



## State Legislative Year in Review 2005

### **Overview:**

Governor Arnold Schwarzenegger set the tone for the 2005 Legislative Year by calling for a special election to take his reform proposals to the electorate through the initiative process. This changed the dynamic of the legislature from the normal legislative process to one of strategic maneuvering surrounding the initiatives and competing special interests. Unfortunately, with the continuing budget deficit most bills were held in committee or vetoed by the Governor if they allocated funds or had a tax credit attached to them.

Given the current situation, BIOCOM focused its legislative strategy on building relationships in Sacramento and taking action on legislative efforts that impact our industry's ability to do business in California. We were successful in the execution of this strategy during the 2005 legislative year, out of 31 total positions taken at a priority level of three or higher BIOCOM was successful in 17 victories to oppose or chapter legislation.

The bills listed in this review reflect priority pieces of legislation for our industry that were assigned an action level of 3 or higher. Measures varying from writing letters in support or opposition, to making phone calls to legislators, and our lobbyists advocating in support or opposition were taken on behalf of these pieces of legislation.

### **Out of 31 total bills listed in this review:**

Total Supported: 8      6 pending      2 signed by Governor      0 vetoed by Governor  
*25% success rate in getting bills signed*

Total Opposed: 15      12 pending      0 signed by Governor      3 vetoed by Governor  
*100% success rate in opposing bills*

### **Basic Business**

AB 640 (Tran) Allows an employee with the consent of his or her employer to adopt an alternative workweek schedule providing for workdays up to 10 hours within a 40-hour workweek. **Support.** *Pending in Assembly Committee on Labor and Employment.*

AB 910 (Mullin) Establishes the Life Sciences Ombudsman Program in the Business, Transportation and Housing Agency to work with the life sciences industry to identify incentives provided by the state for life science companies, serve as a liaison between new and expanding companies and local agencies in connection with licensing and zoning issues, and provide guidance through the permitting process. **Support.** *Two year bill, pending in Assembly.*

AB 1508 (Salinas) Gives the State of California the sole authority to regulate the usage of seeds including genetically modified seeds. **Support.** *Pending in Senate Agriculture Committee.*

AB 1644 (De La Torre) Suspends the research and development tax credit for taxable years beginning on or after January 1, 2006, and before January 1, 2007. **Oppose.** *Pending in Assembly Revenue and Taxation Committee.*

AB 1700 (Pavley) Mandates a right of public access to confidential and proprietary information exchanged during litigation except under narrow circumstances. **Oppose.** *Pending in the Assembly.*

SB 1056 (Florez) Gives the State of California the sole authority to regulate the usage of seeds including genetically modified seeds. **Support.** *Pending in Assembly Agriculture Committee.*

### **Bioethics**

AB 72 (Frommer) Establishes the Patient Safety and Drug Review Transparency Act in order to assure that information regarding clinical trials of prescription drugs is available to the public physicians, and researchers. **Oppose.** *Pending in the Assembly Floor.*

AB 1428 (Levine) Prohibits the commercial sale and transfer of cloned or genetically modified pet animals in California. **Watch.** *Pending in Assembly Business and Professions Committee.*

SCA 13 (Ortiz) Proposes a constitutional amendment to modify provisions of Proposition 71 pertaining to conflicts of interest for appointees, employees, and working group members, open meetings, and intellectual property agreements. **Oppose.** *Pending in the Senate.*

### **Drug Marketing**

AB 95 (Koretz) Establishes a program that would require manufacturers of drugs for life-threatening chronic conditions that are on the list for Medi-Cal or the AIDS Drug Assistance Program to pay the Department of Health Services a rebate equal to the costs of marketing that drug and disclose to the department all marketing costs of the drug to California consumers and physicians. **Oppose.** *Pending in Assembly Appropriations Committee.*

AB 1187 (Wolk) Exempts medical devices from the Comprehensive Compliance Program established with the enactment of SB 1765 regarding marketing provisions. **Support.** *Pending in the Assembly Health Committee.*

SB 163 (Scott) Requires a pharmaceutical company that has state contracts to disclose the percentage of its national operating budget used for marketing purposes and the percentage used for research and development. **Oppose.** *Pending in Assembly Budget and Professions Committee.*

## **Environmental Health and Safety**

AB 815 (Lieber) Requires the Cal-OSHA Standards Board to adopt occupational safety and health standards for any hazardous substances for which there is a quantitative risk assessment prepared or published by the Office of Environmental Health Hazard Assessment. **Watch.** *Pending in Senate Appropriations Committee.*

AB 990 (Lieber) Establishes a mechanism for conditionally prohibiting starting January 1, 2007, the use or sale of several chemicals in the state. **Oppose.** *Pending in Assembly Appropriations Committee.*

AB 1546 (Hancock) Implements recommendations from the California Performance Review to consolidate all hazardous materials/hazardous waste functions into a single area of responsibility under the Department of Toxic Substances Control. **Oppose.** *Pending in Assembly Environmental Safety and Toxic Materials Committee.*

SB 600 (Ortiz) Establishes the Healthy Californians Biomonitoring Program to monitor the presence and concentration of designated chemicals in Californians. **Oppose.** *Vetoed by the Governor.*

SB 849 (Escutia) Establishes the Interagency Office of Environmental Health Tracking within the Department of Health Services to track and evaluate a variety of chronic diseases in relation to environmental exposures. **Watch.** *Pending in the Assembly Appropriations Committee.*

