



SACRAMENTO UPDATE

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SPECIAL ELECTION AGENDA DOMINATES SACRAMENTO



The Legislature returned to the Capitol from its “summer recess” on August 15, but nearly all insider discussion focused on the November special election. Various issues—considered by some as “sacred cows”—will be considered by voters. At the heart of several propositions are the driving forces in today’s politics: *VOTES* and *MONEY*.

Proposition 75 (which would require the annual consent of public employee union members before their dues could be spent on political campaigns), **Proposition 77** (which changes the way districts are drawn in California by taking it out of the hands of the Legislature), and **Proposition 76** (which would change the amount of money government spends by tying it to revenues) are all major issues.

There still remains plenty of legislative battles to keep CMC’s lobbyists busy. But compared to previous years, there is a decline in the number of far reaching bills remaining in the Legislature.

One could conclude that the Democrat-controlled Legislature has slowed its record bill-writing pace because of a Republican governor’s veto. **But the true driver has been Arnold’s ability to attack the most guarded aspects of his opposition through ballot issues.** It’s kept most Democrats and their fundraisers consistently on the defense.

The Legislature has until September 9th to pass or defeat all bills, but it’s likely to come and go without the traditional partisan stand-off or emotional tirades. The medium for big-time political wrangling—*television*—will be the battlefield of choice come mid-September.



Metalworking facilities should not discount the importance of the special election. Several propositions could drastically shake-up our political landscape. Expect those that oppose Schwarzenegger to attack his leadership rather than his ballot issues. And expect Arnold’s supporters to stick close to the issues rather than have the movie star governor appear in every commercial or ad. Based on the outcome of the November special election, the “Year of Reform” could become the “Decade of Schwarzenegger.”

Major Property Tax Initiative Threatened June 2006 Primary

The **California Teachers Association** has gathered nearly 1 million signatures to qualify the 'split roll' property tax measure for the June 2006 primary ballot. The \$2 million-plus effort sought to hike commercial property taxes to fund education. This initiative would have **instantly raised property taxes by billions of dollars by immediately reassessing property values for small businesses, as well as commercial and industrial property owners.**

The so-called "California Tax Fairness Act," backed by the teachers union and the California Correctional Peace Officers Association, would have rolled back protections under Proposition 13—the 1978 property tax limitation measure—for commercial property owners. The initiative would have required annual assessments for commercial properties, triggering **significant increases in your property taxes.**

But the threat of the November 2005 ballot forced public union employee groups to **abandon this tax-ballot issue.** Both employee groups are already financially stretched by the November special election.



CMC has supported Governor Schwarzenegger and the November special election since it was called in March. The metalworking industry can greatly gain from several of the initiatives. Moreover, it strategically gives ammunition to further our cause or as a bargaining tool against new initiatives such as the "California Tax Fairness Act."

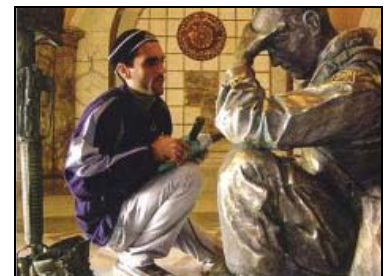
With your ongoing support, CMC and its lobbyists will continue to work to improve the landscape of California.



SCULPTOR TRANSFORMS FALLEN SADDAM STATUES INTO U.S. ARMY MEMORIAL

It is well known that metalworking facilities take recycled metal, scrap or rolls and transform it into something new. But rarely does the process include objects with such deep emotions and meaning.

Recently, an Iraqi sculptor was asked to cast the figure of a forlorn soldier kneeling down to mourn before an empty helmet, boots, and rifle. At the side of the soldier is a small girl giving comfort. **Khalid Alussy** (*pictured at right*) chose the most compelling "scrap" to cast this memorial. Three fallen Saddam Hussein statues were melted down and cast into this moving tribute.



