Elections: California Primary For State/Federal Offices Held

California voters went to the polls on Tuesday, June 8, 2010 to select candidates for the November 2nd general election. In the race to replace Governor Arnold Schwarzenegger, Republicans nominated Meg Whitman, a former eBay executive, with 64.2 percent of the vote. She will face former governor and state attorney general Jerry Brown, who became the Democrat’s nominee with 84.1 percent of the vote.

In the Senate race, Sen. Barbara Boxer was nominated by the Democrats to run for a fourth term, garnering 80.5 percent of the vote. She will face Carly Fiorina, a former Hewlett Packard executive, who bested former Rep. Tom Campbell and others to win the Republican nomination with 56.4 percent of the vote.

In congressional races, all incumbents seeking re-election won their party’s nomination. In the open seat to replace Rep. George Radanovich, Democrat Loraine Goodwin, a physician and school board member, won 52.6 percent of the vote, while State Senator Jeff Denham beat out former Rep. Richard Pombo and others to take the Republican nomination with 36.4 percent of the vote.

In the other open seat, to replace Rep. Diane Watson in the 33rd District, Karen Bass, former State Assemblywoman, won the nomination with 85.3 percent of the vote. She will face Republican businessman James Andion who was nominated with 50.9 percent of the vote.

There were also several propositions on the ballot. Proposition 13 regarding property taxes and seismic retrofitting was approved 84.5 percent to 15.5 percent. It provides that construction to seismically retrofit buildings will not trigger a reassessment of the property’s tax value, and also sets a statewide standard for seismic retrofit improvements that qualify for the exception.

Proposition 14 passed with 54.2 percent of the vote. It will establish a “top two” primary election process. The top two vote getters in an open primary will face each other in the general election, regardless of whether they are from the same party or not.

Proposition 15 was defeated 57.5 percent to 42.5 percent. Among other provisions, it would have provided for a pilot program to provide public funding for qualified candidates running for the Office of the Secretary of State of California.
Another ballot measure, Proposition 16, was also defeated 52.4 percent to 47.6 percent. It would have required two-thirds majority support from voters before local governments could form or expand municipal utilities.

Proposition 17 was defeated as well, by a vote of 52 percent to 48 percent. It would have allowed insurance companies in the state to give "persistency discounts" to new customers. "Persistency discounts" are discounts for those who have had continuous or nearly continuous auto insurance coverage.

More information on the elections can be found at: http://vote.sos.ca.gov/.

**TAXES/ECONOMY: SENATE TAKES UP TAX AND BENEFITS EXTENSION BILL**

The Senate began work on its scaled back version of the tax and unemployment compensation extension bill on Tuesday, June 8, 2010. The Senate version of H.R. 4213 includes about $140 billion in spending on tax cuts and benefits programs compared to the House’s roughly $190 billion, and provides about $61 billion in offsets, including higher taxes on oil companies, venture capitalists and multinational corporations. The House passed its version on May 28, 2010 by a vote of 215-204.

Amendments to the bill, including adding back provisions to subsidize COBRA health insurance payments for the unemployed, and extend the prohibition on cutting Medicare payments to physicians through 2013, rather than 2011, are expected this week. The Senate leadership is still trying to gather the necessary 60 votes to cut off debate on the bill, but hopes to be able to bring the bill to a final vote next week.

Among the provisions included in the bill are the following:

