



THE CALIFORNIA INSTITUTE FOR FEDERAL POLICY RESEARCH
419 New Jersey Avenue, SE, Washington, D.C. 20003 202-546-3700
Fax: 202-546-2390 E-mail: ransdell@calinst.org Web: http://www.calinst.org

California Capitol Hill Bulletin

Volume 5, Bulletin 21 -- June 18, 1998

To expand communications between Washington and California, the California Institute provides periodic faxed bulletins regarding current activity on Capitol Hill which directly impacts our state. Bulletins are published weekly during sessions of Congress, and occasionally during other periods. The e-mail edition is made possible in part by a computer server donation from Sun Microsystems.

INTERNET TAX MORATORIUM LEGISLATION ADVANCES TO HOUSE FLOOR

On Wednesday, the House Judiciary Committee favorably reported out, by voice vote, legislation imposing a moratorium on taxes assessed against Internet access. In a procedural move to ensure Judiciary Committee jurisdiction over the legislation, the Committee actually reported two bills, but both closely parallel language negotiated by Rep. Christopher Cox (Newport Beach) with the National Governors' Association and League of Cities to alleviate their concerns about eroding state and local tax bases. The reported legislation imposes a three-year moratorium on taxes on Internet access and establishes a commission to study how sales conducted over the Internet should be assessed.

The original Cox bill, H.R. 3849, which was favorably reported by the Commerce Committee on May 14, (*See, Bulletin, Vol. 5, No. 17 (5/14/98)*), includes a grandfather clause for those states and cities that already have enacted Internet access taxes and reaffirm those laws legislatively within one year of enactment. Eight states, 12 cities in Colorado, and the District of Columbia have imposed such taxes. Prior to reporting its bill, H.R. 3529, the Judiciary Committee approved by voice vote an amendment that would eliminate the grandfather clause for the Colorado cities and the District of Columbia. Rep. Bob Goodlatte (VA), who authored the amendment, also indicated that he would negotiate with the Committee to allow a floor amendment to eliminate the grandfather clause for the eight states as well.

The House Ways and Means Committee, which also has jurisdiction over the legislation, is expected to act shortly.

REPS. THOMAS AND MATSUI CIRCULATING DEAR COLLEAGUE URGING WTO MEETING IN CALIFORNIA

Reps. William Thomas and Bob Matsui are circulating a Dear Colleague letter to California Members of Congress requesting signatures on a letter to President Clinton urging that California be chosen as the next site of the World Trade Organization (WTO) Ministerial meeting. The letter states that

CONTENTS:

Internet Tax Moratorium Legislation Advances to House Floor	1
Reps. Thomas and Matsui Circulating Dear Colleague Urging WTO Meeting in California	1
Biomaterials Limitation of Liability Bill Marked Up in House Commerce	2
House Commerce Subcommittee Marks Up WIPO/Copyright Bill	2
House Ways And Means Committee Holds Hearing on Most-Favored Nation Status for China	3
House Appropriations Approves Discretionary Budget Allocation Levels	3
Appropriations Measures Moving in Both House and Senate	4
California's Crime Rate Drops to a Record Low, Declining Nearly 30% During the Three Strikes Era	5
Law Enforcement Personnel Tallied by State ...	5
Millender-McDonald and Horn Host Telemedicine Demonstration	6
Study Finds Affordable Housing Gap Greatest in California Metro Areas	6
If a Nation, L.A. Area Would Be World's 11th Largest Economy	7
California State Society Annual Picnic Set for June 27 in Alexandria	7

there are strong reasons for California to host this international trade event, as it is the largest export-producing state in the United States. The California Trade and Commerce Agency reports that more than \$109 billion worth of products were exported by California-based companies in 1997.

In addition, California provides a wide array of products and services on the economic spectrum. The diversity ranges from agriculture to high technology to manufactured goods. As a result, the California economy is highly dependent on the expansion of liberalized trade envisioned in the future WTO negotiations, according to the letter. Also California serves as a gateway to the Asian trade markets, where the greatest potential for U.S. export expansion lies in the 21st century.

Several members of the bipartisan delegation have expressed support for the letter. Members wishing further information or to sign the letter, should contact Bob Winters in Congressman Thomas' office at x5-2915 or Francis Grab in Congressman Matsui's office at x5-7163.

