



CALIFORNIA FARM BUREAU FEDERATION

FRIDAY REVIEW

LEGISLATIVE AND GOVERNMENTAL UPDATE

July 6, 2012

Arguably the most controversial budget trailer bill, [SB 1029](#) (Senate Budget and Fiscal Review Committee), dealing with State Budget appropriations for the proposed high-speed rail (HSR) project was approved by the Assembly on Thursday, July 5th, on a vote party-line of 52 to 28. Though the outcome of the lower house vote was never in doubt, Senate approval was iffy at best where 21 of the 25 Democrats would be required to cast an "AYE" because the 15 Republican members are staunchly opposed. Federal transportation officials have requested an up or down vote on the project prior to the Legislature's Summer Recess on July 6th. Ultimately, after over two hours of floor speeches, the Senate voted 21 to 17 to approve the measure.

The bill appropriates the following amounts for construction, planning, and design for the initial phase of the HSR project:

- \$5.8 billion to begin construction of the Initial Operating Segment (IOS) of the HSR project in the Central Valley (\$3.2 billion of these funds are Federal Funds and \$2.6 billion are Proposition 1A bond funding);
- \$1.1 billion of Proposition 1A bond funding for "Bookend" funding for improvements associated with the blended approach in the San Francisco Peninsula and the Los Angeles Basin;
- \$819 million of Proposition 1A bond funding for "Connectivity" funding for improvements on existing rail regional and inter-city systems to improve connectivity to the HSR project;
- \$252.5 million for design, planning, and right-of-way acquisition activities for the project, and
- Since allocation of the \$1.1 billion and \$819 million were needed to secure urban legislators' support, the bill requires that the funding for the IOS, the "Bookends" allocation, and the "Connectivity" funding are contingent upon the appropriation of all three elements.

Republican members in the Assembly expressed concerns about spending priorities due to other pressing infrastructure needs, such as water storage; the \$330 million in annual debt service for this portion of the \$9.95 billion in bond funds to be paid for by truck weight fees that normally go toward highway maintenance and repair; and the potential for \$6 billion in additional trigger cuts should the governor's tax initiative fail in November. They also argued that no private investors are interested in the project and future federal funds are highly unlikely so the \$68.5 billion project is doomed to failure. Democratic supporters of the rail expenditures countered that this new mass transit option is needed for our ever growing population, plus the need for new jobs, especially in the high unemployment area of the Central Valley, outweighs the cost. Also, since spending other peoples' money is the coin of the

realm in Sacramento, leaving any federal dollars on the table is unthinkable for some members of the Legislature.

Easily the most eloquent floor speech was given by Senator Joe Simitian who said he supported HSR but not this plan for HSR. He argued that the desire to capture the \$3.3 billion in federal funds will require twenty times that investment from California taxpayers. Also, Sen. Simitian reminded his colleagues that approving HSR project will most certainly put at risk the \$40 billion in new tax revenue that is proposed in the governor's tax initiative. He wondered how happy the senators would be that they captured those federal dollars when they wake up on the Wednesday morning after Election Day and realize that it cost the needed revenue to solve California's budget crisis. The senator was referring to a new Field Poll this week that indicated support for Governor Brown's tax initiative is likely to drop if the Legislature approves funding for the HSR project. Specifically, 54 percent of likely voters support his tax proposal but 21 percent of those say they are less inclined to support it if the state moves forward with HSR. Overall, 31 percent say they are less likely to support new taxes if the Legislature approves HSR funding.

The crucial Senate vote on the HSR project was as follows: AYES (21): Alquist, Calderon, Corbett, Correa, Evans, De León, Hancock, Hernandez, Kehoe, Leno, Lieu, Liu, Negrete McLeod, Padilla, Price, Rubio, Steinberg, Vargas, Wolk, Wright, and Yee. NOES (16): Anderson, Blakeslee, Cannella, DeSaulnier, Dutton, Fuller, Gaines, Harman, Huff, La Malfa, Lowenthal, Pavley, Simitian, Strickland, Walters, and Wyland. ABSENT or NOT VOTING (3): Berryhill, Emmerson, Runner.

