



# Tidbits from Sacramento

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## **THE 2009-2010 LEGISLATURE FACES SOME HISTORIC CHALLENGES**

The members of the 2009-2010 Legislature were sworn in on December 1. It became very clear immediately that they would be facing some challenging times, including the worst budget deficit in our history. On January 13, the Director of the State Department of Finance presented very clear, but alarming budget data during the annual California Chamber of Commerce luncheon. California is facing a \$14 billion deficit in the current fiscal year which ends June 30, 2009. If a resolution is not forthcoming soon, the projections for the 2009-2010 fiscal year could reach \$41 billion.

These are staggering numbers, but they are real. It will take significant changes to our revenue stream and current expenditures to make a difference in these projections. Given the current nation-wide economic picture, it is difficult to see how we will work through this deficit without both program/staff cuts and increasing revenues. Budget discussions between the Governor and the leaders of both parties are ongoing. Hopefully, there will be a solution soon. No matter how it is constructed, it will be a challenge!

The State Controller, John Chiang, has announced that California may run out of cash by February 1. If that should happen, many vendors doing business with the State would receive an "IOU."

## **LEGISLATIVE CHANGES ARE ALREADY OCCURRING**

Senator Mark Ridley-Thomas recently won an election to the LA Board of Supervisors, leaving open his senate seat. A Special Election to fill this vacancy is scheduled for March 24<sup>th</sup> and as usual, there are competing entities for this senate seat. Two are sitting legislators, Assembly Members, Curren Price (D) and Mike Davis (D). If either of them wins, then their seat will become available and most likely an election would be held in June. It never stops!

## **THE NEW 2009-2010 LEGISLATORS**

The Senate consists of 40 members. In November, approximately 20 of them were either up for re-election or were "termed-out." Nine of the "new" Senators were former Assembly members, the remainder were re-elected by their constituents. This will give the Senate a strong majority of experienced members. Many also served in the Assembly prior to being elected to the Senate.

The Senate may soon face another vacancy. Former California Legislator and current Congresswoman, Hilda Solis is well on her way to becoming part of the Obama Cabinet. Once confirmed, Solis will resign her current 32<sup>nd</sup> Congressional Seat. Expectations are high for several known Californians to replace her, including Senator Gil Cedillo and Board of Equalization Member and former Assembly Member Judy Chu. Another possible candidate is Emanuel Pleitez of East L.A, but he may be a long-shot candidate.

The 80 Assembly Members must run for re-election every two years. This session, we have 55 returning Assembly Members, 21 new ones and 4 former Senators who were “termed-out” and successfully ran for their Assembly District Seat.

The deficit issue has slowed the legislative process down a bit. However, both the President Pro-Tem of the Senate, Darrell Steinberg and Assembly Speaker, Karen Bass named the chairs and vice-chairs of their various committees this past week. Thus far, the number of bills introduced has been very light. I expect that we will begin to see their numbers increase significantly during the next few weeks as the deadline approaches.

### **GOVERNOR’S STATE OF THE STATE MESSAGE**

This was the shortest annual State of the State address I can remember. It was about 12 minutes long and basically focused on the budget crisis. He stated that “our state is incapacitated until we solve the budget crisis. The truth is that California is in a state of emergency.”

The usual State of the State addresses by Governors has usually tended to focus on goals and achievements that have been made over the past year or so. However, the Governor clearly does not want to address anything except solving the current budget crisis.

### **AB 32 – GLOBAL-WARMING**

There has been a great deal of controversy over the implementation of the AB 32 landmark bill signed by the Governor in 2006. The primary intent of the bill is to reduce carbon emissions in California. While the intent is worthy, it has become very clear that its implementation would be a major undertaking. The California Air Resources Board is the responsible entity to develop the regulations to implement this complex legislation.

Over the last couple of years, various business entities have begun to delve into the implications of this legislation and particularly its impact on small businesses. On December 3, I facilitated the fourth forum held in California for small businesses. As a result, we were able to ensure that two resolutions were included in the Air Resources Board’s December hearing. That will ensure that small businesses will be given special considerations as they move forward with these regulations.

This will be an on-going part of the regulatory process for some time. The Board expected to have their regulations in place in the next year or two, but given our State’s fiscal problems and the current state of the national economy, it may take a bit more time to implement such a major regulatory package through the process.