



Tidbits from Sacramento

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Legislative and Governmental Advocacy
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RETURN OF THE LEGISLATURE

Before the Governor's signature was dry on the budget document, we were aware that the budget as signed was a problem waiting to happen. The excuse will be the downturn of the economy and therefore the lack of anticipated revenues. There were very few knowledgeable people who believed the budget as signed could be implemented. Most understood that, as usual, the budget was passed and signed with a lot of hope that a miracle would happen. It did not happen!

On November 5th the Governor will call the legislators back into a special session to focus on the budget problems. So where do we go from here? Most likely more programs will be cut and taxes will increase. At least that is what the Governor is signaling in his comments the last week or two. The Republicans are still saying no tax increases, so a resolution may not be reached very quickly. I believe that Democrats will have difficulties agreeing to more program cuts to resolve this fiscal mess.

In addition to the fiscal challenges above, the state's unemployment rate is currently at 7.7 percent. The UI funds are quickly becoming depleted. Also, the prison healthcare czar filed a lawsuit to obtain funding to build healthcare facilities for prison inmates. All in all, the financial picture of the State of California is not pretty and attempts to increase our revenues in a timely manner appear dim.

BIPARTISAN COMMISSION TO REFORM OUR REVENUE LAWS

Governor Schwarzenegger recently signed an Executive Order creating a Commission to review and hopefully to modernize California's revenue laws. The members of the 12 member Commission will make recommendations to create a more stable revenue stream to ensure the future fiscal needs of our state. Six members of the Commission will be appointed by the Governor, and 3 each will be appointed by the Senate President pro Tempore and the Speaker of the Assembly. The first meeting of this new Commission will be held sometime in November. A report is expected by the middle of April and will be sent to the Governor and the Legislature.

The Commission will not only review our current revenue laws, but is expected to recommend changes to these laws some of which were initiated decades ago. California's economy has changed dramatically from its earlier rural society, but its revenue structure has not kept pace with its societal changes.

STATE LEGISLATIVE ELECTIONS

November 4th state legislative elections include all 80 Assembly Legislative Seats and 20 of the 40 member Senate. However, very few of these seats are in “play.” Most of the competition was in the primary elections between candidates of the same party. The following 8 seats are those that are still too close to call and worthy of watching:

AB 15	Joan Buchanan (D) versus Abram Wilson (R).
AB10	Jack Sieglock (R) versus Alyson Huber (D)
AB 26	Bill Berryhill (R) versus John Eisenhut (D)
AB 30	Danny Gilmore (R) versus Fran Florez (D)
AB 78	Marty Block (D) versus John McCann (R)
AB 80	Manual Perez (D) versus Gary Jeandon (R)
SB 5	Lois Wolk (D) versus Greg Aghazarian (R)
SB 19	Tony Strickland (R) versus Hannah-Beth Jackson (D)

This lack of competitiveness is the reason Proposition 11 was put on the ballot. Supported by the Governor, it was intended to bring more competition into the election system. Time will tell if that will improve our electoral system.

AB 32 – GLOBAL WARMING LEGISLATION

For better or worse, I find myself fully involved in a world I never expected to consume my time and energy. However, for the last four months I have learned more about AB 32 than I could ever imagine. For those of you fully engaged in this endeavor, you won’t have trouble with the verbiage. For instance, “cap and trade, climate change, wind farms, carbon emissions, greenhouse gas emissions, etc.

While I never paid much attention to AB 32, I have learned just how much it will affect me personally and in my business. Whether you are a major corporation or just a “mom and pop” operation, there will be an impact. It began for me when I asked what I considered a common question relating to a cost-benefit analysis following a presentation by the staff at the Air Resources Board at our Chamber Small Business Committee Meeting. The answer was the problem – they did not have such an analysis yet. The storm of questions that followed that presentation received my attention. I learned that AB 32 may, in fact affect me personally and also my business.

Now, I am learning more than I ever wished about the issues. Global Warming is considered real by many countries and a number of them have begun to take this seriously. I have joined a coalition of businesses that are reviewing the “Scoping Plan,” a 142 page document just released and other materials to learn about this issue and its impact.

While there appears to be many reasons to support this issue, as usual, the devil is in the details. So I am learning the details, most importantly the cost. Various presentations have shown that we will have increased costs in electricity, natural gas, gasoline/fuel, taxes/fees, vehicles and food. While there will be some tradeoffs, my initial concern is about the “pay-back” time for the increased costs. The most recent economic analysis shows savings, but these are 10/12 years out. While this may be the future for us, both professionally and personally, perhaps a slower implementation would allow individuals and small businesses to absorb the increased costs. Our coalition will continue to work with the Governor’s Office and also with the California Environmental Protection Agency’s Air Resources Board, the lead agency on this issue. I will continue to learn more about this issue and its impact and work with those entities in government that will be drafting regulations over the next year or two.