Farm Bureau is opposed to the project.

AB 907 (Fiona Ma, D-San Francisco), which would strengthen California's processors law to ensure that farmers delivering products to California food processors and wineries are financially protected, passed out of the Senate Agriculture Committee this week. The bill makes two specific changes to the processors law. First, it would allow a surety bond, or other guarantee, to cover payments owed to farmers for products they have already delivered and processed. Currently, when CDFA requires these guarantees, they are only for products delivered in the future. The bill also authorizes CDFA to levy up to three times the amount of unpaid license fees as a condition for a processor to get licensed by the Market Enforcement Branch. Farm Bureau supports this bill and it passed out of committee on a 7-0 vote.

Farm Bureau's sponsored bill to address metal theft, AB 2298 (Fiona Ma, D-San Francisco), passed out of the Senate Public Safety Committee this week. The bill creates a framework for regional metal theft task forces. The ultimate goal is to follow the examples of the Rural Crime Prevention Programs and High Technology Crimes Task Force where the state provides grant funding for local law enforcement to target metal theft. By creating the framework, there is an opportunity to capture funds from federal or other sources, to help begin the program. The bill passed with a vote of 5-0 out of the committee. The bill now goes to the Senate Appropriations Committee.

SB 1221 (Ted Lieu, D-Torrance), which would prohibit the use of dogs when hunting bear and bobcat, passed out of the Assembly Water, Parks, and Wildlife Committee this week. The bill failed last week, but was granted reconsideration, giving it a second chance for passage. As expected, the necessary votes materialized and the final vote was 8-4. Assembly Member Gatto abstained last week, but voted Aye this week and Assembly Member Lara, who was absent last week also voted for the bill. Assembly Member Hernandez abstained again and all Republicans on the committee voted No.

Farm Bureau joined a number of hunting and agricultural organizations in opposition to the bill due to the negative impact bears have on California's beekeepers, forest landowners, and livestock owners. Additionally the Committee Chair, Jared Huffman, proposed amendments that would allow the Fish and Game Commission to overturn the ban with a 4/5 vote and allow the use of dogs in limited circumstances for depredation permits. These amendments will go into a companion bill, rather than amending SB 1221. By amending a separate bill, SB 1221 will not have to return to the Senate for concurrence in Assembly Amendments, which would have given opponents a second chance at stopping the bill on the Senate Floor.

A measure that would delay a vote on the Safe, Clean and Reliable Water Supply Act until 2014, passed out of both houses with a 2/3 majority. AB 1422 (Henry Perea, D-Fresno) would simply delay the vote on the Safe, Clean and Reliable Water Supply Act from the November 2012 ballot until November 2014. The bill passed out of the Senate 34-2 and the Assembly 69-7 this week with an urgency clause and is on its way to the Governor who is expected to sign it. Farm Bureau is in support.

The Senate Environmental Quality Committee heard a measure addressing ex parte communications with the State and regional water boards this week. AB 2063 (Luis Alejo, D-Salinas) would reform the rulemaking process at the State Water Resources Control Board and regional water quality control boards by making ex parte communication permissible if the state or regional board member fully discloses the communication. An ex parte communication is an oral or written communication between an interested person and a member of a Regional Board or the State Board about a quasi-judicial matter requiring board action. The measure failed along party lines with Senators Strickland and Blakeslee voting aye. Farm Bureau was in support.

A measure that would direct fertilizer assessment funds to UC Ag Extension and other appropriate programs to advise farmers on methods to reduce the impacts of fertilizer use was heard in the Senate Environmental Quality Committee this week. AB 2174 (Luis Alejo, D-Salinas) would add clarifying language that broadens the focus of the Fertilizer Research and Education Program at the Department of Food and Agriculture on agronomically sound fertilizer use. Farm Bureau, along with our agricultural colleagues, has worked actively with the author and the bill sponsors from the environmental justice community on the measures to clarify the language. The measure passed out of committee 7-0. Farm Bureau is in support.

