**ELECTIONS: JANICE HAHN WINS 36TH DISTRICT SPECIAL ELECTION**

Democrat Janice Hahn was elected on Tuesday, January 12, 2001 to fill the seat left vacant by the retirement earlier this year of Rep. Jane Harman, also a Democrat. Hahn will represent the 36th district centered in Los Angeles County and covering the coastal communities of Redondo Beach, Manhattan Beach, Torrance, El Segundo, Venice, Wilmington, and San Pedro, among other areas.

Rep.-elect Hahn beat Republican Craig Huey to win the seat by a margin of 54.4 percent to 45.4 percent (41,585 votes to 34,636). She and Huey were the top two vote getters under California’s new open primary system, which was implemented for the first time in their primary on May 18, 2011. Voter turnout for the general election on Tuesday was only 22 percent.

Hahn, 59, has been a member of the Los Angeles City Council since 2001. In 1998, she made an unsuccessful bid for the same congressional seat, and in 2010 was defeated in the primary for California’s lieutenant governor’s race.

Hahn comes from a politically involved California family. Her brother, James Hahn, was mayor of Los Angeles from 2001 to 2005, and her father and uncle were also involved in California politics for years. Rep.-elect Hahn resides in San Pedro and is the mother of three children and the grandmother of four.

When Rep. Hahn is sworn in, House Republicans will continue to hold 240 seats and Democrats 193 seats, with two seats remaining vacant until special elections are held on Sept. 13 in New York and Nevada.

**APPROPRIATIONS: INSTITUTE REPORT ON HOUSE FY12 CJS APPROPRIATIONS AVAILABLE ON WEBSITE**

On July 13, 2011, the House Appropriations Committee approved by voice vote the fiscal year 2012 Commerce, Justice, Science and Related Agencies Appropriations bill.
The Committee bill recommends a total of $50,565,000,000 for the departments and agencies funded in the bill for fiscal year 2012, including $50,237,000,000 in discretionary budget authority. This level of discretionary budget authority is $7,433,684,000, or 13 percent, below the budget request; $3,090,000,000, or 6 percent, below the amount appropriated to the departments and agencies for fiscal year 2011; and $1,566,000,000, or 3 percent below the pre-Stimulus funding levels appropriated in fiscal year 2008.

The Committee recommendation includes more than $1,400,000,000 in program terminations. Among the programs slated for elimination is the State Criminal Alien Assistance Program. In the current fiscal year, SCAAP is funded at $273.3 million – a decrease from the FY2010 funding amount of $330 million. California has historically received about 40 percent of annual SCAAP funding. The bill also recommends the termination of the Juvenile Justice Programs and the Community Oriented Policing Services (COPS) Program.


### Appropriations: Committee Approves FY 2012 Interior and Environment Appropriations

On Tuesday, July 12, 2011, the House Appropriations Committee approved the Fiscal Year 2012 Interior and Environment Appropriations bill. The legislation includes annual funding for the Department of the Interior, the Environmental Protection Agency (EPA), the Forest Service, and various independent and related agencies. The bill passed on a vote of 28-18. The House Appropriations Subcommittee markup was held on July 7, 2011.

In total, the bill includes $27.5 billion in spending – a reduction of $2.1 billion below last year's level and $3.8 billion below the President's budget request. The legislation also cuts climate change programs by a total of $83 million (22%) from last year, and decreases land acquisition funding by $239 million (79%).

During the Committee markup, Rep. Ken Calvert (Corona) Calvert (R-CA) offered an amendment which was adopted by voice vote that prevents the EPA from being forced to implement a biological opinion related to pesticides and the Endangered Species Act. This will allow time for an independent scientific review on the issue to be completed, Calvert said. Another amendment, adopted by the Committee on a vote of 27-20, prohibits funding for the EPA to finalize a new greenhouse gas standard for automobiles after model year 2017.


### Technology: House Judiciary Approves Moratorium on New Cell Phone Taxes

On July 13, 2011, the House Judiciary Committee reported by voice vote H.R. 1002, the Wireless Tax Fairness Act of 2011. The bill, introduced by Rep. Zoe Lofgren (San Jose), imposes a five year
moratorium on new discriminatory wireless taxes or fees imposed by state and local governments. A discriminatory tax is generally one that is not imposed by those taxing authorities on other services or transactions involving tangible personal property. The bill does not affect current state and local taxes on wireless service.

