ELECTIONS: GARAMENDI ELECTED TO REPLACE TAUSCHER

Lt. Gov. John Garamendi won a special election in the 10th District to replace Ellen Tauscher, who resigned to take a position with the Obama Administration as Undersecretary for Arms Control and International Security. The seat remains in Democratic hands with his election. Garamendi defeated Republican David Harmer, a 47-year-old attorney. He was sworn in to Congress on November 5, 2009 by Speaker Nancy Pelosi.

A former state legislator, Insurance Commissioner, and Deputy Interior Secretary in the Clinton Administration, Rep. Garamendi has been actively involved in California politics for more than three decades. He was born in 1945 and raised on his family's California cattle ranch. He holds an MBA from the Harvard Business School and a Bachelors Degree in Business from the University of California. He is married and has six children.

California’s 10th Congressional District includes parts of Contra Costa, Solano, Alameda, and Sacramento counties.

With the election of Democrat Bill Owens to New York’s 23rd District, the House is back at full strength with 435 members -- 258 Democrats and 177 Republicans.

ECONOMY: UNEMPLOYMENT COMP & HOME BUYER EXTENSION MOVE FORWARD

Congress passed and sent to President Obama H.R. 3548 this week to extend unemployment compensation benefits and the home buyers tax credit. The Senate acted on Wednesday, November 4, 2009 by a vote of 98-0, and the House followed on Thursday with a vote of 403-12.

H.r. 3548 extends unemployment insurance by up to 14 additional weeks (after the initial 26 weeks) for jobless workers in all states and extends benefits for six additional weeks for workers in states with unemployment levels over 8.5 percent. California’s unemployment rate topped 12 percent in September 2009. It also clarifies that the additional $25 per week in unemployment insurance benefits provided by the American Recovery and Reinvestment Act of 2009 (ARRA) does not count against a family's eligibility for food stamps (the Supplemental Nutritional Assistance Program). The proposal is estimated to cost $2.4 billion over 10 years.
The bill also extends the $8,000 first-time homebuyer tax credit to home sales contracted by April 30, 2010 and closed by June 30, 2010. The credit is phased out for individuals with income above $125,000 and for joint filers with income above $225,000. The credit was set to expire on November 30, 2009.

In addition, the bill establishes a $6,500 credit for non-first-time buyers who purchase a primary residence, as long as they have been in their current residence for the last five years or more. The credit is limited to principal residences with a purchase price of $800,000 or less.

The homebuyers credit extension is estimated to cost $10.8 billion over 10 years.

The bill also includes a tax break for businesses. Under current law, net operating losses may generally be carried back for two years. In ARRA, the net operating loss carryback period was extended from two to five years for tax years beginning in or ending in 2008 for small businesses with gross receipts of $15 million or less. H.R. 3548 would allow all businesses to carryback net operating losses for up to five years for losses incurred either in 2008 or 2009, but not both (at the election of the taxpayer). Businesses would be able to offset 50 percent of the available income from the fifth year and 100 percent of all income in the remaining four carryback years. Small businesses who have already elected to carry back 2008 under ARRA may also elect to carry back losses from 2009. This proposal is estimated to cost $10.4 billion over 10 years.

The House earlier passed a different version of the bill, by a vote of 331-83, on Sept. 22, 2009.

RESOURCES: CA LEGISLATURE PASSES WATER PACKAGE

On November 4, the California State Senate and Assembly passed a sweeping water bond and policy package and sent it to Governor Schwarzenegger. The bond portion will eventually go to California voters for approval. The $11.14 billion package includes legislation on Delta governance, conservation, groundwater monitoring and water rights enforcement.

The bond package includes the following:
- Drought Relief - $455,000,000
- Regional Water Supply - $1,400,000,000
- Delta Sustainability - $2,250,000,000
- Water Storage - $3,000,000,000
- Watershed Conservation - $1,785,000,000
- Groundwater Clean-up and Protection - $1,000,000,000
- Water Recycling and Water Conservation - $1,250,000,000

More information on the package can be found at:

ENVIRONMENT: ENVIRONMENT & PUBLIC WORKS MOVES CLIMATE CHANGE AND ENERGY BILL OUT OF COMMITTEE WITHOUT REPUBLICAN PARTICIPATION

Chairman Barbara Boxer of the Senate Environment and Public Works Committee moved S. 1733, the Kerry-Boxer Clean Energy Jobs and American Power Act, out of Committee on November 5, 2009 by a vote of 11 to 1. The bill, which would restrict the emissions of gases that contribute to global warming, require polluters to hold government-issued emissions
allowances and establish a market for trading credits, passed the Committee with all seven Republican members absent. Senate Republicans boycotted the markup, because they wanted the EPA to do further analysis into the bill’s impact. Boxer was able to use a procedure under the Committee rules that allowed the bill to be reported out, but without any amendments. The impact this will have on the bill’s chances of passage by the full Senate is unclear.

