

LACN GOVERNMENT AFFAIRS REPORT

Lumber Association of California & Nevada

177 Parkshore Drive, Folsom CA 95630 Telephone 916/235-7490 Fax 916/235-7496

Website www.lumberassociation.org

June 25, 2010

Update on legislative and regulatory actions in California and on the federal level

□ **California AB 2163:** This piece of legislation is offering technical amendments to clarify the intent of AB 1066 which was signed into law in 2009. That bill benefited the woods products industry by extending the effective period of a timber harvesting plan (THP) from three years to five. AB 2163 passed the Assembly Natural Resources Committee on a 9-0 vote and is set for hearing next week in the Senate Natural Resources & Water Committee. LACN, along with many other organizations, is a supported of this legislation which, if not passed, will adversely impact the availability of lumber and other wood products. The CA Forestry Association notes that unless passed, at least 50 timber harvesting plans would not be extended, with a cost of \$2 million for landowners to develop new plans, and \$5 million cost to the state – or more correctly, taxpayers – to review the plans. Meanwhile the weak market for wood products, all the way from the logging, mills, wholesalers and retail lumber dealers, continues. Both AB 1066 and AB 2163 are sponsored by Assemblymember Tony Mendoza (D-Artesia). Opposition, delaying tactics and misinformation comes from a variety of radical groups.

□ **California SB 928:** This would prohibit the manufacture, sale or distribution of a designated consumer product (air care, automotive, cleaning, and polish/floor maintenance) unless the manufacturer discloses each ingredient contained in the product. Such disclosure would be provided on the manufacturer's website with a link to the website on the product label. It would undoubtedly cover products sold in the lumber and building materials industry. Badly written, the bill fails to consider compliance, it may expose you to third party lawsuits, and it does not consider trade secrets. The bill was introduced by Sen. Joe Simitian (D-Palo Alto). This bill will have many opponents, including Cal Chamber, Manufacturers Association, automotive, food processors and many more. This legislation is part of the "Thursday Group" bill list, this report's next item.

□ **The "Thursday Group Bill List" :** LACN is part of a wide-ranging group of leading California associations in a coalition committed to protecting public policies that strike a reasonable balance between economic growth and environmental protection. The Thursday Group has met for many years with the goal of environmental protection while leaving the state's businesses flexibility to implement innovative, cost-effective solutions that ensure a healthy business climate. The group presents a list of bills opposed to state legislators each year urging their defeat and noting the range of participation in this coalition. While there are individual bills that may not be of specific interest to some segments of California business, all are legislation that hurts the business climate, which in turn, affects us all.

The Thursday Group Bill List is attached above.

□ **California Ballot Issues:** June 24 was the last day for the Secretary of State to determine if an initiative qualifies for the November ballot. Any initiative qualifying after that date appears on a subsequent statewide ballot. Under normal circumstances, June 2012.

As noted in previous LACN Memos, the "California Jobs Initiative" which would Suspend AB 32 until California's unemployment rate drops to 5.5 percent or less for four consecutive quarters, will be on the November ballot. The state unemployment rate in May was 12.4 percent. Advocates urge that California

focus on creating jobs and improving the economy, not implementing expensive regulations that will create more bureaucracy and burden businesses already struggling to keep their doors open in this economy. Businesses and consumers will be greatly harmed by these additional costly regulations, which will result in fewer jobs and higher costs that are passed onto consumers. While protecting the environment is important, one of the reasonable approaches is to delay the implementation of AB 32 until California's economy has recovered. AB 32 will do serious harm to our state's economy without having any measurable impact on global warming.

On the final day, an initiative backed by the California Teachers Association to repeal three tax breaks approved as part of the 2009 budget qualified as did a measure lowering the approval needed for a budget from two-thirds to simple majority, one to eliminate the 14-member redistricting commission approved by voters in November 2008 and another initiative sponsored by the state Chamber of Commerce increasing the vote required for "levies and charges" to two-thirds. That brings the number of initiatives on the November ballot to nine – several of them on hot-button topics that likely will affect turnout. By repealing the tax breaks, the CTA's measure would put \$1.7 billion into state coffers in the fiscal year beginning July 1, 2011. Under the funding formulas of Proposition 98, approved by voters in 1988, public schools receive at least 40 cents of every \$1 put into the state's general fund. Specifically, the initiative would prevent businesses from applying operating losses to prior tax years and truncate the number of future tax years those losses could be applied to.

Two tax breaks that have yet to go into effect would also be repealed.

One would have allowed affiliated corporations to share tax credits. The other, of primary benefit to Silicon Valley companies and companies doing business in multiple states, would let businesses calculate their California taxes based on in-state sales rather than a combination of property, payroll and sales income. Republicans insisted on passage of the three to secure their votes for the 2009 budget. They also object to efforts by Democrats in current budget negotiations to postpone implementation of the two for two years.

The initiative lowering budget approval to a majority still leaves two-thirds requirement for tax increases and requires lawmakers to forfeit salary and expenses for every day past June 15 they have not passed a budget.

Increasing the vote needed to pass fees to two-thirds is an attempt to halt the practice of the Democratic majority Legislature of imposing fees as revenue sources. Fees currently don't require a two-thirds vote and can't be blocked by the GOP minority.

Also qualified for the ballot:

Legalization and Taxation of Marijuana. Individuals would be free to grow for personal consumption in a five-foot by five-foot plot. Local governments could tax and regulate sales of marijuana to persons over 21 years of age.

Redistricting of Congressional Seats. Takes authority for redrawing district lines from the hands of representatives and vests in an already created 14-member citizen's commission. The commission is comprised of five Democrats, five Republicans and four voters registered with neither party. Any newly drawn lines would need to be approved by three Democrats, three Republicans and three unaffiliated members.

Ban the State from Taking Funds for Local Transportation and Services. Sponsored chiefly by the League of California Cities, this measure would also prohibit the state from delaying the distribution of tax revenues to local governments even if the governor declares a state fiscal emergency, which is a power the state currently has.

Impose an \$18 surcharge on Vehicle License Fees to Support State Parks. This initiative is very similar to a Democratic budget proposal in 2009 rejected by Gov. Arnold Schwarzenegger and Republican lawmakers. In return, Californians would receive free park admission. Commercial vehicles, trailers and trailer coaches are exempt

[Safe, Clean, and Reliable Drinking Water Supply Act of 2010](#). This \$11.4 billion bond act was placed on the ballot by the Legislature and is strongly backed by the GOP governor

On the federal level, two members of Congress, Rep. Kurt Schrader (D-OR) and Rep. Bob Goodlatte (R-VA) have sent a “Dear Colleague” letter to other members of Congress expressing their concern of the treatment of wood products in the US Green Building Council’s LEED standards. Concern centers over limits on wood certification credits, and urges expansion of credible certification systems. **Their letter is attached above.**

LACN is always seeking members to be part of the LACN Government Affairs Council, which reviews pending legislation and other governmental actions –including regulatory agencies and local agencies as appropriate. LACN also operates **LACN PAC**, a state-reporting political action committee that contributes to industry-friendly state candidates and issue campaigns. Call LACN Executive Director Ken Dunham at 800-266-4344 or e-mail kend@lumberassociation.org for more information. You may also contact LACN Government Affairs Chair Augie Venezia (Fairfax Lumber) at 415/453-4410 or Augie@fairfaxlumber.com.