



THE CALIFORNIA INSTITUTE FOR FEDERAL POLICY RESEARCH

1608 Rhode Island Avenue, NW, Suite 213, Washington, D.C. 20036
202-974-6384 fax:202-223-2330 e-mail: randsell@calinst.org web: <http://www.calinst.org>

California Capitol Hill Bulletin

Volume 16, Bulletin 3 – January 30, 2009

To expand communications between Washington and California, the California Institute provides periodic news bulletins regarding current activity on Capitol Hill that directly impacts the state. Bulletins are published weekly during sessions of Congress, and occasionally during other periods.

ENVIRONMENT: REGULATORS TO REVIEW CALIFORNIA’S EMISSIONS WAIVER; SET NEW FUEL ECONOMY STANDARDS

On Monday, January 26, 2009, President Obama ordered the Environmental Protection Agency (EPA) to review a 2007 Bush Administration decision which denied California and thirteen other states a waiver to set tougher emissions standards than required under federal law.

California’s emissions standards would require auto manufacturers to reduce greenhouse gas emissions from new cars and trucks by 30 percent by 2016. The standards were established in 2002 by then Assemblymember Fran Pavley and signed into law by Governor Gray Davis.

In 2005, California began the process of obtaining a waiver from the federal government to implement the tailpipe emissions standards that the state had made law three years prior. Under the federal Clean Air Act, any air pollution agent or combination of agents likely to endanger public health or welfare can be regulated, but the Bush administration contended that because the law did not mandate carbon dioxide reductions, it had no power to regulate tailpipe emissions. Ultimately, the administration would not grant California’s waiver to regulate tailpipe emissions.

California and other states and environmentalists took the EPA to court, and in 2007, the Supreme Court ruled that the EPA did have the authority to regulate tailpipe emissions of greenhouse gases and that the agency needed to review its decision. The EPA failed to act, and on July 11, 2008, the agency stated that it would not pursue steps to regulate greenhouse gas emissions before the close of the Bush Administration, prompting the Governor and other state leaders to approach newly elected President Obama.

Critics of the proposed standards say that stricter restrictions will make it even harder for the already flailing auto-industry to rebound and that inconsistency in state standards will result in higher costs for manufacturers. Supporters, however, including House Speaker Nancy Pelosi have praised President Obama’s action.

President Obama also ordered the Department of Transportation to set new fuel economy standards by March of this year. Current federal CAFÉ standards require 35 miles per gallon by 2020.

More information can be found at: <http://gov.ca.gov/fact-sheet/11422>

CONTENTS:

Environment: Regulators to Review California’s Emissions Waiver; Set New Fuel Economy Standards	1
Economy: California Institute Prepares Summary of Tax Provisions/Energy Portions of Stimulus Bill	2
Health: Senate Passes SCHIP Measure; Immigration Provision Causes Discord	2
Resources: Chinook Salmon, Steelhead, Green Sturgeon at Risk In California Says National Marine Fisheries Service	3
Resources: Omnibus Public Lands Management Act of 2009 Passes Senate	3
Politics: Californians Optimistic About President Obama, Mixed Re Congress, Pessimistic About Prospects for Governor and Legislature	3
Technology: ITIF Report Identifies Research Investments to Spur Innovation and Boost Jobs	4

ADVISORY BOARD SUPPORTERS
OF THE
CALIFORNIA INSTITUTE

The California Institute wishes to express its heartfelt thanks to the following donors for their generous support, without which none of our work would be possible.

BENEFACTORS

The California State University
University of California
Public Policy Institute of California
Sempra Energy
Southern California Edison
PG&E Corporation

PATRONS

AT&T
The Boeing Company
General Atomics
Safeway Inc.
Verizon Foundation

Hewlett-Packard

SPONSORS

Applied Materials
California Business Roundtable
California Chamber of Commerce
California Federation of Teachers
California Institute of Technology
Center for California Studies, CSUS
Century Housing
Chevron
League of California Cities
Pacific Life
SAIC
University of Southern California
Wine Institute

CONTRIBUTORS

Association of California Water Agencies
California Bankers Association
California School Boards Association
California State Association of Counties
City of Los Angeles
RAND

Bay Area Economic Forum
California Association of Realtors
California Farm Bureau Federation
California Space Authority
International Brotherhood of Teamsters
Jacobs Engineering
Metropolitan Water District of So. Calif.
Platinum Advisors
Trimble Navigation
Wyle Laboratories
Xilinx

California Institute for Federal Policy Research
1608 Rhode Island Ave, NW, Suite 213
Washington, DC 20036 www.calinst.org

ECONOMY: CALIFORNIA INSTITUTE PREPARES SUMMARY OF TAX PROVISIONS/ENERGY PORTIONS OF STIMULUS BILL

On Wednesday, January 28, 2009, the House passed H.R. 1, the American Recovery and Reinvestment Bill of 2009 by a vote of 244-188. Supporters calculate the bill provides \$819 billion in stimulative activity – \$526.5 billion in spending and \$275 billion in tax cuts, plus additional provisions to reach the total cost.

The California Institute has prepared a summary of the tax, energy, and health provisions contained in the economic stimulus package as passed by the House. (These provisions originated in the Ways and Means Committee as opposed to the spending provisions originated by the Appropriations Committee.) The report on tax, energy, and health provisions are found on the Institute's website at: <http://www.calinst.org/pubs/2009stimulustax.shtml> .