- Adjustment to Medicare payment localities to update the method used to determine the localities used for Medicare’s physician geographic adjustment factor in California, utilizing an approach that is based on metropolitan statistical areas. The provision will give California about $300 million in additional Medicare reimbursements.
- Reinstates the research and development tax credit through 2010. The estimated cost is $6.7 billion. The R&D credit is very important to California’s technology-oriented companies.
- Extends the Emergency Unemployment Compensation program through December 2010, providing up to fifty-three (53) weeks of extended benefits, and extends the Extended Benefits program, which provides 100% Federal funding for up to an additional 13 to 20 weeks of benefits, through December 2010. Cost of all unemployment compensation programs in the bill - $47 billion.
- Extends through 2010 the state and local general sales tax deduction, the additional state and local property tax deduction, the qualified education deduction, and the deduction for classroom equipment, at a cost of about $4.3 billion.
- Extends the Build America Bonds infrastructure investment program through 2012. Cost - $4 billion.
- Makes an additional allocation of Recovery Zone Bonds to ensure that each municipality receives a minimum allocation equal to at least its share of national unemployment in December 2009. Extends the authorization for issuing Recovery Zone Bonds through 2011. Cost - $2.4 billion.
- Extends through 2010 the New Markets Tax Credit, which encourages private investment in businesses in low-income communities. Cost - $1.8 billion.
- Extends through 2010 the production tax credit for biodiesel and diesel fuel created from biomass. Cost - $868 million.
- Extends emergency unemployment insurance and extended benefits through November 2010. Cost - $39.8 billion
- Extends the temporary 6.2 percent increase in the Federal Medicaid matching rate (FMAP) through June 30, 2011. Cost - $24.2 billion
- Provides funds to extend Temporary Assistance for Needy Families jobs and emergency fund through fiscal 2011. Cost - $2.5 billion.
- Provides a 2.2 percent increase in Medicare physician payment rates for the rest of 2010 and an additional 1 percent for 2011. Cost - $22.9 billion.
- Provides a one-time capitalization of the National Housing Trust Fund to make affordable rental housing available to very-low-income households. Cost - $1.6 billion.
- Extends through 2010 the expensing of costs associated with cleaning up hazardous “brownfield” sites. Cost - $158 million.
- Provides assistance for 2009 agricultural losses, including $150 million for specialty crops.
- Supports more than 350,000 jobs for ages 14 to 24 through summer employment programs. Cost - $1 billion.
- Extends for one year (through 2010) the provision that allows film and television producers to expense the first $15 million of production costs incurred in the United States ($20 million if the costs are incurred in economically depressed areas in the United States). Cost - $46 million.
- Sets the amount of carried interest that is recharacterized as ordinary income at 65 percent beginning in 2013. Revenue Raised - $14.5 billion.
- Puts new restrictions on the use of foreign tax credits. Revenue Raised - $14.5 billion.

More information on the Senate version can be found at: http://finance.senate.gov.

ECONOMY/RESOURCES: SENATE COMMERCE MARKS UP EXPORT PROMOTION AND SALMON PROTECTION BILLS

The Senate Committee on Commerce, Science, and Transportation held a markup on June 9, 2010 to consider several bills and nominations. Among the bills reported were S. 3084, the Export Promotion Act of 2010 and S. 817, the Pacific Salmon Stronghold Conservation Act.

The Export Promotion Act is aimed at assisting small and medium-sized businesses find foreign markets for their products. Among other provisions, it requires the National Institute of Standards and Technology (NIST) to encourage the submission of applications with significant potential for increasing the competitiveness of small and medium-sized U.S. manufacturers in the global marketplace. It also authorizes NIST give a preference to those applications and consider such potential when awarding grants under the NIST’s technology innovation program.

S. 817 establishes the Salmon Stronghold Partnership as a cooperative, incentive-based, public-private partnership working across political boundaries and land ownerships to identify and conserve salmon strongholds. Its board must include representatives of Alaska, California, Idaho, Oregon, and Washington state, as well as representatives from specified entities. The bill requires the National Marine Fisheries Service of NOAA to carry out specific information and assessment functions associated with salmon strongholds, and establishes a salmon stronghold watershed grants and technical assistance program, among other provisions.

More information on the bills can be found at: http://commerce.senate.gov.
RESOURCES: HOUSE PANEL APPROVES DRINKING WATER STATE REVOLVING FUND REAUTHORIZATION

On May 26, 2010, the House Energy & Commerce marked up legislation authorizing increased funding for the Drinking Water State Revolving Fund (DWSRF). H.R. 5320, the “Assistance, Quality, and Affordability Act of 2010,” or AQUA Act, was approved overwhelmingly by a vote of 45-1.

