
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.

Appropriations: Institute Publishes California Implications of House Appropriations

The California Institute has prepared analyses from a California perspective of several House FY10 Appropriations bills. These analyses are now available on the website (www.calinst.org) as follows:

- FY10 Agriculture -
  www.calinst.org/pubs/ag10house.shtml
- FY10 Commerce, Justice, Science –
  www.calinst.org/pubs/cjs10house.shtml
- FY 10 Energy & Water -
  www.calinst.org/pubs/ew10house.shtml
- FY 10 Interior and Environment -
  www.calinst.org/pubs/ie10house.html
- FY 10 Labor, HHS -
  www.calinst.org/pubs/laborh10house.shtml
- FY 10 Transportation, HUD -
  www.calinst.org/pubs/thud10house.shtml

PDF versions of the reports are also available on the website. Additional analyses of the House and Senate FY 2010 Appropriations bills will be available in the near future.

Tax Issues: Becerra and Herger Circulating Dear Colleague Letter on R&D Extension

Reps. Xavier Becerra (Los Angeles) and Wally Herger (Chico), both members of the House Ways and Means Committee, are circulating a Dear Colleague letter among California Congressional Delegation Members in support of passing legislation to extend and strengthen the Research & Development tax credit.

The letter is addressed to Speaker Nancy Pelosi (San Francisco), House Minority Leader John Boehner (OH), and Chair and Ranking Member of the House Ways and Means Committee Charles Rangel (NY) and Dave Camp (MI), respectively.

The authors stress the vital role that the R&D credit plays in California’s private sector research spending. The most recent data, the letter states, shows that California is first in the United States in R&D activity – accounting for 22 percent of all R&D spending in the United States.
Noting that California’s economy has been hard hit by the recession, the letter emphasizes the boost that research spending can give to both the public and private sectors. It also notes that the credit has proven to be an effective way to encourage companies to increase their U.S.-based research, creating and keeping jobs in the United States.

The current R&D tax credit is set to expire on December 31, 2009. The deadline for California delegation members to sign the letter is September 24. For more information, or to sign, contact either Esther Oh in Rep. Becerra’s office (esther.oh@mail.house.gov or x56235) or Jay Sulzmann in Rep. Herger’s office (jay.sulzmann@mail.house.gov or x53076).

AGRICULTURE: SENATE COMMITTEE EXPLORES AGRICULTURAL PRODUCER PERSPECTIVES OF TRADE REGULATION UNDER CAP AND TRADE SYSTEM

On September 9, 2009, the Senate Agriculture, Nutrition and Forestry Committee held a hearing on global warming and the impact that climate change legislation may have on certain agriculture-related issues. The hearing, "Global Warming Legislation: Agricultural Producer Perspectives and Trading Regulation Under a Cap and Trade System," included witnesses: Timothy Profeta, Director, Nicholas Institute for Environmental Policy Solutions, Duke University; Joseph R. Glace, Vice President for Risk Management and Chief Risk Officer, Exelon Corp., Chicago; Frank Rehermann, Chairman, USA Rice Producers' Group, Live Oak, Calif.; Andy Beckstoffer, Chairman and CEO, Beckstoffer Vineyards, Rutherford, Calif.; and others.

The Committee discussed the ways that proposed climate legislation would impact the agricultural industry. California witnesses raised concerns about the impact of cap and trade legislation on the well-being of specialty crops and rice. Mr. Beckstoffer urged that specialty crops, like wine grapes, receive fair consideration in climate change legislation. He suggested that small businesses and specialty crop farmers, who often have less staff and resources than larger segments of the agricultural industry, have less stringent reporting requirements, at a minimum, than larger companies.

Mr. Rehermann, who spoke on behalf of the USA Rice Producers, strongly urged the Members of the Committee to fully evaluate alternative approaches to curbing greenhouse gas emissions and to oppose cap and trade provisions in pending climate change legislation. He also suggested that if climate change legislation is ultimately considered in the Senate, that there should be several key provisions that must be clearly and explicitly included in the bill to help ensure U.S. agriculture -- and the rice industry specifically -- is not irreparably damaged. His suggestions included:

- providing an express exemption for the agriculture sector from the greenhouse gas emission reduction requirements of any proposed legislation;
- defining "agriculture sector" to include production through the stage of processing ordinarily necessary for a given commodity to be widely marketed in commercial channels;
- increasing funding for research programs and activities by USDA and the land grant university system;
- establishing a program using the funds and authorities of the Commodity Credit Corporation to compensate producers for increased input costs; and
- establishing a robust agricultural offset program that is flexible and run entirely by USDA, not the EPA.

The committee held a hearing on the same topic in July. More information can be found at: http://agriculture.senate.gov.

