



Tidbits from Sacramento

Griffin & Associates
Legislative and Governmental Advocacy
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THE BUDGET WAS SIGNED AND THE FLOOD OF LEGISLATION BEGAN

The Governor signed the Budget on February 20. The deadline for the introduction of non-urgent legislation for 2009 was February 27. Prior to the budget signing, only a few hundred bills had been introduced. Once the budget was signed, the total number of introductions by the deadline was well over 2300 bills. This flood of bills created a tremendous task for all components of the process from introduction to a printed bill.

Many of the legislative bills that were introduced were basically “spot bills.” Generally they are very short bills with a one or two lines, just enough to give you an idea of what topic they intend to address. Amendments to these “spot bills” are beginning to come through the process.

The policy committees have just begun to hold hearings due to the delay in the introduction of legislation. Since these committees must meet their deadlines, I expect to see lengthy days of policy hearings. Many of these bills must also be heard in the Appropriations Committee. Based on my reading of many of the bills, I expect a large number of them will be sent to the “Suspense File” for further review due to cost.

Despite all the delay and problems with our finances in California, I was surprised to see how many authors introduced legislation oblivious of the costs to the State. I am still sorting through the daily reports of legislation that has just been amended.

MORE BUDGET PROBLEMS ON THE HORIZON

The ink was barely dry on the recently signed budget, when we began to hear concerns regarding more fiscal problems. During a recent information hearing, Mac Taylor, the State’s Legislative Analyst provided legislators with some alarming information. Even if all the new taxes, loans and budget cuts agreed to in the budget become law (don’t forget some require voters approval), their recent analysis indicates a potential shortfall of \$8 billion. The continuing deterioration of the economy is the problem.

Mr. Taylor urged the legislature to maximize the federal stimulus funds we expect and also to identify and continue developing programmatic solutions. It is clear that tackling “programmatic solutions” would be an extremely challenging issue. It basically means cutting more programs or at least reducing them. A place that many legislators would not want to go.

NEW TAXES TO NOTE

Part of the budget negotiation solutions included the following:

Effective April 1, 2009 - a one cent sales tax increase

Effective for the 2009 Tax Year – Income Tax Bracket Increase of 0.25 percent.

Vehicle License Fee - Increased from 0.65 percent to 1.15 percent.

Personal Income Tax - 0.5 percent rate increase.

The tax cuts will be temporary, some dependent upon the May 19th election.

SD 26 SPECIAL ELECTION

Assembly Member Curren Price received the majority of the votes cast (36%) to fill the seat of former Senator Mark Ridley-Thomas who was recently elected to the Los Angeles Board of Supervisors. However, since Assembly Member Price did not receive 50 plus 1 percent of the votes per our election laws, he will be in a run-off election to be held May 19. He will run against Republican Nachum Shifren and Peace and Freedom Party Candidate Cindy Henderson. Since Democrats far outnumber the other parties, Price is expected to win the Senate Seat.

MORE ELECTIONS - CONGRESSIONAL!!

Congressional Representative Ellen Tauscher (D-Contra Costa County) has been tapped for a top job in the U.S. State Department as Undersecretary of State for Arms Control and International Security. This came as a surprise to many. However, she has served as chair of the Armed Forces Committee's Strategic Forces Subcommittee and does have some significant credentials for the job.

If Tauscher is confirmed, there are several candidates who seem very interested in vying for her seat. Most likely these will include former Assembly Member, Joe Canciamilla and current State Senator Mark DeSaulnier. Since the confirmation process will take a few months, additional names will most likely surface for this seat as well.

Former Congressional Representative Hilda Solis (D-32nd) was recently confirmed to fill the position of Secretary of Labor for the Obama Administration. This leaves another congressional vacancy to fill. Both Judy Chu, a former legislator and currently Chairwoman of the Board of Equalization and Senator Gil Cedillo have been campaigning for this spot for several months. This has been a very public and hard fought campaign with both candidates lining up their endorsements as early as possible. The election will be held on May 19.

HEALTHCARE REFORM – IS IT A HAPPENING THING?

There is a lot of buzz, but it is hard to determine how this will all shake out. There certainly is a great deal of energy surrounding this subject. On a positive note, some groups have come together and concessions appear to be part of the discussion. However as usual, the devil is in the details and those are not all ironed out. The LA Times reported recently that “the county’s top insurers made a significant concession to consumer advocates.” “They offered to stop basing premiums on a policyholder’s medical history.” While this may be a step forward, there are many other issues to resolve.

There is no lack of healthcare bills in the California Legislature. Many are reintroductions of bills that were vetoed last year. Some are new concepts, most of which carry significant

dollars. The Appropriations Committees of both houses have stated they will hold any bills with costs, but that has not seemed to get anyone's attention.

CALIFORNIA FEDERAL ECONOMIC STIMULUS TASK FORCE

California will receive an estimated \$85 billion from the federal government over the next 2 years. Approximately \$50 billion will be available for education, infrastructure and other such spending. The other \$35 billion will be in tax benefits. In order to ensure that these monies are spent appropriately, the Governor created the Task Force consisting of key personnel, including Cynthia Bryant, his Deputy Chief of Staff who will lead the Task Force and is the California liaison to the federal government.

The official title of the federal stimulus is the American Recovery & Reinvestment Act (ARRA). Numerous agencies have been working over the past months attempting to identify areas in need of economic assistance. The Task Force is charged with tracking all the funding coming into California and ensuring that it is expended appropriately. Many cities, counties, non-profits and various other entities will be vying for these dollars. Accountability is critical and challenging. The Task Force will include one representative from each of the major agencies that may receive stimulus funding.

Mimi Tidbits

The California Employment Development Department (EDD) has extended unemployment benefits for an additional 5 months. California's unemployment rate jumped to 10.5 percent recently.

Key legislators are asking the Air Resources Board regulators to extend by one year their current regulations mandating that gas station owners install new vapor recovery nozzles by April 1, 2009. Between 6000 and 8000 gas station owners may close if they can not meet the deadline.

Europe is resisting a "Stimulus" approach as a solution to the financial crisis. Most European governments are resisting what the United States is doing. Instead, they are focusing on stricter regulation of the financial market.