According to Rep. Lofgren, a typical consumer already pays 15.19% in federal, state, and local taxes on their cell phone bill as compared to 7.07% for most other taxable goods and services. Between January 2003 and July 2007, the effective rate of taxation on wireless service increased four times faster than the rate for other taxable goods and services.

During the markup, Lofgren offered an amendment to exempt from the bill any taxes imposed as a result of the approval of a ballot measure by the voters. Chairman Lamar Smith commented in supporting the amendment that if the affected consumers themselves agreed to new taxes there was no purpose in forbidding them. In offering the amendment, Rep. Lofgren said it was her understanding that the California League of Cities would drop its opposition to the bill if the amendment were included. She thanked Reps. Judy Chu (Monterey Park) and Linda Sanchez (Lakewood) for their support and assistance in crafting the amendment.

Rep. Maxine Waters also successfully offered an amendment requiring a study of the impact on the cost to consumers of fees, taxes and other charges imposed on mobile services. Her amendment was also adopted by voice vote.

For more information, go to: [http://judiciary.house.gov](http://judiciary.house.gov).

**TRADE: DEFICIT GROWS TO HIGHEST LEVEL IN THREE YEARS**

In May, the U.S. trade deficit grew to $50.2 billion, the highest level in three years, pushed mainly by the increasing cost of crude oil. The new figure was announced on July 12, 2011 with the release of the May 2011 U.S. International Trade in Goods and Services report by the Commerce Department’s U.S. Census Bureau and the U.S. Bureau of Economic Analysis. The April trade deficit was $43.6 billion.

U.S. exports of goods and services in May 2011 decreased 0.5 percent from April 2011 to $174.9 billion, but with record monthly exports of services ($49.7 billion). The monthly export value for U.S. capital goods ($41.4 billion) was also the highest on record. U.S. imports of goods and services, however, increased 2.6 percent over this period to $225.1 billion, causing the U.S. trade deficit to increase 15.1 percent since April 2011 to reach $50.2 billion in May 2011. The increase in imports was second only to the record $231.6 billion reached in July 2008.

A barrel of crude oil cost an average $108.70 in May, the Commerce Department said, the most since August 2008. The petroleum gap for the month was the biggest since October 2008. Excluding petroleum, the trade gap rose to $19.8 billion from $17.5 billion in April.

Despite the bad news, U.S. exports have been growing overall in the first five months of 2011, up 16.4 percent compared to the same period last year, the data show.

According to a report issued by the Department of Commerce’s International Trade Administration, U.S. exports supported an estimated 9.2 million jobs in 2010, up from 8.7 million in 2009. For every billion dollars of exports, over 5,000 jobs are supported. In California, roughly 616,500 jobs are supported by U.S. exports, according to Commerce.

California exported $143.2 billion of merchandise in 2010. For the first quarter of 2011, the figure was $37.5 billion, compared to $33 billion for the same period in 2010. Exports to it two major trading partners Mexico and Canada continue to increase, with about $5.7 billion in good going to Mexico and almost $4 billion to Canada. For the first time, exports from the state to China exceeded those to Japan. California exported approximately $3.4 billion in goods to China in the first quarter of 2011, while exports to Japan were $3.2 billion. For the same quarter last year, the state’s exports to Japan outranked those to China – $3 billion to $2.7 billion.
ENERGY: SENATE DISCUSSES GEOTHERMAL ENERGY

On Tuesday, July 12, 2011, the Senate Energy and Natural Resources Committee held a hearing on the Department of Energy Administrative Improvement Act of 2011 (S. 1160), the 10 Million Solar Roofs Act of 2011 (S. 1108), and the Geothermal Exploration and Technology Act of 2011 (S. 1142). Witnesses included: Steve Chalk, Deputy Assistant Secretary of Energy for Energy Efficiency and Renewable Energy; Douglas Dougherty, President and CEO, Geothermal Exchange Organization; and Holly Gordon, Vice President of Legislative and Regulatory Affairs, SunRun Inc., San Francisco.

The Geothermal Exploration and Technology Act seeks to further expand geothermal energy from the roughly 2.2 gigawatts produced today, to as much as 100 gigawatts of electricity, which the Massachusetts Institute of Technology has suggested is possible in coming decades. Geothermal is unique in that it provides a steady stream of power, compared to the intermittent nature of other renewable resources.