The week previously, the California Institute posted a report on the appropriations portions of H.R. 1, as well as a link to an Institute-prepared supplementary spreadsheet listing all appropriations items in the stimulus bill. These two items are available for viewing or download at: <http://www.calinst.org/pubs/2009stimulus.shtml> .

HEALTH: SENATE PASSES SCHIP MEASURE; IMMIGRATION PROVISION CAUSES DISCORD

The Senate passed H.R. 2, the State Children's Health Insurance Program, on Thursday, January 29, 2009, by a vote of 66-32.

During consideration, Sen. Orrin Hatch tried to dilute the provisions in the bill that will allow legal immigrant children and mothers into the SCHIP program without waiting the current five years. His amendment would have required states to show that they have enrolled 95 percent of eligible citizen children, before being able to include legal immigrant children and mothers. The amendment was defeated by voice vote. The expansion of coverage to immigrants who have not been in the country five years, as well as provisions that lessen the documentation requirements to prove eligibility, generated harsh debate and diminished the bipartisan support that Democrats had hoped to maintain.

The Senate also defeated an amendment by Sen. Jim DeMint (SC) that would have required families with income over 200 percent of the federal poverty level to pay a share of their SCHIP costs. The amendment would have let states structure a cost-sharing program, but limited them to requiring participants to pay no more than five percent of their income to the program. The amendment was tabled by a vote of 60-37.

The SCHIP bill will cost about \$32.8 billion over four and a half years, providing coverage to about 4 million more uninsured children. The bill would be paid for by a 62 cent increase in the tax on a pack of cigarettes.

The bill now goes back to the House, where the leadership has indicated it wants to bypass a conference committee on the nearly identical versions, and just vote to accept the Senate bill, as quickly as possible.

For more information on the Senate bill, go to: <http://finance.senate.gov> .

RESOURCES: CHINOOK SALMON, STEELHEAD, GREEN STURGEON AT RISK IN CALIFORNIA SAYS NATIONAL MARINE FISHERIES SERVICE

According to the National Marine Fisheries Service, the continued operation of the Central Valley Project (CVP) and the California State Water Project (SWP) will have potentially devastating effects on multiple runs of Chinook salmon, Central Valley Steelhead and green sturgeon and their habitats. The National Marine Fisheries Service is part of the U.S. Department of Commerce's National Oceanic and Atmospheric Administration. It included its findings in the draft biological opinion that was developed in conjunction with the U.S. Department of Interior's Bureau of Reclamation. The Bureau of Reclamation is reviewing the biological opinion to determine the extent to which action can be taken. While the draft opinion does not include proposed measures designed to protect the impacted species, proposed protection measures will be developed and are scheduled to be released in March.

More information can be found at <http://www.usbr.gov/>.

RESOURCES: OMNIBUS PUBLIC LANDS MANAGEMENT ACT OF 2009 PASSES SENATE

On January 15, 2009, the Senate approved a public lands bill by a vote of 73 to 21. The bill contains a wide range of provisions and will affect nearly every state. The major California provisions include:

- a 45,186 acre expansion of the Sierra Nevada wilderness, including expansion of the Eastern Sierra and Northern San Gabriel Wilderness, the Riverside County Wilderness, and the Sequoia and Kings Canyon National Parks Wilderness

- protections for land in Inyo county

- \$22.5 million to fund the construction of an underground water bank for the Madera Irrigation District

- \$88 million to support the restoration of the salmon populations affected by the Friant Dam.

The House is expected to vote on the bill within the next few weeks.

The bill language can be found at <http://energy.senate.gov/>

POLITICS: CALIFORNIANS OPTIMISTIC ABOUT PRESIDENT OBAMA, MIXED RE CONGRESS, PESSIMISTIC ABOUT PROSPECTS FOR GOVERNOR AND LEGISLATURE

According to the thirty-fourth report in the series on Californians and Their Government, released by the Public Policy Institute of California (PPIC), Californians believe in President Obama but have a low opinion about Congress, the Governor and the Legislature. The report indicates that:

- 79 percent of Californians believe that President Barack Obama will be a strong and capable president

- 81 percent believe that the president and Congress will be able to work together to accomplish a lot this year, an opinion that is held across party lines

- 71 percent of Californians are expecting bad economic times in the next year, but 57 percent say that they are satisfied with the new proposed multibillion dollar economic recovery plan; 82 percent say that the plan is important to address California's infrastructure needs

- 58 percent of Californians are concerned that they or someone in their family will lose their job in the next year

- 56 percent of Californians approve of the job that Congress is doing; 30 percent approve of Governor Schwarzenegger; 14 percent approve of the Legislature's handling of budget and tax issues, and 15 percent approve of the Legislature's handling of the economy and jobs; and 53 percent believe that the Governor and Legislature will be unable to work together.

The report also highlights a shift in public opinion since the first PPIC report on Californians and their Government was released in 2003. For the first time, Californians favor replacing the two-thirds requirement needed for legislative passage of the budget, with a 55-percent majority.

The full report can be accessed at <http://www.ppic.org/>

TECHNOLOGY: ITIF REPORT IDENTIFIES RESEARCH INVESTMENTS TO SPUR INNOVATION AND BOOST JOBS

According to the Information Technology and Innovation Foundation (ITIF), increased investment in scientific research will lead to long term payoffs in the form of improved research infrastructure, additional scientific discovery, increased innovation and increased competitiveness, even if the increase in investment is for only one or two years.

The report, “Stim-Novation”(January 27, 2009), found that including an additional \$20 billion investment in the nation’s national research infrastructure will create or retain approximately 402,000 American jobs for one year.

The complete report can be found at: <http://www.itif.org/> .