As passed by the Committee, the bill:
- Specifies the allowance distribution established under the Pollution Reduction and Investment Program. The allocations are focused in the following areas: energy intensive and trade exposed industries; small local energy distribution companies; transit grants; energy efficiency; renewable energy; research and development activities; agriculture and forestry; and worker training.
- Generally allocates: 35-percent of pollution permits to electric utility customers; 10-percent of pollution permits to states; 9-percent of pollution permits to natural gas companies; 5-percent for activities to prevent deforestation of tropical rain forests; 4-percent of permits to the manufacturing industry through 2013, and 15-percent to the manufacturing industry by 2015; 2-percent to clean transportation technology; 1-percent to agriculture and renewable energy; and 1-percent for carbon capture and sequestration of coal emissions, rising to 5-percent after 2020.
- Includes provisions to encourage the development of carbon capture and sequestration technologies (CCS) and clean coal technologies.
- Increases investments in renewable energy and energy efficiency, and emphasizes support for public housing retrofits and low income housing energy efficiency efforts
- Includes a new energy star program for building operators and owners
- Increases investments in emissions-reducing transit efforts and the Clean Vehicles program, with an emphasis on encouraging domestic manufacturing. SACOG spokesman and Executive Director Mike McKeever, encouraged the committee to increase the allowances for clean transportation projects beyond the 3 percent provided in the bill, stating that “the transportation sector contributes nearly 30 percent of the greenhouse gas emissions in the country, and there is a lot of evidence that there are viable ways that sector can produce major reductions in emissions, both in the short term and over the long term. A higher transportation allowance would send a stronger signal to the states and regions that improvements in the transportation sector are a high national priority.”
- Increases allowances for rural energy initiatives and companies and establishes a wood stove replacement program
- Clarifies the definition of bio-fuels to include algae-based and other advanced fuels
- Guarantees allocations to Tribes for energy efficiency and renewable energy programs
- Increases the size of the market stability reserve
- Increases assistance to small business refiners, and increases the time for compliance with the Pollution Reduction and Investment Program.

More information can be found at: http://epw.senate.gov.

**RESOURCES: SENATE COMMERCE COMMITTEE DISCUSSES OCEAN GOVERNANCE**


Witnesses included: The Honorable Nancy Sutley, Chair, Council on Environmental Quality; The Honorable Jane Lubchenco, Administrator, National Oceanic and Atmospheric Administration; The Honorable Thad Allen, Commandant, U.S. Coast Guard; The Honorable Laura Davis, Associate Deputy Secretary, U.S. Department of the Interior; Mr. Billy Frank, Jr., Chairman, Northwest Indian Fisheries Commission; Dr. Dennis Takahashi-Kelso, Executive Vice President, The Ocean Conservancy; Mr. Matthew Paxton, Government Relations Counsel, Coastal Conservation Association; and Ms. Carolyn Elefant, Legislative and Regulatory Counsel, Ocean Renewable Energy Coalition.
"The ocean and coastal economies of the U.S. provide over 50 million jobs for Americans and contribute nearly 60 percent of our GDP. Our economy depends on a healthy ocean environment, but most people don't realize that our oceans are in crisis and we must take action now. This is it, this is the time," stated Senator Maria Cantwell (WA), Chair of the Subcommittee.

Witnesses and Committee members discussed the role of the oceans in supporting renewable energy development; coastal and ocean economies and job and economic development; the importance of healthy oceans increasing energy independence; and ocean research, monitoring and development.

More information can be found at: http://commerce.senate.gov.

ENERGY: CALIFORNIA HIGHLIGHTED IN BEST PRACTICES IN RENEWABLE ENERGY SITING AND TRANSMISSION AT HEARING


California witnesses included Dian Grueneich, Commissioner of the California Public Utilities Commission and Mr. Carl Zichella, Director of the Western Renewable Programs at the Sierra Club. Commissioner Grueneich highlighted California's approach to siting and transmission for renewables.

"Renewable and related transmission line development is a critical issue. Underbuilding these resources means we will not be able to reduce our nation's greenhouse gas emissions at the levels needed to prevent catastrophic climate change." She cautioned against overbuilding which will result in "billions of dollars of stranded consumer costs…major environmental degradation, and unnecessary public opposition."

"The challenge" said Grueneich "we all face is establishing credible public planning and permitting processes to identify the level and location of renewable resources and transmission lines truly needed, meeting clearly identified economic and environmental criteria, and then ensuring the approved resources are financed and built in a reasonable timeframe. Transmission and large-scale renewable planning must occur in the context of overall energy planning that prioritizes energy efficiency, demand response, and use of small-scale, and community based renewable resources." She specifically highlighted the California Renewable Energy Transmission Initiative (RETI) process as a successful state-level model, and urged that broader regional and interconnection planning efforts and particularly WREZ and the upcoming DOE ARRA funded interconnection wide planning process be built upon and defer to state planning and permitting initiatives.

