

- Legislative Update

Summary

January 2008 update on federal and state legislation

Attachments

None

Detailed Report

Federal Legislative Update (as of 1/23/08)

Appropriations

Congressional hearings on the budget are expected to begin before the end of February and expected to be completed by the end of March. With Easter being so early this year, some appropriations hearing may carry over into April.

The 12 appropriations subcommittees should begin marking up and making their recommendations for FY 2009 in the late May-early June timeframe.

Chemical Security Act Revisions

On January 23, the House Homeland Security Subcommittee on Transportation and Infrastructure Security reported out a draft bill authored by Rep. Bennie Thompson (D-Mississippi) which proposed new requirements associated with the use of gaseous chlorine as it relates to water and wastewater treatment chemical storage protocols. Further action on this legislation is expected to be addressed at the House full committee level.

Farm Bill Revisions

On December 14, the Senate approved the \$283 billion Farm Bill reauthorization (H.R. 2419) that would renew important farmland conservation programs and offer new opportunities for water systems and agricultural producers to cooperate on water conservation projects. The legislation is expected to go to a House-Senate conference and should be acted on early this year.

Moab Tailings Clean-Up

Metropolitan continues to work toward an accelerated cleanup and remediation of the Moab Uranium Mill Tailings Site in Grand County, Utah consistent with the Department of Energy's optimum funding needs. The Department of Energy is currently developing a work plan for the completion of the project, with "methods" to be used for the movement of the tailings, the implementation of safeguards to protect the water quality of the Colorado River, and a timetable for the project.

Key Legislative Dates

January 29: House Natural Resources Subcommittee Hearing on CA Water Allocation Reductions

January 30: President's State of the Union Address

February 4: President's 09 Budget delivered to Congress

State Legislative Update (as of 1/23/08)

State Budget

The state budget crisis is anticipated to overshadow any other aspect of business and priorities within the State Capitol this year. Last fall, the Legislative Analyst's Office estimated the state would face a \$10 billion shortfall in the current and budget year which has since ballooned to more than \$14 billion – as outlined by Governor Schwarzenegger in his State-of-the-State address. In response, the Governor has requested each state agency and

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department to propose 10% across-the-board cuts. Pursuant to the provisions of Proposition 58, approved by the voters in 2004, the Governor declared a fiscal emergency which triggers a special session for the Legislature to pass legislation addressing the shortfall in 45 days.

All options for addressing the gap between revenues and expenditures are on the table, including the suspension of Proposition 98 (the voter-approved K-14 education funding guarantee) and suspension of Proposition 1A (the voter-approved measure that protects local revenues from raids by the state).

The legislative leadership has already articulated concerns to the Governor's spending plan ... the Senate and Assembly Republicans are not willing to support tax increases and believe it is prudent to establish a spending plan within available means. The Assembly Speaker, however, proposes altering the two-thirds voting requirement for budget approval to a simple majority in approving the budget. The Senate Democratic leadership is concerned about the impacts the 10% across-the-board cuts will have on programs for the poor and elderly.

The Legislative Analyst Office (LAO) has released its preliminary assessment of the Governor's proposed 2008/09 budget, and while acknowledging the Governor's aggressive fiscal agenda, the LAO proposes that the Governor prioritize important programs and thoroughly assess reduction mechanisms to ensure efficient applicability.

Water Bonds

The state's fiscal crisis has drained a certain degree of energy and expediency in crafting a comprehensive water bond for 2008. Assembly Republican Leader Mike Villines stated that there is little opportunity for a bond to be considered or voted upon in time to make the November ballot as the budget should be the Legislature's first priority, although his caucus will remain at the negotiating table. Senator Don Perata concurred on Villines' assessment but expressed a desire to continue negotiations once the Legislature has a plan for responding to the deficit.

Senator Don Perata did move his bill, SB 1XX (Perata), a special session measure that appropriates existing bond funds for critical water infrastructure investments. The bill passed the Senate on January 7 on a vote of 23-11 and moves to the Assembly for consideration.

Key Legislative Dates

- January 7: Legislature reconvened for second year of 2007/08 legislative session
- January 8: Governor delivered his State-of-the-State address to both houses of the Legislature and assembled Constitutional officers
- January 10: Governor released his 2008/09 proposed state budget and declared fiscal state of emergency to launch special session to address budget crisis now rather than waiting for budget negotiations for next fiscal year. This declaration is NOT the declaration required under Proposition 1A
- January 25: All new legislative proposals must be submitted to Legislative Counsel for drafting purposes
- January 31: Last day for each house to pass bills introduced in own house during 2007
- February 5: Special election
- February 22: Last day to introduce new legislation in 2008