## **Healthcare**

AB 75 (Frommer) Establishes California Rx Plus, a patient assistance program, to offer a drug discount card to low-income Californians up to 400% of the federal poverty level to use for at least 15% discount on brand name drugs and 60% discount on generic drugs. **Oppose.** *Pending in Senate Health Committee.*

AB 522 (Plescia) Ensures limited access to automated drug delivery systems in skilled nursing facilities and intermediate care facilities, as well as prohibiting access to prescription drugs for erectile dysfunction under the Medi-Cal program for registered sex offenders. **Support.** *Signed by the Governor.*

AB 1674 (Richman) Establishes the Center for Quality Medicine to conduct research on various issues related to medical treatment data and develop evidence-based guidelines. **Oppose.** *Vetoed by the Governor.*

AB 1675 (Nation) Does not allow for drugs other than generic drugs to be included on the Medi-Cal contract drug list unless the product leads to a better patient outcome than achieved by the generic drug for the same condition. **Oppose.** *Pending in the Assembly Health Committee.*

SB 19 (Ortiz) Establishes California Rx, a patient assistance program, to provide discounted prescription drugs to California residents with family incomes below 300% of the federal poverty level and better access to existing free drug programs offered by drug manufacturers. **Support.** *Pending in the Senate Health Committee.*

SB 162 (Ortiz) Establishes a Department of Public Health within the Health and Human Services Agency, and transfers various responsibilities relating to public health, currently administered by the Department of Health Services to the new department. **Watch.** *Pending in the Senate Government Modernization, Efficiency, and Accountability Committee.*

SB 329 (Cedillo) Establishes the California Prescription Drug Safety & Effectiveness Commission within the Health and Human Services Agency, to be tasked with establishing a central repository of information on a drug's safety and effectiveness, dissemination of this information through an established website, and gathering information on drugs using systematically reviewed evidence-based research. **Oppose.** *Pending in Senate Health Committee.*

SB 452 (Alarcon) Requires Medi-Cal confidential contracts with manufacturers of drugs for discount prices and rebates, to be disclosed to the chairs of the health, human services or budget committees of the Legislature upon the request of the chairs. **Oppose.** *Pending in Senate Appropriations Committee.*

SB 708 (Speier) Requires the State Department of Health Services to develop a standard contract for private nonprofit hospitals whereby a hospital that elects to participate in the drug discount program established under federal law shall agree to provide charity care on a continuing basis. **Watch.** *Signed by the Governor.*

SB 798 (Simitian) Establishes a repository and distribution program for purposes of distributing surplus unused medications to persons in need of financial assistance to ensure access to necessary pharmaceutical therapies. **Support.** *Signed by the Governor.*

SB 840 (Kuehl) Makes all California residents eligible for specified health care benefits under the California Health Insurance System, which would, on a single payer basis negotiate for or set fees for health care services provided through the system and pay claims for those services. **Watch.** *Pending in Assembly Rules Committee.*

## **Importation**

AB 73 (Frommer) Requires the Department of Health Services to establish a web site on or before July 1, 2006 to facilitate the safe purchase of prescription drugs from foreign sources at reduced prices by California residents. **Oppose.** *Vetoed by the Governor.*

AB 74 (Gordon) Requires the Department of Health Services to establish the California Rx Prescription Drug Hotline, on or before July 1, 2006, to provide information to consumers and health care providers about options for obtaining prescription drugs at affordable prices. **Watch.** *Pending in Senate Health Committee.*

## Price Controls

AB 76 (Frommer) Establishes the Office of Pharmaceutical Purchasing with authority and duties to purchase prescription drugs for state agencies, including the Medi-Cal program through established formularies. **Neutral.** *Vetoed by the Governor.*

## Tax Incentives

AB 37 (Torrico) Authorizes various tax credits to encourage employers to create high paying jobs within California in exchange for tax credits that reduce the cost of doing business in California. **Watch.** *Pending in Assembly Revenue and Taxation Committee.*

AB 344 (Villines) Creates a state sales and use tax exemption for investment in manufacturing equipment, telecommunications equipment, research and development, and electrical generation activities **Support.** *Pending in Assembly Revenue and Taxation Committee.*

AB 845 (Ridley-Thomas) Creates a sales and use tax exemption and a personal income tax and corporation tax credit for investment in manufacturing equipment for taxable years beginning on or after January 1, 2006. **Support.** *Pending in Assembly Revenue and Taxation Committee.*

AB 995 (Canciamilla) Authorizes a tax credit for each taxable year beginning on or after January 1, 2006 and before January 1, 2011, in an amount equal to 50% of the amount paid or incurred during the taxable year for qualified employee health insurance expenses by a qualified small employer. **Support.** *Pending in Assembly Revenue and Taxation Committee.*

SB 552 (Alquist/Maldonado) Exempts from personal property taxation equipment used in certain manufacturing, including equipment used in pharmaceutical or biotechnology fabrication or research and development clean rooms. **Support.** *Pending in Senate Revenue and Taxation Committee.*

## Transportation

ACA 4 (Plescia) Removes provisions authorizing the Governor and the Legislature to suspend the transfer of revenues from the General Fund to the Transportation Investment Fund for a fiscal year during a fiscal emergency. **Support.** *Pending in Assembly Transportation Committee.*

AB 1007 (Pavley) Requires the development of recommendations for a state plan to increase the use of alternative transportation fuels. **Watch.** *Signed by the Governor.*

SB 757 (Kehoe) Requires state agencies to reduce the growth of petroleum demand, increase vehicle energy efficiency, and increase the use of alternative fuels. **Watch.** *Pending in Assembly Transportation Committee.*