BIOMATERIALS LIMITATION OF LIABILITY BILL MARKED UP IN HOUSE COMMERCE

The House Commerce Subcommittee on Telecommunications, Trade and Consumer Protection on Wednesday favorably reported, by voice vote, H.R. 872, the Biomaterials Access Assurance Act. The House Judiciary Committee reported the bill on April 1. *See, Bulletin, Vol. 5, No. 16 (5/7/98).*

H.R. 872 makes it easier for suppliers of materials used in the manufacture of medical devices to be dismissed from medical malpractice suits brought against manufacturers and others, if their materials met the manufacturer's specifications. It also ensures that negligent or intentionally tortious suppliers can be brought back into a case if subsequent evidence warrants it.

Supporters of the legislation argue that access to life-saving implantable devices has been jeopardized by a shortage of the raw bio-materials used to make the devices, because of expensive and frivolous lawsuits.

The legislation is strongly supported by California's biomedical technology industry.

HOUSE COMMERCE SUBCOMMITTEE MARKS UP WIPO/COPYRIGHT BILL

On Thursday, the House Commerce Subcommittee on Telecommunications, Trade and Consumer Protection finished its markup of H.R. 2881, the WIPO Copyright Treaties Implementation Act, which began on Wednesday. At the markup, the Subcommittee adopted by voice vote an amendment in the nature of a substitute offered by Chairman Billy Tauzin (LA) that mirrors the language of the Senate passed bill, S. 2307. *See, Bulletin, Vol. 5, No. 17, (5/14/98).*

The subcommittee also considered several amendments addressing other concerns. It adopted by voice vote an amendment offered by Rep. Edward Markey (MA) exempting consumers from the prohibitions against circumventing technological protection measures (TPMs) in order to protect their privacy rights, such as deleting so-called "cookie" files stored on a consumer's hard drive that are used by website operators to gather personal information about the consumer. Chairman Tauzin supported the amendment with the understanding that Rep. Markey would continue to work with the subcommittee to refine the provision's language to close any unintended loopholes.

The subcommittee also adopted by voice vote an amendment by Rep. Michael Oxley (OH) to establish procedures for developing standards for defining "technological protection measures" through an open forum with all interested parties, and calling on the Secretary of Commerce to report to the Committee on the progress of establishing a definition, as well as on the impact of the legislation on promoting access to copyrighted material.

On the issue of encryption research, the Committee adopted by voice vote an amendment offered by the Chairman which provides for a six month review by the Commerce Department on appropriate procedures to develop industry standards on acceptable access and testing of encryption technology to promote legitimate encryption research. Rep. Rick Boucher (VA) withdrew his amendment which would have exempted encryption research from the bill's anti-circumvention provisions, with the understanding that the Chairman would work with him to strengthen the six-month study amendment.

The subcommittee also approved by voice vote an amendment offered by Reps. Scott Klug (WI) and Boucher that would clarify the Senate language which provides that there is no mandate on electronics

manufacturers to design devices to respond to all potential TPMs. The subcommittee found that the Senate language was circular and ambiguous.

Prior to reporting the bill favorably by voice vote to the full Committee, several amendments were withdrawn with the understanding that work on acceptable compromise language would continue until the full Committee markup expected next week. One of the most important dealt with the issue of "fair use" and the concerns of libraries and universities that the bill's anti-circumvention provisions prohibit access to electronic materials and may open the door to a "pay-per-use" system. The amendment, offered by Rep. Klug, would have ensured that the fair use doctrine applied to these provisions. After substantial discussion with other members, including Rep. James Rogan (Glendale), who argued that the broad language in the amendment would allow intentional infringers to use the fair use doctrine as a defense, Rep. Klug withdrew his amendment with the understanding that the Subcommittee would work with him to develop acceptable language by the time of the full Committee markup.

The Commerce Committee is expected to mark up the bill next week.

HOUSE WAYS AND MEANS COMMITTEE HOLDS HEARING ON MOST-FAVORED NATION STATUS FOR CHINA

Responding to the recent decision by President Clinton to renew Most-Favored Nation (MFN) status for China, the House Ways and Means Subcommittee on Trade held a hearing on Wednesday, June 17 to address the issue. MFN grants China the same trade status as that held by most U.S. trading partners, significantly reducing tariffs for the \$75 billion annual trade between the United States and China. *See Bulletin, Vol. 5, No.19 (6/4/98).*

Industry experts cite continued trade with China as vital to a healthy economy in a state where many jobs rely on export trade. Among those testifying in favor of MFN was Cal Dooley (Visalia), who represents the San Joaquin Valley. Dooley claimed that the region produces agricultural commodities in excess of \$22 billion annually and more than half of the revenue comes from export trade. With increased competition in the world agricultural market, Dooley insisted that a policy of disengagement with China would only be detrimental to the United States.