Chairman Henry Waxman (Los Angeles) and Rep. Edward Markey (MA) introduced the AQUA legislation to amend the Safe Drinking Water Act of 1976 to ensure that public water supplies protect human health.

The bill:
- Reauthorizes the drinking water state revolving fund (SRF).
- Establishes that projects designed to improve the sustainability and long term viability of water systems should get priority for funding through the SRF.
- Encourages public water systems to improve their managerial capacity and reduce their environmental impact.
- Ensures that technical assistance funds for small water systems are awarded through a competitive process.
- Establishes that the first priority for SRF funds should be water systems serving disadvantaged communities that cannot afford to comply with new drinking water standards.
- Requires states to provide additional assistance to water systems serving disadvantaged communities and struggling to comply with existing drinking water standards.
- Strengthens the Endocrine Disruptor Screening Program by outlining transparent procedures for requiring testing and updating methods.
- Changes the legal definition of “lead-free” for pipes and fixtures from 8% lead to 0.25% lead in wetted surfaces as proposed in H.R. 5289, sponsored by Rep. Anna Eshoo (Atherton).
- Strengthens enforcement of the Safe Drinking Water Act by clarifying requirements for technical assistance and follow up inspections.

For more information, visit: http://energycommerce.house.gov.

EDUCATION: AMERICA COMPETES ACT PASSED WITH BIPARTISAN VOTE

On May 28th, 2010, the House of Representatives passed a five-year reauthorization of the America COMPETES Act with a bipartisan vote of 262-150.

According to the House Committee on Science and Technology, about half of the growth in the U.S. GDP since World War II is related to the development and adoption of new technologies. COMPETES aims to maintain and strengthen our nation’s global economic competitiveness by: improving science, technology, engineering and math (STEM) education, so that all students are prepared for the highly technical, high-paying jobs of the future; setting funding for basic research programs at the National Institute of Standards and Technology (NIST), National Science Foundation (NSF), and the Department of Energy’s (DOE) Office of Science on a doubling path, and addressing the need for transformational energy technologies with the Advanced Research Projects Agency for Energy (ARPA-E), which is pursuing high-risk, high-reward energy technology development.

COMPETES was originally signed into law in 2007 after receiving broad bipartisan support. It was based on recommendations from the National Academies’ report Rising Above the Gathering Storm. The current bill will expire at the end of FY 2010.

On March 25th, the Science and Technology’s Energy and Environment Subcommittee passed segments of a bill on DOE programs; on April 14th, the Research and Science Education Subcommittee passed sections on NSF programs; on April 21st, the Technology and Innovation Subcommittee approved sections on NIST programs, and on April 28th, the Full Committee reported the combined COMPETES Act.

Among many other provisions in the bill, Section 607 contains fusion research provisions that reemphasize the U.S. commitment to the ITER project, authorize DOE to carry out enabling research in fusion materials and technology for magnetic fusion, technology development for inertial fusion energy
applications and requires DOE to provide a need assessment of a fusion materials and technology test facility or facilities.

For more information, visit: http://clerk.house.gov/floorsummary/floor.html.

**REPORT: BAY AREA ECONOMIC PROFILE RELEASED, COUNCIL RAISES CONCERNS ABOUT WORKFORCE, IMMIGRATION**

According to the Bay Area Economic Council in their April 2010 economic profile, “Recession and Recovery: An Economic Reset,” the strength and durability of a recovery in the Bay Area will be positively impacted by some near-term inputs, such as federal stimulus investment in sectors where the Bay Area is particularly strong, such as clean tech.

The profile indicates that:
- In the longer term, the Bay Area’s ability to generate and attract the skilled workforce on which its innovation engine depends is increasingly threatened by underperformance in the K-12 system, and negative financial pressures on community colleges and public universities.
- The venture capital industry is seeing a restructuring, with fewer firms investing fewer dollars, and doing so primarily in later-stage companies. This could negatively impact start-ups and entrepreneurs who have traditionally looked to venture capital as a major source of finance.
- The Bay Area has historically benefitted from immigration by highly skilled and educated people from around the world who, often attracted by the area’s great universities, have made enormous contributions to the economy. New opportunities in their home countries and restrictive U.S. visa and green card policies also threaten this important source of human capital.