According to Zichella "business as usual transmission planning has been fraught with conflict, delays, and inefficiencies." He urged the Committee to involve key stakeholders early on in transmission planning to encourage better decision making that can be more easily accepted by the public, shortening approval timelines and initiating project construction more rapidly. "Early consideration of and planning for habitat and lands conservation concerns will reduce conflict and accelerate development later," he said. "Coordinated procurement and more equitable cost allocation policies are needed either by and across the states or through a federally coordinated policy that involves the states as key stakeholders." He also urged the Committee to promote landscape-level environmental assessments and innovative conservation and mitigation strategies to reserve opportunities for habitat and wildlife adaptation to climate change.

More information can be found at: http://resourcescommittee.house.gov.

ENVIRONMENT: CHALLENGES EXPECTED IN COPENHAGEN, FOREIGN AFFAIRS COMMITTEE EXPLORES BARRIERS

On November 4, 2009, the House Foreign Affairs Committee (Chairman Howard Berman (North Hollywood)) held a hearing titled "Copenhagen and Beyond: Is There a Successor to the Kyoto Protocol?"

Witnesses included: Todd D. Stern, special envoy for climate change, Department of State; Former member of Congress Timothy E.Wirth, President, United Nations Foundation and Better World Fund; Eileen Claussen, President, Pew Center on Global Climate Change, and former assistant secretary of State for
Next month, world leaders will gather in Copenhagen, Denmark in an effort to develop a global strategy for addressing global climate change. According to a World Bank study released in May 2009, storm surges resulting from rising sea levels could threaten 52 million people and 29,000 square kilometers of agricultural land in developing coastal countries around the world, and may lead to mass migration, political instability and even failed states. "While countries in the developing world will bear the brunt of climate change," said Chairman Berman, "the effects of global warming will also be felt here in the United States… According to the U.S. Global Change Research Program, a consortium of 13 federal agencies, climate change will affect almost every aspect of American life, from access to food, to the state of our health, to the amount of energy we use… While there is growing certainty about the consequences of climate change, it is unfortunate that the same cannot be said about the prospects for charting a new course in Copenhagen."

Witnesses identified the North-South rhetoric, the differences between developed and developing countries, costs, and the ability and willingness of the U.S. to take a leadership role in international agreements as potential barriers to progress.

For more information, go to: http://www.internationalrelations.house.gov.

RESOURCES: Subcommittee Examines Water Resources Under ARRA

The House Transportation and Infrastructure Subcommittee on Water Resources and Environment held a hearing on Wednesday, November 4, 2009 to examine the progress to date on implementing the American Recovery and Reinvestment Act (P.L. 111-5). The hearing primarily addressed programs administered by the Environmental Protection Agency (EPA) and U.S. Army Corps of Engineers.

Witnesses included: The Honorable Jo-Ellen Darcy, Assistant Secretary of the Army for Civil Works, U.S. Army Corps of Engineers; and Ms. Nanci E. Gelb, Deputy Director, Office of Ground Water and Drinking Water - Office of Water, U.S. Environmental Protection Agency.

In his opening remarks, full Committee Chair James Oberstar (MN) pointed out the status of Recovery Act funds for Clean Water State Revolving Fund (SRF) projects. The Recovery Act provided $4 billion for Clean Water SRF projects. According to the most recent submissions received by the committee, as of September 30, 2009, a total of 873 Clean Water SRF projects in 43 states have been put out to bid, totaling $1.8 billion. That’s 48 percent of the total available formula funds for Clean Water SRF projects, Oberstar said.

In her testimony, Secretary Darcy noted that total discretionary funding for Civil Works in the Recovery Act is $4.6 billion and is provided in six accounts. Within the total program, $2.075 billion is for activities funded in the Operation and Maintenance account. The Recovery Act also provides $2 billion in the Construction account; $375 million in the Mississippi River and Tributaries account; $25 million in the Investigations account; $25 million in the Regulatory account; and $100 million in the Formerly Utilized Sites Remedial Action Program account.

Nearly all of the $4.6 billion appropriated for Civil Works, Darcy said, has been identified for specific Civil Works projects and activities, and, as of September 30, 2009, financial obligations totaled $2.2 billion, of which $2 billion was for contracts and the balance was for temporary hired labor and administration and oversight of contracts. As of that date, outlays totaled $328 million. She noted that there are 731 Civil Works projects underway across 49 states and also in both Puerto Rico and Washington, DC. Eight projects have been completed to date, including, the navigation channel for the Oakland Harbor Deepening Project in California.

Administrator Gelb stated that ARRA provided $7.22 billion for specific programs administered by EPA: the Clean Water State Revolving Fund (CWSRF), the Drinking Water State Revolving Fund (DWSRF), Superfund, Brownfields, Underground Storage Tanks, and the Clean Diesel Programs. EPA has already obligated more than $7.1 billion (over 99 percent) of the money. Of this figure, Gelb said, nearly $6 billion has been obligated through the Clean Water and Drinking Water State Revolving Funds, more than
$570 million through the Superfund program, more than $290 million for the Clean Diesel Program, more than $190 million for the Leaking Underground Storage Tank Program, and more than $85 million for the Brownfields Program.

For more information on the hearing, go to: http://transportation.house.gov.