Susan Esserman, General Counsel in the U.S. Trade Representative's office, and Stanley Roth, Assistant Secretary of State for East Asian and Pacific Affairs, testified for the Administration in support of extending MFN. Others present in favor of MFN were representatives from: the American Farm Bureau Association; the United States-China Business Council; and, the United States Chamber of Commerce. Their testimony pointed out the economic advantages related to an MFN status for China. Among these claims were the high levels of trade and revenue generated from the presence of MFN in addition to stronger political ties between the two nations.

Representatives opposing MFN emphasized the human rights violations imposed by the Chinese government upon its citizens in the forms of forced sterilization, imprisonment, and torture. Speaking out were Reps. Nancy Pelosi (San Francisco) and Pete Stark (Fremont). Both admonished that human rights conditions have worsened, especially with regard to slave labor practices. Nevertheless, they agreed that isolating China would not be the solution. Instead, they argued that a change in fundamental U.S.-China policy, with an emphasis on human rights values and economic security, should be integral in formulating trade policy.

Additionally, the AFL-CIO, represented by Barbara Shailor, argued that only if the United States withdraws its trade preferences for China will its government begin to seriously address these issues.

Testimony of these and other witnesses can be obtained from the Committee's website at: http://www.house.gov/ways_means/.

HOUSE APPROPRIATIONS APPROVES DISCRETIONARY BUDGET ALLOCATION LEVELS

On Tuesday, the House Appropriations Committee approved its annual 302(b) allocations, the scheme by which it divides total discretionary dollars among its 13 subcommittees. As reported recently in the Bulletin (Vol. 5, No. 19 - 6/4/98), <http://www.calinst.org/bulletins/bull519w.htm#302b>, the total amount to be allocated relies on last year's balanced budget agreement because there has not yet been a budget deal for FY

1999. Should one be reached, the total to be allocated and thus the various suballocations could change. The Senate Appropriations Committee made its 302(b) allocations for FY 1999 on May 14th. Total allocations, by appropriations subcommittee, are as follows.

<i>(Authority in millions)</i>	1998 Total	1999 House	1999 Senate
Agriculture	\$13,930	\$13,587	\$13,675
Commerce-Justice	31,378	32,456	32,159
Defense/Nat. Sec.	247,368	250,526	250,246
Dist. of Columbia	835	491	482
Energy/Water	20,624	20,739	21,147
Foreign Ops.	12,913	12,475	12,600
Interior	13,145	13,370	13,300
Labor/HHS/Educ	81,257	81,552	82,319
Legislative	2,257	1,822	2,400
Military Constr.	8,896	8,235	8,484
Transportation	12,668	11,939	13,065
Treasury/Postal	12,642	13,200	12,957
VA/HUD	69,356	71,031	69,986
TOTALS:	\$529,267	\$533,422	\$534,819

Figures for 1998 are at the CBO freeze level. To view direct information from the House and Senate Appropriations Committees, go the House website at <http://www.house.gov/appropriations/99302b.htm> or the Senate website at <http://www.senate.gov/~appropriations/302b.htm>.

APPROPRIATIONS MEASURES MOVING IN BOTH HOUSE AND SENATE

BAY-DELTA

The House Appropriations Committee marked up its Energy and Water Appropriations on Tuesday, retaining the \$75 million that the Energy and Water Subcommittee allocated for the Bay-Delta restoration project last week. *See, Bulletin, Vol. 5, No. 20 (6/11/98)*. On Thursday, the full Senate endorsed the action of its Appropriations Committee by retaining the \$65 million which the Committee had allocated last week for the Bay-Delta restoration project. Last year's appropriation for Bay-Delta was \$85 million.

The House bill contains \$21.2 billion to fund various energy and water agencies and programs; the Senate's bill is for \$21.3 billion.

AGRICULTURE

On Tuesday, the House Appropriations Committee approved its \$56.1 billion agriculture spending measure. The bill provides \$13.59 billion in discretionary spending for FY99; FY98 spending was \$13.75 billion. The Senate spending measure provides \$13.675 billion; the President's FY99 request was \$13.68 billion. Under the Agriculture bill, programs and agencies such as the farm assistance programs, the Food and Drug Administration, agriculture research, and domestic food assistance programs are funded. Last week, the Senate Appropriations Committee approved their \$56.8 billion Agriculture measure (S. 2159). *See Bulletin, Vol. 5, No. 20 (6/11/98)*. Both the full Senate and the House are expected to continue and begin consideration, respectively, of their bills next week.