S. 1142 would establish a revolving loan program to help overcome the high costs associated with drilling geothermal exploration wells. The loan program would consist of a sliding scale cost-share formula designed to incentivize developers while protecting taxpayers from long-term losses, according to the Committee.

Ms. Gordon testified on behalf of SunRun Inc. in support of the legislation. SunRun applauds the bill's aim to reduce installation costs of residential solar systems by reducing "soft costs" associated with wide variations in local permitting processes. SunRun believes that the provisions included in the bill represent the most efficient way to mitigate these unnecessary costs, cut through the red tape, and give solar the ability to fairly compete with other energy technologies on the open market.

For more information, visit: http://energy.senate.gov/.

RESOURCES: SENATE COMMITTEE Focuses on INLAND EMPIRE and DRINKING WATER CONTAMINANTS PROGRAM

The Senate Environment and Public Works Committee held an oversight hearing on Tuesday, July 12, 2011 on EPA’s implementation of the Unregulated Drinking Water Contaminants Program in the Safe Drinking Water Act (SDWA). Witnesses included: David C. Trimble, Director, Natural Resources and Environment Issues, Government Accountability Office; Robert Perciasepe, Deputy Administrator, Environmental Protection Agency (EPA); A.W. "Butch" Araiza, General Manager, West Valley Water District, CA; Lynn Goldman, Dean, School of Public Health and Health Services, George Washington University; Joseph A. Cotruvo, Water, Environment and Public Health Consultant, Joseph Cotruvo & Associates LLC; Steven R. Patierno, Executive Director, George Washington University Cancer Institute; and Jeffrey Griffiths, Associate Professor, Department of Public Health and Community Medicine, Tufts University.

On July 12, 2011, the GAO released a report which found that the EPA has not made a determination to regulate any new drinking water contaminants, with one very recent exception, since 1996 when SDWA was amended. The failure to regulate new contaminants "has occurred despite mounting evidence of threats to public health from unregulated drinking water contaminants," said Committee Chairwoman Barbara Boxer.

GAO also examined how EPA developed its 2008 preliminary determination that it did not need to regulate perchlorate. GAO concluded that the process was "atypical" and "lacked transparency." According to Committee, "EPA's perchlorate assessment was managed by a small, exclusive group of high level officials from inside the agency, who operated in conjunction with the Perchlorate Interagency Working
Group (PIW)." The PIW was led by the White House Council on Environmental Quality and was comprised of agency officials from the Office of Management and Budget, Department of Defense, Department of Energy, and NASA, among others. The report said, "EPA likely underestimated the impact of perchlorate exposure on sensitive subpopulations, including pregnant women and children."

The GAO report identified "systemic limitations" in how EPA identifies and assesses new contaminants for regulation under SDWA. The 1996 SDWA amendments required EPA to determine, every five years, whether additional chemicals or contaminants warrant regulation. GAO concluded that EPA lacks a clear process for identifying and prioritizing contaminants that pose the greatest public health concern, particularly for children and other sensitive subpopulations. The GAO concluded that EPA should create a formal process to consider infants and children's unique vulnerabilities when creating drinking water safeguards and should increase the transparency of the Agency's decision-making to help increase credibility and accountability in such decisions. The GAO report recommends a transparent and accountable framework that would enable EPA to use the best available science when creating drinking water protections.

Mr. Araiza, testified on behalf of the West Valley Water District in the Inland Empire. In 2002, he also became the lead member of the Inland Empire Perchlorate Task Force, which is responsible for coordinating the investigation and response to the perchlorate water contamination crisis, which impacts approximately 22 drinking water wells and 500,000 people in the Inland Empire.

Mr. Araiza testified that perchlorate contamination has forced the West Valley Water District and other water providers in the region to shut down or otherwise restrict the use of at least 22 groundwater production wells in the area, representing more than half of the region's water supply. Additional groundwater production wells may need to be shut down in the near future as the pollution continues to migrate, he said. The District is currently working with EPA, the State of California and parties responsible for the contamination to develop plans for the final phase of groundwater cleanup, Araiza testified. Although EPA has not issued perchlorate regulations, the State of California has set a limit for perchlorate of six parts per billion.

For more information and to obtain the GAO report, visit http://epw.senate.gov.

