

# Memorandum

**To:** ISO Board of Governors  
**From:** Mary McDonald, Director of State Affairs  
Terri Moreland, Director of Federal Affairs  
**Date:** January 18, 2007  
**Re:** *Status of State and Federal Legislative Matters*

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*This memorandum does not require Board action.*

## State Legislative Report

The General Election brought many changes to the Legislature and statewide offices. Democrats were successful across the board, winning seven out of nine statewide races this year, keeping forty-eight seats in the Assembly and twenty-five seats in the Senate.

Assemblyman Mike Villines (Clovis) was recently elected as the Republican Minority Leader in the Assembly for the 2007/2008 Legislative Session, replacing Assemblyman George Plescia. Senator Christine Kehoe (D, San Diego) was appointed Chair of Senate Committee on Energy, Utilities and Communications, and Assemblyman Lloyd Levine (D, Van Nuys) remains Chair of Assembly Committee on Utilities and Commerce. Membership of both committees will not likely be announced until the end of January.

The only legislative committee to announce its members is the Senate Committee on Rules. Senator Roy Ashburn (R – Bakersfield) was selected as the new vice chair of the committee, replacing Senator Jim Battin. Replacing Senators Debra Bowen (termed out) and Senator Jim Battin are Senators Alex Padilla (D – Pacoima) and Bob Dutton (R – Rancho Cucamonga).

The 2007-2008 regular legislative session convened on December 4, 2006. This was more of a celebratory day designed to welcome new legislators to the Capitol. Legislators returned to the Capitol on Wednesday, January 3, 2007, marking the first day that they could introduce legislation.

## Administration Update

The Administration has made some significant changes in high-level staff positions. Chris Kahn was appointed as Legislative Secretary and Deputy Chief of Staff. Chris formally served as partner of Sloat Higgins Jensen and Associates, a governmental advocacy and consulting firm. He also served as Chief of Staff to the California State Assembly Republican Caucus and as Chief Deputy Legislative Secretary for Governor Pete Wilson. Dennis Albiani left his post as Deputy Legislative Secretary to work for California Advocates, a governmental advocacy and consulting firm. His replacement has not been announced.

Dan Dunmoyer has been appointed Cabinet Secretary and Deputy Chief of Staff. Dan formally was President and CEO of the Personal Insurance Federation of California (PIFC). Brian Prusnek continues in his role as Deputy Cabinet Secretary.

The Governor's State of the State Address is scheduled for Tuesday, January 9<sup>th</sup>. The state budget will be released on Wednesday, January 10<sup>th</sup>.

## **Federal Legislative Report**

The 110<sup>th</sup> Congress convened at noon on January 4, 2007, with Democrats assuming the majority in the House by a margin of 233 to 202 and in the Senate by 51 to 49 (the two Independent Senators will caucus with the Democrats). The Senate margin is effectively even slimmer because South Dakota Democrat Tim Johnson is still recuperating from surgery. Despite their November victory at the polls, the new Democratic majority will face the same challenges as their Republican predecessors, since their votes alone are insufficient to override presidential vetoes or avoid Senate filibusters.

### **Priorities: Ethics, Energy, Environment and Oversight**

The new Democratic leadership has called for a 7-week initial work period to focus on its most pressing priorities. The first order of business for both chambers is ethics reform legislation. Within hours after convening, the House passed -- by a margin of 430 to 1 -- an ethics reform measure that included a broad ban on lobbyist-provided meals, gifts, trips and other items with monetary value for any Member of Congress or congressional staff. The Senate is expected to quickly take up some form of ethics reform bill as well.

Energy and Environment are also among the top issues outlined by Democratic leadership. In the House, new Speaker Nancy Pelosi (D-8<sup>th</sup> - San Francisco) has included in her "First 100 Hours" plan a proposal to roll back oil industry tax breaks and royalties, with the resulting savings of as much as \$16 billion annually to be devoted to development of an "alternative energy reserve" for renewable energy and energy efficiency projects. A vote on this proposal could happen as early as January 18. In the Senate, incoming Finance Committee Chairman Max Baucus (D-MT) is expected to proceed more slowly, beginning with hearings to evaluate the economic impacts of such legislation.

The additional energy and environmental priorities of the Democrats will likely be taken up following the initial 7-week work period. On January 4, New Senate Majority Leader Harry Reid (D-NV) introduced placeholder legislation, S. 6 ("The National Energy and Environmental Security Act of 2007"), calling for reduction of greenhouse gas emissions, increased diversity of energy supplies, lower energy prices for consumers, elimination of tax breaks for "big oil," and prevention of energy market manipulation and price gouging. In a floor speech in support of S. 6, new Senate Energy and Natural Resources Committee Chairman Jeff Bingaman (D-NM) said that Senate energy policy efforts are likely to be contained in several smaller bills rather than an omnibus package. Bingaman is currently circulating draft global warming legislation to industry and environmental groups in hopes of developing compromise language that can overcome the crucial 60-vote threshold necessary to prevent a filibuster or override a possible veto. Bingaman and ranking member Pete Domenici (R-NM) have been working on this issue over the last year on a bipartisan basis. Senator Barbara Boxer, the incoming chair of the Environment and Public Works Committee, has promised to roll out a comprehensive series of hearings on global warming early in 2007, perhaps beginning in mid-January. She is expected to invite Governor Schwarzenegger to testify before the Senate on California's landmark global warming bill.

In addition to legislative initiatives, the new leadership is expected to focus increased attention on oversight and investigations. Significantly, the name of the House Government Reform Committee, which is now chaired by Congressman Henry Waxman (D-30<sup>th</sup> - Los Angeles), has been changed to the "Oversight and Government Reform Committee." Waxman has eliminated the Energy and Resources Subcommittee previously chaired by Congressman Darrell Issa (R-49<sup>th</sup> -- Vista), stating that these issues will now be handled at the full committee level. Waxman is expected to make climate change his number one issue. Congressman John Dingell (D-MI), who will chair the House Energy and Commerce Committee, is also expected to engage in significant oversight activities. Dingell has already announced that he will investigate the 2001 White House meetings on energy policy and federal implementation of the Energy Policy Act of 2005.

### **The California Congressional Delegation**

Californians reelected Senator Dianne Feinstein and 51 of the 52 Congressional incumbents running for another term. New California Congressman Jerry McNerney (D-11<sup>th</sup> district), who defeated incumbent Richard Pombo in the election, has been

named to the House Transportation and Infrastructure Committee. Congressman Kevin McCarthy (R-22<sup>nd</sup> district), elected to the seat of retiring Bill Thomas, has been named to the House Administration Committee. California members who will assume committee chairmanships include Senators Feinstein (Rules) and Boxer (Environment and Public Works) as well as Congressmen Bob Filner (Veterans' Affairs), George Miller (Education and Labor, renamed from Education and Workforce), Henry Waxman (Oversight and Government Reform), Tom Lantos (International Relations) and Congresswoman Juanita Millender-McDonald (House Administration).