The project was spearheaded by the **U.S. Army's 4th Infantry Division**, which was stationed in Tikrit, Iraq—Hussein's hometown.

The statues were originally installed in an entrance-way inside the 4th Infantry's headquarters in Tikrit. It was later moved to the Division's home base at Fort Hood, Texas (*shown at left*). As it was given new life, few words can describe the power and symbolism behind this beautiful and unique metal casting.

2005 LEGISLATIVE REVIEW

Bills Currently in the Legislature that Impact Metalworking Businesses

Bill Number, Proposition or Regulation	SYNOPSIS	IMPACT
AB 48 <i>Pending</i>	<p>Legislation would increase minimum wage to \$7.25 in 2006 and \$7.75 in 2007. Bill is still active.</p> <p>In the past, <u>higher wages usually escalate as well.</u> <i>Oppose.</i></p>	<p>Would increase payroll \$1,040 per minimum wage employee in 2006 and \$2,080 in 2007</p>
AB 528 <i>Defeated</i>	<p>Bill would authorize any person to commence a civil action against any other person to enforce laws (ex: reg's permits, orders) that protect or enhance public health or the environment. <i>Oppose.</i></p>	<p>Frivolous lawsuit settlements average \$20,000, and additional to defend.</p>
AB 1549 <i>Pending</i>	<p>For Workers' Comp: Permits acupuncturists meeting certain requirements to be appointed by the Administrative Director as qualified medical evaluators. Also permit psychologists, dentists, and other specific practices to be Independent Medical reviewers within their field of expertise. <i>Oppose.</i></p>	<p>CMC fought for specific doctor requirements for medical review in workers' comp. This would reverse many cost saving elements.</p>
AB 1430 <i>Defeated</i>	<p>Would prohibit the use of air emission credits in low-income communities or communities with high minority populations. <i>Oppose.</i></p>	<p>Would greatly prohibit growth potential, average \$10,000/year loss.</p>
AB 391 <i>Pending</i>	<p>Allow workers locked-out of work during a labor dispute to collect unemployment insurance. <i>Oppose.</i></p>	<p>Would impact overall negotiations and prolong disputes.</p>
AB 815 <i>Pending</i>	<p>Requires the Department of Health Services to prepare permissible exposure limits for any hazardous substances in which there is a quantitative risk assessment prepared or published by the Office of Environmental Health Hazard Assessment. <i>Oppose.</i></p>	<p>Would greatly expand the powers of OEHHA and circumvent certain processes established as checks-and-balances..</p>
AB 1580 AB 80 (similar) <i>Pending</i>	<p>10 year exemption for qualified taxpayers from the state portion (5 cents per dollar) of the sales tax on new purchases of qualified manufacturing and telecommunications equipment. <i>Support.</i></p>	<p>Depending on the cost of the equipment, would save facility tax cost.</p>

2005 LEGISLATIVE REVIEW

Bills Currently in the Legislature that Impact Metalworking Businesses

Bill Number, Proposition or Regulation	SYNOPSIS	IMPACT
AB 1654 <i>Pending</i>	Requires a state agency that accepts bids or proposals for contracts to provide a credit of 5% of the bid price to a business that directly provides the goods or services. <i>Support.</i>	Would not alter the bidding process, but would be a credit for companies who qualify.
AB 1704 <i>Pending</i>	Requires the PUC to prepare and implement a plan to streamline permitting and siting of transmission lines, including cost-effective construction or expansion. <i>Support.</i>	Expected to reduce potential blackouts and facilitate new power plants.
SB 641 <i>Pending</i>	Lifts the suspension of Direct Access on or before January 1, 2007, and provides the right for facilities to enter into independent power agreements. Dependent on the creation of a core/non-core electricity structure. <i>Support.</i>	Expected to facilitate competition in energy market and restore goals of deregulation.
SB 109 <i>Pending</i>	Extends the sunset clause to January 1, 2012, allowing the state resources board to classify certain air violations as minor. But would also permit serious violations to be charged as criminal <i>and</i> civil prosecution. <i>Oppose.</i>	Doubles the impact of serious violations. Current law is criminal <i>or</i> civil prosecution.
SB 729 <i>Pending</i>	Numeric limits would be imposed on stormwater permit holders. Strict liability for violators would be imposed regardless of whether water quality was threatened or if the violation could have been reasonably avoided. <i>Oppose.</i>	Estimated average cost \$3,000—\$5,000 annual cost increases due to sampling scrutiny and potential litigation.
SB 870 <i>Pending</i>	Legislative intent for mandatory minimum penalties in cases of serious and chronic stationary source violation. It also allows community-based air pollution control programs to receive moneys from fines levied against those violators. <i>Oppose.</i>	Penalties and potential lawsuits could easily exceed \$10,000/year.
AB 1310 <i>Pending</i>	Forbids an employer to offer cash or any other thing of value to an employee in return for that employee's voluntary resignation from employment unless the employer provides specific disclosures for accepting this offer. <i>Oppose.</i>	Additional burden on employer, as well as \$100/day fine for time between the offer date and employer disclosure.