EDUCATION: HOUSE COMMITTEE APPROVES STATE AND LOCAL FUNDING FLEXIBILITY ACT

On Wednesday, July 13, 2011, House Committee on Education and the Workforce approved the State and Local Funding Flexibility Act (H.R. 2445) intended to provide states and local school districts flexibility in the use of federal education funds. The legislation marks the Committee's third in a series of bills designed to reform current elementary and secondary education law.

Under the bill, states and school districts will be granted maximum flexibility in the use of funds received through the Elementary and Secondary Education Act and the Education Jobs Fund for activities authorized under ESEA. In an effort to protect students and taxpayers, the legislation maintains long-standing monitoring, reporting, and accountability standards, and requires a reasonable annual notification on the use of funds.

According to the Committee, the legislation will provide every state and school district in the country the flexibility currently provided to rural school districts under the Rural Education Achievement Program, which is currently authorized under Title VI of ESEA. That authority, commonly known as REAP Flex, has been widely used by rural school districts to direct federal resources to meet the needs of their students. The bill will build upon this program by applying it to all states and school districts and expanding the program to include ESEA formula funds (except the Impact Aid program) and the EduJobs Fund. This will allow states and school districts to use those funds on state and local activities authorized under ESEA.

Rep. Howard "Buck" McKeon (Santa Clarita) said, "The Funding Flexibility Act will breathe new life into schools and classrooms by allowing a redirection of funds to areas of weakness or adjusted to
specific needs, therefore helping eliminate additional waste. Funding can be pulled from specified programs to be used for things such as school improvement grants, aid for the disadvantaged, reading first, math and science partnerships, innovation programs, and rural and low-income programs."

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

TECHNOLOGY: AGENCIES TESTIFY ON INTERNET PRIVACY ISSUES

On Thursday, July 14, 2011, the House Energy and Commerce Subcommittees on Commerce, Manufacturing and Trade and on Communications and Technology held a joint hearing titled "Internet Privacy: The Views of the FTC (Federal Trade Commission), FCC (Federal Communications Commission), and NTIA (National Telecommunications and Information Administration)." Witnesses included: Julius Genachowski, Chairman, Federal Communications Commission; Edith Ramirez, Commissioner, Federal Trade Commission; and Lawrence Strickling, Assistant Secretary of Commerce for Communications and Information, and Administrator, National Telecommunication and Information Administration.

The hearing kicked off a series on privacy issues to examine how information is collected, protected, and utilized in an increasingly interconnected online ecosystem. Witnesses provided an overview of existing privacy regulations and standards to help identify key issues for discussion moving forward.

According to the Committee, the digital industry has embarked on a self-regulatory campaign relating to the collection and use of consumer information. Industry-wide efforts include: (1) increased consumer education and site transparency to increase consumer comfort with how industry uses information, and (2) development of new preference profiles so consumers can personalize their browsing experience and control how much information to share.

The Federal Trade Commission (FTC) is the primary Federal regulatory body in the privacy realm, operating with a dual mission: competition and consumer protection. Through the Bureau of Consumer Protection (BCP), the FTC enforces a number of rules and regulations dealing with privacy: the Fair Credit Reporting Act (FCRA), the Fair and Accountable Transactions Act (FACTA), the implementing rules of the Gramm-Leach-Bliley Act (GLB) (regarding privacy policy requirements), the Safeguards Rule (requiring financial institutions to secure customers' sensitive information), and the very popular Do-Not Call-Registry (allowing consumers to block their telephone numbers from telemarketers). Where there are no specific rules, the Commission enforces other privacy-related violations under its Section 5 unfair or deceptive acts or practices authority (UDAP), such as a failure to abide by one's stated privacy or data security policy.

Ms. Ramirez testified that the Commission has taken a proactive role on privacy in the last decade, holding roundtable forum discussions, educational workshops, and issuing reports. Most recently, the Commission issued a preliminary staff report in December 2010 titled "Protecting Consumer Privacy in an Era of Rapid Change." The Commission has collected extensive public comments on that report and plans to issue a final report by the end of 2011. Prior to the 2010 report, the Commission issued a staff report entitled "Self Regulatory Principles for Online Behavioral Advertising" in February 2009.

Mr. Genachowski said privacy concerns are a barrier to broadband adoption. When people fear that new technology puts their privacy at risk, he said, they're less likely to use those new technologies. This was one of the important findings of the FCC's National Broadband Plan, in connection with data showing that one-third of Americans aren't online.