INTERIOR

On Thursday afternoon, the House Appropriations Committee approved the Interior Department bill containing \$13.4 billion for the nation's parks, museums, and Native American programs, about \$900 million below the President's FY99 requested spending level and \$700 million below Congress's FY98 appropriation of \$14.1 billion. The measure also eliminates the \$50 million timber purchaser road credit program which reimbursed loggers for road-building in national forests; according to press reports, 463 miles of roads were built in California's national forests last year. The Quincy Library Group is also funded at \$5 million over the President's FY99 budget request.

For more detailed information on any of the House or Senate Appropriations measures, please visit their web sites at: <http://www.house.gov/appropriations> and <http://www.senate.gov/~appropriations/enter.htm>.

CALIFORNIA'S CRIME RATE DROPS TO A RECORD LOW, DECLINING NEARLY 30% DURING THE THREE STRIKES ERA

The state's overall crime rate dropped 6.9 percent in 1997 with a significant decrease in violent crime at 7.9 percent, according to statistics released on Monday by the State Attorney General's Office. Aside from the significant decline in the violent crime rate, every category of reported crime decreased for the fourth straight year. In 1997, homicides dropped 13.3 percent; rape dropped 2.2 percent; robbery dropped 15 percent; aggravated assault dropped 4.2 percent; burglary dropped 5.8 percent and vehicle theft dropped 7.3 percent.

State Attorney General Dan Lungren, addressing the California State Sheriffs' Association's annual conference in San Diego, attributed a portion of this decline to the state's Three Strikes law mandating 25 years to life for those convicted of a third felony. He noted that during this period, the violent crime rate has dropped 26.2 percent with a 29.3 percent drop in the six major crime categories. Also, homicide rates went down nearly 40 percent.

Additionally, the report shows the rate of juvenile crime decreased in the categories of felony and homicide arrest rates at 23.3 percent and 52.8 percent respectively. However, truancy, incorrigibility, running away, and curfew violations increased more than 48.7 percent. Governor Pete Wilson stated that the juvenile justice system needs to be strengthened through stricter penalties for juvenile offenders. Attorney General Lungren pointed out that the presence of community policing efforts and funds for law enforcement and prosecution are crucial to maintaining the decline in crime.

LAW ENFORCEMENT PERSONNEL TALLIED BY STATE

The Bureau of Justice Statistics at the U.S. Department of Justice last week released its Census of State and Local Law Enforcement Agencies, 1996 -- its first tally of state and local law enforcement personnel in four years.

The report shows that the number of sworn law enforcement personnel employed at the state and local level in the U.S. rose to 663,535 in 1996 from 604,828 in 1992. The total includes 410,956 local police and 152,922 sheriffs' department sworn personnel. New York (71,221) had slightly more full-time sworn personnel employed by State and local agencies than did California (69,134).

When both sworn and non-sworn personnel were combined, California had the most full-time State and local law enforcement employees, about 104,000, followed by New York (88,348), Texas (73,112), Florida (60,808), and Illinois (50,255). Nationwide, state and local governments employ a total of 922,000 people. Nationwide there were 35 full-time State and local law enforcement employees per 10,000 residents, including 25 sworn officers. By State, the medians were 32 and 23, respectively. California employed 33 total employees and 22 sworn officers per 10,000 residents.

Among cities, the report found that Los Angeles had 9,000 sworn officers in 1996, and that San Francisco and San Diego each had 2,000, followed by San Jose at nearly 1,300. The numbers in Los Angeles and San Francisco represented an increase of about 14%, while San Jose's was a boost of 5.4% and San

Diego's an increase of just 3.4%. The Los Angeles police force was third largest (behind New York City's 37,000 and Chicago's 13,000), San Francisco 16th, San Diego 17th, and San Jose 31st largest.

For the full report, see the Justice Department's Justice website at <http://www.ojp.usdoj.gov/bjs/pubalp2.htm#csllea>.

For comparison purposes, a January DOJ report on the federal law enforcement workforce indicated that California had 10,469 of the nation's 74,493 federal personnel with arrest and firearms authority in 1996. California had 33 federal law enforcement personnel per 10,000 residents, a level slightly above the national average of 28. California's and the nation's federal law enforcement personnel were employed as follows.