WATER: GOV. SCHWARZENEGGER SENDS LETTER TO PRES. OBAMA APPEALING DENIAL OF DISASTER DECLARATION

On August 24, 2009, Governor Arnold Schwarzenegger requested that President Barack Obama reassess the Administration's denial of California's request for a major federal disaster declaration for the state as a result of severe drought conditions.

The Governor initially requested a federal disaster declaration from President Obama for Fresno County and issued Executive Order S-11-09, activating the California Disaster Assistance Act on June 19, 2009. The activation of the California Disaster Assistance Act has allowed the state to provide temporary supplemental assistance to local governments and non-profit organizations that supply food and other aid to those who are impacted by the drought statewide. The order also waived the one-week waiting period for unemployment insurance.

"The ongoing drought in California's Central Valley is truly an emergency," said Governor Schwarzenegger. "We are doing all we can to find a long-term solution to the state's water needs, but the impacts of the current drought will not wait for the legislature to act. Sadly, people are going without basic necessities right now. The federal government needs to step up and show it can still work for the people when they need it most."

The letter also highlighted Governor Schwarzenegger’s concern about the impacts of the drought on the state's ability to prepare for fire-related crises and on the economic well-being of the agricultural industry. The drought conditions that have plagued the state for the past three years have created a situation that Schwarzenegger indicated may result in the worst fire season ever. Additionally he pointed to the devastating effects of the drought on California's agricultural industry, farmers and agricultural workers, and local independent business.

For more information, visit: http://gov.ca.gov/press-release/13086.

RESOURCES: HOUSE NATURAL RESOURCES REPORTS CALIFORNIA BILLS

The House Natural Resources Committee met on September 10, 2009 to mark up several bills, including two related to California.

The Committee favorably reported to the full House H.R. 2442, introduced by Rep. George Miller (Martinez). The bill amends the Reclamation Wastewater and Groundwater Study and Facilities Act to expand the Bay Area Regional Water Recycling Program. H.R. 2442, entitle "Bay Area Regional Water Recycling Program Expansion Act of 2009," was reported by unanimous consent after the Committee discharged the Water and Power Subcommittee from further consideration of the bill.

The Committee also report H.R.2522, introduced by Rep. Elton Gallegly (Simi Valley): The bill would raise the ceiling on the Federal share of the cost of the Calleguas Municipal Water District Recycling Project. H.R. 2522 was also reported by unanimous consent after the Subcommittee on Water and Power was discharged from further consideration of the bill.
**Education: Univ. of California Awarded Trifecta in College Rankings**

The University of California took first, second, and third place in Washington Monthly’s recently released 2009 national university rankings report. UC-Berkeley was ranked number one, with UC-San Diego at number two, and UCLA at number three.

Stanford University ranked number four. Other UC and California schools also did well: UC-Davis ranked 10th; UC-Riverside 16th; UC-Santa Barbara was 21; Cal Tech was 29. Also placing in the top 100 were: University of Southern California (41); UC-Irvine (44); UC-Santa Cruz (56); University of San Diego (80); and University of the Pacific (98).

The 258 schools included in the rankings are judged on their contribution to the public good in three broad categories: Social Mobility (recruiting and graduating low-income students), Research (producing cutting-edge scholarship and PhDs), and Service (encouraging students to give something back to their country).

In responding to the rankings, UC President Mark Yudof said: “We are gratified that our public service priorities are so clearly valued. They offer, in the [Washington Monthly] editors’ words, ‘a measure of not just what colleges can do for you, but what colleges are doing for the country’.”

The *Washington Monthly* also rates liberal arts colleges. Harvey Mudd College, one of the Claremont Colleges, ranked number four in that category.

To view the rankings, go to: [http://www.washingtonmonthly.com](http://www.washingtonmonthly.com).

**Report: California Holds Eighth Largest Economy, Largest GDP Among States**

The Center for Continuing Study of the California Economy released its "2008 Economy Rankings" as part of its Numbers in the News series in August 2009. CCSCE’s collection of findings included the following:

- California was the world's eighth-largest economy again in 2008. According to U.S. Department of Commerce estimates, California's GDP (gross domestic product) was slightly more than $1.8 trillion.

- California has the largest GDP among states, which is to be expected since the state is more than 50% larger in terms of population than Texas, the next largest state. California's GDP in 2007 was $1,847 billion, followed by Texas with $1,224 billion and New York with $1,143 billion.

- In 2008 the five-county Los Angeles Basin had an estimated GDP of $838 billion, which placed the region between 16th ranked Netherlands and 17th ranked Turkey, worldwide. The Bay Area with a GDP of $487 billion ranked between Switzerland (21st in the world) and Sweden (22nd). San Diego ranked between Egypt (50th) and Hungary (51st), while the San Joaquin Valley and Sacramento region fell between 54th ranked Peru and 56th ranked Libya.

The report can be accessed at: [http://www.ccsce.com](http://www.ccsce.com).