



LEGISLATIVE SNAPSHOT

BOB FALCONER

Executive Vice President
rfalconer@cangc.org

JACK WICK

Regulatory Consultant
jackwick@cangc.org

ADDRESS

3947 Lennane Drive
Suite 150
Sacramento, CA
95834-1973

PHONE

800/748.6214
916/928.3900

FAX

916/567.0505

EMAIL

association@cangc.org

WEBSITE

www.cangc.org

UPCOMING EVENTS

October 21-23
**Western Expo Events
Trade Show, Golf Tournament,
Reception, and Seminars**
Las Vegas, Nevada
Registration Now Open
for all events

LEGISLATIVE YEAR ENDS WITH KEY VOTES

With the end of the legislative year came the usual last minute end runs, jams and bombs dropped. September 12 marked the last day of this year's session, and the halls were jammed with lobbyists waiting hours for bills of interest to come up for vote.

Of particular importance to the nursery industry and all business were the workers' compensation reform bills to be heard. At the start of the week, there were about 20 bills in the two-house workers' compensation conference committee. Shortly before the deadline for bills to clear conference committees, two bills were amended and voted on, which sent them to the floors of the legislature. Republicans abstained from voting, citing the lack of sufficient time to adequately analyze the measures for content

The **workers' compensation bills**, which were sent to the floors of both the Senate and Assembly in the form of **SB 228 (Alarcon)** and **AB 227 (Vargas)**, were reported to contain one-time savings of \$5.3 billion and on-going savings of between \$4.8 and \$5 billion through the implementation of fee schedules and medical utilization. On essentially party line votes, with democrats voting for and republicans voting against, the bills were sent to the governor's desk. Republicans' arguments against the bills stated the lack of adequate analysis by the Workers' Compensation Rating Service, and reports state that some insurance industry leaders were skeptical that the reforms would add up to the estimated savings.

Another key bill was **SB 534 (Romero)** that would put severe restrictions on the **practice of hand weeding crops**. As reported previously in the Legislative Snapshot, CANGC has been participating in an advisory committee at Cal OSHA pursuant to a petition filed by labor groups to halt hand weeding. The introduction of the legislation was used as leverage in the Cal OSHA process and ultimately advanced in the last weeks of the legislative session. CANGC and our allied partners were successful in stopping the legislation on the last night of the session as the bill only received 29 of the 41 required votes necessary for passage. A key factor for the low number of votes it received was the opposition by organic growers. SB 534 is eligible to be brought back next year however.

AB 923 (Firebaugh) was also stopped on the last day of the legislative year. AB 923 would rescind the partial **sales tax exemption** on agriculture machinery and fuel in order to pay for tax credits for growers to provide health insurance to their workers. Originally, any grower providing health insurance would be eligible for the tax credit. However, when it was discovered that the real beneficiary of the program would be large corporate growers that already provide insurance, the bill was amended to include a means

test that allowed growers with gross sales of \$250,000.00 or less to be eligible.

The means test amendment essentially meant that virtually no additional farm workers would be covered, as growers that grow \$250,000 or less a year hire very few if any employees. In addition, a grower that would qualify under the means test would have to pay the health insurance premium, over what the tax credit provided. At the same time, his or her costs would increase due to the loss of the sales tax exemption. The only rationale for this bill was a political win for the unions sponsoring the bill.

SB 2 (Burton) establishes a **"play or pay" health care system** that requires employers to either cover 80 percent of their employees health care costs or pay into a state run health care plan. By 2006, employers with 200 or more employees would have to cover their workers and their dependents. By 2007, employers with 50 to 199 employees would have to insure their employees. The bill currently exempts employers with fewer than 50 employees however; those with 20 to 49 employees would be required to provide insurance to employees if the legislature creates a tax credit for them in the future.

The California Chamber of Commerce believes the "fee" in the bill actually constitutes a tax and thus requires a two-thirds vote for passage. The bill passed on a party line simple majority vote. The Chamber also believes there are legal questions as to the jurisdiction of the issue and that SB 2 may be preempted under the federal Employee Retirement Income Security Act (ERISA).

LATE BREAKING NEWS

CANGC was recently informed that the California Department of Food and Agriculture (CDFA) will cease funding of the Red Imported Fire Ant (RIFA) program in 30 days. This is the fallout of agencies trying to live within the state budget that was passed. CDFA officials said that they would leave in place the interior quarantine and require nurseries to still follow the compliance agreements they have signed. This should allow nurseries to continue shipping out of state without added restrictions.

What would be cut, however, is the activity outside the nurseries such as public outreach, survey work and eradication projects on public and private property. Over time, the ant will spread and place more pest pressure on nurseries as well as private property, parks, golf courses, riparian areas etc.

It is not clear yet what, if any, change U.S. Department of Agriculture will make in the status of California. In the worst case scenario, the whole state may be quarantined and nurseries throughout the state would need to comply with RIFA shipping requirements. Stay tuned.