One of several budget trailer bills, SB 1018 reached out to preempt a proceeding at the California Public Utilities Commission that would reapportion electric utility revenues. At stake may be hundreds of millions of dollars annually. The PUC was weighing how to apportion revenues that electric utilities may generate from the auction of allowances allocated to them by the California Air Resources Board to mitigate increased electric costs to ratepayers from the state's cap and trade program. CFBF has been advocating at the PUC for return of the revenues to all customers on a proportional basis. Although there is time left in the legislation session to change the language, as it currently stands those revenues would only be returned to a select group of customers: residential, small business and emissions-intensive trade-exposed utility customers. Agricultural customers may, at best, only be partially covered under the small business language. Rough estimates are that the language effectively excludes 50% of electric customers from receiving any type of offsets from the increase in rates associated with cap and trade. In addition 15% of the revenues would be directed to clean energy and energy efficiency projects, which ratepayers already extensively fund. The third element would require the utilities to conduct an

education program for public awareness of how the revenues are credited to customers. CFBF joined with a coalition in opposing the trailer bill language and will continue to work on the issue.

The last week to move policy bills resulted in movement on some legislation Farm Bureau has been working on that will affect agricultural employers:

On July 3, the Senate Public Safety Committee passed to Senate Appropriations AB 2676 (Charles Calderon, D-Whittier) on a 5-1 vote. AB 2676 requires farm employers or farm supervisors supervising outdoor work of agricultural employees to provide those employees with both continuous and ready access to an area of shade sufficient to allow the body to cool, and potable water that is suitably cool and available in quantities sufficient to allow employees to drink one quart of water per hour throughout their work shift. A violation of this law would be a crime punishable by potential jail time and monetary fines. If an injury results from the failure to provide shade and water, the fines would be increased. Farm Bureau and other agricultural employers urged committee members not to pass AB 2676, and Farm Bureau will continue to oppose it.

The Senate Judiciary Committee approved and referred to Senate Appropriations AB 1450 (Michael Allen, D-Santa Rosa) on a 3-1 vote. AB 1450 would expand California's already extensive discrimination protections to unemployed workers by making the practice of advertising jobs as open only to presently employed workers a discriminatory practice under state law. Farm Bureau opposes the bill.

SB 1234 (Kevin DeLeon, D-Los Angeles), legislation that would create a state-operated pension system for workers whose employers do not offer pension programs, was heard on July 3 by the Assembly Public Employees, Retirement and Social Security Committee. The Committee passed it on 4-2 vote and sent to the Assembly Appropriations Committee.

Several employment-related measures have been set for hearing in Senate Appropriations immediately after the summer recess. AB 1313 (Allen, D-Santa Rosa), which will change agricultural employers' overtime obligations to require payment of one-and-one-half times the employee's regular rate of pay for hours worked after eight hours in any day or 40 hours in a week and double-time for hours worked after 12 hours in a day, is scheduled for hearing on August 6. Farm Bureau opposes.

Also on the docket for Senate Appropriations on August 6:

AB 1675 (Bonilla, D-Concord) which would authorize the Labor Commissioner to issue citations and propose civil money penalties to unregistered Farm Labor Contractor in an effort to discourage irresponsible FLCs from offering services (Farm Bureau supports);

AB 2039 (Swanson, D-Oakland) which would expand the state's family and medical leave law to extend employment-protected leave to caregivers of non-dependent adult children, parents-in-law, grandparents, siblings, grandchildren, or domestic partners (Farm Bureau opposes);

AB 1999 (Julia Brownley, D-Santa Monica) expands employment discrimination protection to employees who have "family caregiver status," a very broad category that overlaps many discrimination protections already in place (Farm Bureau also opposes.)