	<u>U.S.</u>	<u>Calif.</u>
Immigr. and Naturalization	12,403	3,587
Federal Bureau of Prisons	11,329	849
Fed. Bureau of Investigation	10,389	1,283
U.S. Customs Service	9,749	1,720
Internal Revenue Service	3,784	445
Postal Inspection Service	3,576	448
Drug Enforcement Admin.	2,946	463
U.S. Courts	2,777	120
U.S. Marshals Service	2,650	186
National Park Service	2,148	257
Alcohol, Tobacco & Firearms	1,869	164
Fish and Wildlife	869	55
Fed. Protective Service	643	68
U.S. Forest Service	619	133

For further details regarding federal law enforcement personnel statistics, refer to the DOJ website at <http://www.ojp.usdoj.gov/bjs/abstract/fleo96.htm>.

MILLENDER-MCDONALD AND HORN HOST TELEMEDICINE DEMONSTRATION

On Wednesday, Members of Congress were shown how the combination of communications and medical technology holds promise for boosting health care diagnosis and treatment in urban and rural areas. The demonstration, hosted by Reps. Juanita Millender-McDonald (Carson) and Stephen Horn (Long Beach) and organized by the Los Angeles Community Development Commission, featured a doctor in Washington D.C. performing an ophthalmic examination of a patient in Southern California via an internet connection. Originally devised to improve medical care in rural areas, telemedicine and teleophthalmology may be used to treat patients in medically underserved urban areas as well. According to a letter from the California members, telemedicine "can be used in home health care to monitor medications, blood pressure and for more serious conditions, such as diabetes, and it can be used for care in the areas of pediatrics, prenatal care, cardiology, depression and dermatology.

STUDY FINDS AFFORDABLE HOUSING GAP GREATEST IN CALIFORNIA METRO AREAS

California led the nation in the shortage of affordable housing for low-income renters in 1995, according to a study released this week by the Center on Budget and Policy Priorities. The study found there are about two low-income renters for every low-cost rental unit nationwide. Anaheim-Santa Ana and Los Angeles County led all metropolitan areas in the highest ratio, 4:1, of low-income renters to low-cost rental units. San Jose (3.4:1), Sacramento (3.3:1), and Riverside-San Bernardino (3.1:1) rounded out the top five metropolitan areas with the largest gaps in affordable housing surveyed between 1990-96. San Diego (2.7:1) and San Francisco-Oakland (2.8:1) also beat the national average of 2.0:1 when surveyed during that time period.

The study, "In Search of Shelter: The Growing Shortage of Affordable Rental Housing," found the number of low-cost rental units in the nation decreased by 100,000, but the number of low-income renters rose 900,000 between 1991-95. The decline in the early 1990s, the study says, is part of a 25 year trend in which the gap in affordable housing for low-income households has increased to 4.4 million units nationwide.

The Western region had the largest shortfall of affordable housing because of high private market housing costs and a relatively smaller supply of government housing assistance, the study said. Based on the Census Bureau's 1995 American Housing Survey, 26% of poor renters in the West received government housing assistance, compared to 34% in the South, 40% in the Northwest, and 44% in the Northeast.

For a copy the Center's study, visit their website at <http://www.cbpp.org/615hous.pdf>. (Note: the study is a 61 page PDF file.)

IF A NATION, L.A. AREA WOULD BE WORLD'S 11TH LARGEST ECONOMY

The five-county Los Angeles region became the 11th largest economy in the world in 1997, surpassing South Korea, according to Los Angeles Economic Development Corporation (LAEDC). Los Angeles County also rose in rank, out-pacing Switzerland and Belgium to place 18th. The United States tops the world with its \$8 trillion gross product in 1997; California's \$1 trillion gross product maintains 7th place. The list ranks the world's 21 nations with gross products exceeding US\$200 billion; LAEDC estimates where California, the 5-county LA area, and Los Angeles county would rank if they were separate nations.

LAEDC announced its findings in its weekly newsletter. According to LAEDC, most of the changes in rankings came from exchange rate fluctuations, but the LAEDC says it expects changes in 1998 to reflect more differences in real economic growth. If you'd like a copy of the rankings, please visit the LAEDC's web site at: http://www.laedc.org/stat_gdp-comp.html

CALIFORNIA STATE SOCIETY ANNUAL PICNIC SET FOR JUNE 27 IN ALEXANDRIA

The annual California State Society picnic will be held on Saturday, June 27, from 11:00 a.m. to 4:00 p.m. in Jones Point Park in Alexandria, VA. The park is on the Potomac River adjacent to the Woodrow Wilson Bridge. This year, entitled "Fiesta California", the event will feature a variety of food and refreshments, live mariachi music, a volleyball tournament, kids games and a charitable raffle. Tickets in advance cost \$10 for state society members and \$15 for non-members (\$20 at the event). Group discounts are available for federal offices. For ticket information, contact Michele Lee at 202-416-5151 or <mailto:mlee@akingump.com>.