Two weeks ago, the FCC, with the participation of the FTC, hosted a workshop on helping consumers harness the potential of location-based services while protecting basic ideals of consumer choice. The discussions at the workshop highlighted the fact that consumers and businesses alike are upbeat on the many opportunities created by location-based services. Mr. Genachowski said stakeholders also recognize the importance of addressing privacy questions, both to protect basic privacy values, and so that consumer concerns about the use and security of their location information do not slow the adoption of innovative services or undermine the opportunities.
COMMERCe: COMMITTEE DISCUSSes EFFECT OF REGULATIONS ON JOBS AND THE ECONOMy


On January 21, 2011, President Obama issued Executive Order 13563 that contains many principles, including choosing regulatory alternatives that maximize net benefits, specifying performance objectives rather than behavior or manner of compliance, and assessing market-based solutions as alternatives to direct regulation. Issues discussed during the hearing included the following:

- The regulatory standards contained in the January 21, 2011 Executive Order that should be codified in the environmental statutes within the Subcommittee's jurisdiction.
- The standards not contained in the Executive Order that should guide regulations promulgated pursuant to statutes within the Subcommittee's jurisdiction.
- The statutes within the Subcommittee's or Committee's jurisdiction that contain models of regulatory standards.
- The steps Congress should take to ensure that regulatory standards, once adopted, are consistently applied.

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

TECHNOLOGY: SENATE COMMERCE DISCUSSes COMMERCIALIZATION OF NANOTECHNOLOGY

The Senate Commerce, Science, and Technology Committee held a hearing on July 14, 2011 on National Nanotechnology Investment: Manufacturing, Commercialization & Job Creation. Witnesses included: Dr. Chad A. Mirkin, Director, International Institute for Nanotechnology, Northwestern University, Member of the President’s Council of Advisors on Science and Technology; Dr. Charles (Chuck) H. Romine, Acting Associate Director, Laboratory Programs, and Principal Deputy, Office of the Director, National Institute of Standards and Technology; and Dr. Diandra Leslie-Pelecky, Director, West Virginia Nano Initiative, Professor of Physics, West Virginia University.

In his opening remarks, Chairman Jay Rockefeller (WVA) said: “Just over 10 years ago, the government created a National Nanotechnology Initiative to focus on this issue. That early and sustained commitment has translated into U.S. global leadership in nanotechnology research and development and commercialization. There are significant economic and societal incentives to maintain our lead in this field. The global market for nanotechnology-related products was more than $200 billion in 2009, and projections suggesting that it will reach $1 trillion by 2015. With this growth, comes demand for workers with nanotechnology-related skills.”

Issues discussed at the hearing included: the potential of nanotechnology, federal initiatives to coordinate research investments, barriers to commercialization, possible environmental and health risks, and steps Congress can take to improve the return on federal nanotechnology investments.

For the testimony of the witnesses, go to: http://commerce.senate.gov.
BRIEFING: INSTITUTE BRIEFING ADDRESSES SANTA ANA SUCKER CRITICAL HABITAT ISSUE

On Monday, July 11, 2011, the California Institute hosted a Capitol Hill Lunch Briefing on the Status of the Santa Ana Sucker Critical Habitat Issue. The briefing was sponsored by the Santa Ana Sucker Task Force and the San Gabriel Valley Water Association.

The Santa Ana Sucker Task Force is a collaborative group of 12 cities, water districts, and flood control districts in the Inland Empire serving the water supply and flood control needs of over 1 million people. The San Gabriel Valley Water Association represents almost 50 cities, public water districts, public utilities, mutual water companies, and private and industrial producers also serving a population of over 1 million. Robert Martin of the East Valley Water District, San Bernardino, spoke on behalf of the Santa Ana Sucker Task Force and Carol Williams gave the presentation for the San Gabriel Valley Water Association.

Martin and Williams briefed congressional staff on the Fish and Wildlife Service’s ruling designating a Santa Ana Sucker Critical Habitat and the adverse impact they believe it will have on the water supply and economic development in the area. In addition, they argued that the designation could potentially force an increased dependence on the already compromised water supply from the Sacramento-San Joaquin Delta. They estimated that increased water costs to the region may reach $2.3 billion over the next 25 years. In addition, the designation impedes the ability of the water districts to continue needed water conservation projects, such as the Seven Oaks Dam Stormwater Capture Project.

The Task Force and affected water districts have asked the Department of the Interior to rescind the ruling. However, Martin said, DOI is not likely to do that and the water districts will probably have to sue the Department.