

GOVERNMENT AFFAIRS WATCHDOG

GREEN CHEMISTRY INITIATIVE

Linda Adams, secretary for California Environmental Protection, directed the Department of Toxic Substances Control (DTSC) to lead a Green Chemistry Initiative. DTSC will lead Cal/EPA's departments to fundamentally change how the government and businesses work together to deal with waste before it's generated. This new approach is similar to measures adopted by the European Union and the Canadian government to encourage greater manufacturer responsibility.

For the last century, environmental protection has concentrated on capturing and storing hazardous waste. Green chemistry is now a fundamentally new approach to environmental protection, transitioning away from managing toxic chemicals at the end of the lifecycle, to reducing or eliminating their use altogether. "Our Cal/EPA team will be working in partnership with business and environmental groups on green chemistry for a healthier California," said Maureen Gorsen, the director of DTSC. "This initiative will provide a scientific basis and economic opportunity for environmentally safe products."

When implementing green chemistry, those designing consumer products and determining manufacturing processes consider health and the environmental effects of those products at the design phase. Green chemistry practitioners will design new products and processes that reduce or eliminate the use or generation of hazardous substances.

ENVIRONMENTAL FEE

Because of a change in tax law, you may be required to pay the state's annual environmental fee starting in 2008.

The environmental fee has been in effect since 1989 but, until this year, it applied only to corporations. Assembly Bill 1803, enacted last fall, expands the fee to also include general partnerships, limited partnerships, limited liability partnerships, limited liability companies, and sole proprietorships.

The change goes into effect for 2007, with the fee for the newly covered businesses due in February 2008.

Who owes the fee?

In general, businesses owe the environmental fee if they

- Use, generate, or store hazardous materials or conduct activities related to those materials, and
- Have 50 or more employees employed in this state more than 500 hours in a calendar year.

The Department of Toxic Substances Control (DTSC) determined that nearly all types of businesses use, generate, store, or conduct activities related to hazardous materials.

What does the fee do?

The fee provides funds for hazardous waste cleanup and pollution prevention programs administered by the DTSC. The State Board of Equalization is responsible for collecting the fee.

The Green Chemistry Initiative will provide recommendations for developing consistent means for evaluating risk, reducing exposure, encouraging less-toxic industrial processes, and identifying safer, non-chemical alternatives. Most importantly, the Green Chemistry Initiative will ensure a comprehensive and collaborative approach increasing the accountability and effectiveness of environmental programs across state government.

Increasing international attention on the health and environmental effects of toxic exposure in everyday products has led

to a variety of new laws. The European Union and the Canadian government adopted these measures to evaluate hazards and reduce exposure to toxic chemicals. This year the California Legislature is considering more than 40 bills aimed at controlling individual toxic chemicals or products.

DTSC Director Gorsen will manage the Green Chemistry Initiative in collaboration with other CalEPA departments and boards, as well as other state and federal government agencies, industry and stakeholders.



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STATE FUND TO REDUCE RATES

The California State Compensation Insurance Fund (State Fund) announced that it will reduce its rates by 11% on average effective July 1, 2007. The State Fund mailed in its filing prior to the commissioner's approval of a 14.2% cut.

The State Fund's 11% decrease is only slightly less than the 11.3% reduction recommended by the Workers' Compensation Insurance Rating Bureau. Insurance Commissioner Steve Poizner rejected this number as an overly conservative estimate of loss trends, but stated that he does not want to push the State Fund too much until he can look into the carrier's finances.

Thirteen insurers have filed for much larger decreases than the State Fund's and 17 companies have filed for smaller decreases or none at all.

POLITICS IS ABOUT PERCEPTION

State spending under Gov. Arnold Schwarzenegger has been growing faster than it did under former Gov. Gray Davis, who was ousted in a historic recall election driven mainly by a huge budget gap.

A recent article in the *San Diego Union-Tribune* indicated that the new state budget proposed by Schwarzenegger would spend \$103.8 billion in the general fund, which covers most programs. This is an increase of more than 30 percent since he took office—about the same percentage increase as that under Davis.

However, it took Davis five years to increase spending by about one-third. Schwarzenegger, who was elected in the fall 2003 recall, has done the same thing in four years.

General fund spending grew at an average annual rate of 6.26 percent under Davis and has increased to a rate of 6.9 percent under Schwarzenegger, in a recent statement by the Governor's Department of Finance.

HEALTH CARE RATES

The Foundation for Taxpayer and Consumer Rights, which is the consumer group that spearheaded the ballot battle to regulate auto, home and other property insurers in California two decades ago, is now targeting the health care industry. The group is sponsoring legislation (AB 1554—Dave Jones, D-Sacramento) to allow the state to set rates for medical coverage. The bill would require health plans and health insurers licensed by the California Department of Managed Health Care and the California Department of Insurance to submit annual proposed rate increases for prior approval.

AB 1554 cleared an Assembly committee last week but still faces long odds in the Capitol; for even if it clears the Democratic-controlled Legislature, Republican Gov. Arnold Schwarzenegger will likely veto it.

Supporters are also preparing to take their cause to the ballot — just as they did in 1988 when the Legislature declined to regulate auto and other property insurers, and voters approved Proposition 103. Supporters estimate the measure (which requires insurers to get prior rate approval from the state's insurance commissioner) has saved consumers billions of dollars while allowing insurers to make reasonable profits.

Supporters include the California Federation of Teachers, the California Employees Association, and Consumer Attorneys of California. Among opponents are the Association of California Life & Health Insurance Companies, Blue Cross of California and the California Chamber of Commerce.

CLEANUP SOLVENT SAGA CONTINUES

Each month we repeat the same message: the South Coast Air Quality Management District (SCAQMD) proposes to lower the VOC limit in roller and blanket wash to less than 100 grams per liter (.83 pounds per gallon) on January 1, 2008.

In discussions with the SCAQMD staff, we have been told that the proposed 100 grams per liter limit is nonnegotiable, since the SCAQMD consultant claims to have identified formulations that she believes clean printing presses. Moreover, staff would have to go back to the SCAQMD board by September to ask that the VOC limit be extended another time, a request that no staff person wants to make.

A number of printers are using (or testing) low-VOC solvents with some success. This makes it difficult to refute the SCAQMD contention that there are no low-VOC solvents that work.

This puts printers who have not looked into such solvents in a precarious position—a pending standard of lower VOC

solvents, but with no experience or identification of alternative solvents. These printers should not be waiting to see what happens, because whatever limit the SCAQMD decides upon, it is going to be considerably lower than the current limit.

MINIMUM WAGE INCREASE

The U.S. Congress approved the first increase in the federal minimum wage rate in a decade (\$2.10 over two years) as part of a larger supplemental spending bill (H.R. 2206).

The current \$5.15 an hour minimum wage will increase to \$5.85 an hour before the end of the summer, \$6.55 an hour next year, and by summer 2009, and all minimum-wage jobs will pay no less than \$7.25 an hour.

Where Federal and state law have different minimum wage rates, the higher standard applies. Thus, the increase doesn't affect California, where the current minimum rate is \$7.50 an hour and is scheduled to increase to \$8.00 on January 1, 2008.