This report is the seventh in a series of biennial Bay Area economic profile reports that benchmark the region’s economic performance against other cities and regions, in the U.S. and globally, with which the U.S. compares and sometimes competes. This year’s document continues the practice of recent reports by analyzing the structural forces at work in the economy that will make it more or less competitive. As the Bay Area emerges from a damaging recession, the Bay Area Economic Council believes that the ability as a region and a state to understand and address these trends is urgent.

For more information, visit: http://www.bayareaeconomy.org/.

**AGRICULTURE: 2008 FARM BILL ENERGY TITLE SUBJECT OF SUBCOMMITTEE HEARING**

On June 9, 2010, the House Agriculture Committee’s Subcommittee on Conservation, Credit, Energy, and Research held a hearing to review renewable energy and energy efficiency policies authorized by the 2008 Farm Bill as the Committee begins consideration of the next Farm Bill.

The 2008 Farm Bill provided $1 billion dollars to fund programs that promote growth in the renewable energy industry and help rural small businesses invest in energy efficiency projects; and expanded existing renewable energy programs and introduced new provisions intended to support and promote alternative energy. Specifically, the bill expanded on the previous energy title by increasing funding for programs for the development of advanced biofuels, and created new policies that would advance next generation biofuels and reduce reliance on corn ethanol as the only viable commercial biofuel.

According to Subcommittee Ranking Member Bob Goodlatte, two years after the adoption of the Farm Bill none of the major provisions in the title are operating under their final rules.

“The USDA has paid out millions of dollars to programs that are not operating the way Congress intended. This is not the best use of taxpayers' dollars and this is not the way Congress intended to invest in the advancement of next generation biofuels,” said Goodlatte.

The primary witness for the hearing was Ms. Cheryl Cook, Deputy Under Secretary for Rural Development, U.S. Department of Agriculture, Washington, D.C. She discussed the programs created by the legislation, and the progress being made through their implementation.

Written testimony provided by the witnesses is available on the Committee website: http://agriculture.house.gov/hearings/index.html.
Housing: Community Organizations and Local Officials Weigh in on the Livable Communities Act

On June 9, 2010, the Senate Banking, Housing and Urban Affairs Committee held a hearing titled “Local Perspectives on the Livable Communities Act,” to discuss proposed legislation, S. 1619, which would: establish the Office of Sustainable Housing and Communities; establish the Interagency Council on Sustainable Communities; establish a comprehensive planning grant program; and establish a sustainability challenge grant program. The legislation will provide resources for comprehensive community planning, and capital grants so that regions can compete to implement their plans. The grants are designed to be tailored to meet the needs of diverse regions.

The committee heard testimony from local officials from around the country including Lyle D. Wray, Executive Director of the Hartford Capitol Region Council of Governments; Jackie Nytes, Councilor of the City-County Council of Indianapolis and Marion County, Indiana; Joe McKinney, Executive Director of the Asheville, North Caroline Land-of-Sky Regional Council; and Julia W. Gouge, President of the Carroll County, Maryland Board of County Commissioners. Witnesses were supportive of the legislation and highlighted the importance of creating livable communities and giving cities and towns the tools to effectively plan, particularly in the areas of transportation and housing.

Speaking in support of the legislation, Chairman Chris Dodd (CT) cited new studies that show that ‘location-efficient’ homes are less likely to risk foreclosure. “Less compact communities that force residents to rely solely on their cars increase the cost burden of transportation on households, and transportation is already the second largest expense for American households, ahead of food, clothing and healthcare,” he stated. “By creating these livable communities, cities and town can attract and retain young people, recruit new workers, put existing residents back to work, and accommodate the baby boomer generation as they enter retirement.”

For more information visit: http://banking.senate.gov.