hands of scientists. Unfortunately, this report does not do that.

In addition, the timing of its release is also suspicious – just five weeks before the February 22nd deadline for submittal of new bills. Newly introduced legislation on this topic will likely result.

To see the full report, click here: [UC\\_Green\\_Chemistry\\_REPORT.pdf](#)

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**MPowered Blog, Jan. 23**  
**["It's the Economy, Comrade"](#)**

Posted by [Jack Stewart](#), CMTA President

If you want to restore California's middle-class, fix manufacturing. In an opinion piece in today's San Francisco Chronicle, UC Irvine School of Business professor Peter Navarro, argues that the way to restore

California's middle-class is to focus on the manufacturing sector. Professor Navarro asks the question: "why is China booming as the U.S. stagnates?" His response is it's "painfully obvious: America has lost millions of high-paying manufacturing jobs to China"

Navarro's economic advice to the presidential candidates of both parties is "if we truly want to restore the health of the American economy, we must resuscitate our once dominant manufacturing sector and reclaim those jobs lost to China." Governor [Arnold Schwarzenegger](#) and California legislators should take heed.

Navarro's Opinion in SF Chronicle:

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/01/20/EDFDUHPoO.DTL>

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