FUEL CELL ELECTRICITY CO-GENERATION PROJECT ESTABLISHED FOR METAL SMELTING FACILITY

In 2000, CMC's lobbyists (James and Fred Simonelli) spearheaded a blue-ribbon committee to explore potential options for metalworking facilities battling California's energy crisis. With supplies short, and prices escalating, one of the projects set forth by the committee was to establish an on-site electricity co-generation project. More specifically, the committee sought to tackle the challenge using an emerging, ultra-clean technology: *fuel cells*. Fuel cells are highly efficient, and are so clean that they do not require an air permit.

CMC's lobbyists helped secure over \$1 million in state (PUC) and local government (SCAQMD) funding to establish this project. **Two 250 kilowatt fuel cells** (manufactured by **FuelCell Energy**) will be sited at CMC-member **TST, Inc.** in Fontana. CMC-member **Otto H. Rosentreter** will conduct the installation of the units, which will operate parallel to the grid and have waste heat captured for reuse. **Alliance Power Inc.** is the project lead and established the power purchase agreement for TST, Inc.



We are currently preparing the site and expect the fuel cell units to arrive and go on-line in early 2006. This newsletter, and separate mailings, will keep you posted. Also, updated information will be posted at CMC's sister web site: www.foundryccma.org/fuelcell.html.

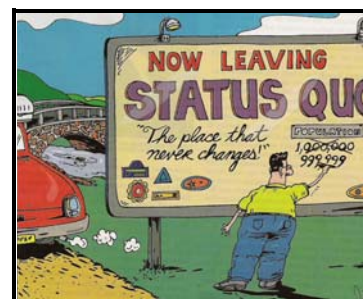
Money vs. Votes Redistricting Looks to Level the Playing Field

In past decades, garnering votes were as powerful—or more powerful—than raising money. Lobbyists and individual companies could rely on the threat of swaying or rallying the voters as a way to put pressure on the elected official.

But with the gerrymandering of safe districts, elected Senators and Assemblymembers *are choosing their voters long before the election even begins*. Demographics has become a well-tuned science that allows the elected official to pre-determine the expected outcome of the election. This makes the politician less concerned about votes and more concerned about fundraising.

CASE IN POINT: Of the 153 California congressional and state legislative races in November 2004, **not a single seat changed parties**. When there is no competition between the political parties, the public loses because legislators, who don't have to compete for votes, don't have to stay accountable to the people. CMC wants to change this status quo for the 2006 election.

CMC has been heavily active in all levels of **Proposition 77**—the redistricting ballot issue. Prop 77 would take the drawing of district lines out of the hands of the Legislature and have that duty handled by a panel of judges. CMC encourages its members to be involved in educating colleagues about this ballot item and, when necessary, raising money to fund the outreach campaign.



In the meantime, the status quo in Sacramento will lean heavily towards fundraising and less towards the true heart of Democracy: *voters*.