

No on Prop 10 (continued from front page)

could collect California handouts to subsidize fleet purchases, relocate the new trucks out of state, and sell their used “dirty” trucks to other truckers who would keep belching fumes on our state’s roads.

Proponents now say accountability will be added later, when Prop 10 is implemented. Unfortunately, you can’t re-write an initiative after it passes. The measure writes environmental agencies out of any role in implementing the \$2.9 billion rebate program, and it instructs the tax agency to issue rebate checks as quickly as possible.

Prop 10’s authors aren’t dummies. They threw in some funding for alternative energy research. Proponents claim the initiative gives equal rebates to natural gas, electric and hydrogen fuel cell vehicles. This window dressing may help sell the initiative, but it’s a diversion to get our eyes off of Prop 10’s main prize. Rebates will be long gone, spent on natural gas vehicles before affordable hydrogen or electric vehicles are on the market.

Prop 10 is the worst kind of special interest raid on the public coffers. That’s why the coalition opposing it spans the entire political spectrum.

Organizations that have joined environmental groups and the Consumer Federation of California in opposing Prop 10 include: the California Labor Federation, the California Chamber of Commerce, the Howard Jarvis Taxpayers Association, the California Nurses Association, the California League of Women Voters, the California Federation of Teachers, and EVERY newspaper editorial board to date.

We simply cannot afford to cut our schools, our health services and our public safety programs further to enrich a Texas billionaire. Vote No on Prop 10.

Learn more at:
www.stopprop10.com



NO ON 10

About Us

The Consumer Federation of California (CFC) is a non-profit advocacy organization. Since 1960, CFC has been a powerful voice for consumer rights, campaigning for state and federal laws that place consumer protection ahead of corporate profit. Each year, CFC testifies before the California legislature on dozens of bills that affect millions of our state’s consumers and appears before state agencies in support of consumer regulations.

Contributions are not tax deductible.

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The California Consumer

THE QUARTERLY NEWSLETTER OF THE CONSUMER FEDERATION OF CALIFORNIA

FALL 2008

NO ON 10 A \$10 Billion Lemon



By Richard Holober, *Consumer Federation of California*

Better hang onto your wallet. Texas tycoon T. Boone Pickens is spending a fortune promoting Proposition

10. His initiative would cost California taxpayers \$10 billion.

Prop 10 says it’s a “green” energy measure. The only green in it is the color of the money we’ll shell out to line a billionaire’s pockets.

California’s largest environmental groups—the Sierra Club, California League of Conservation Voters, the Union of Concerned Scientists, and the Natural Resources Defense Council—oppose Prop 10 because it doesn’t clean the air. On the contrary, Prop 10’s definition of “clean alternative” vehicles includes natural gas powered trucks, provided they cause air pollution that is **no worse** than the maximum levels already set for gasoline or diesel powered trucks.

That’s a neat trick: re-label the status quo as clean and you qualify for a big handout—provided, of course, you fill up at Mr. Pickens’ gas stations.

Prop 10 uses bonds to fund \$2.9 billion in vehicle rebates, including \$2.5 billion for “clean” trucks that don’t have to be one bit less polluting than gasoline or diesel trucks.

The cost to taxpayers is \$335 million a year for 30 years to pay off the bonds. California is drowning under a \$15 billion

budget deficit. Add \$335 million a year, and our schools, public safety and health programs will suffer more cuts. Vehicles subsidized by Prop 10 will be rusting in junkyards long before our grandchildren have finished paying it off.

T. Boone Pickens owns Clean Energy Fuel Corp, which dominates the natural gas fueling station business. It’s already spent \$3.7 million pushing Prop 10.



The biggest bonanza under Prop 10 goes to—you guessed it—Mr. Pickens’ Clean Energy Fuel Corp. Prop 10’s \$2.5 billion in “clean” truck giveaways are designed to massively increase the sale of natural gas powered trucks. Business will boom at Mr. Pickens’ gas stations.

Prop 10 is riddled with loopholes. A state tax agency with no environmental experience is instructed to dole out up to \$50,000 per truck on a first come – first served basis. Trucking companies get the \$50,000 “clean” truck rebates even if they are not replacing “dirty” trucks, as long as they register the trucks in California for one day. Interstate trucking companies



2008 LEGISLATIVE UPDATE

CFC supported bills signed by Governor

SB 31 (Simitian) would make it illegal to “skim” or surreptitiously read data from an RFID document without the knowledge and consent of the ID holder.

AB 69 (Lieu) would require banks, credit unions, residential mortgage lenders and finance lenders to report on a monthly basis data on their sub-prime and alternative mortgage products and that information would be available on an Internet Web site.

AB 1860 (Huffman) would strengthen product recall laws and consumer safety by prohibiting the manufacture, distribution, or sale of a product that is unsafe.

AB 1420 (Padilla) requires restaurant chains with 20 or more locations statewide to post calorie information on menus and indoor menu boards for consumers.

AB 583 (Hancock) creates a pilot project whereby candidates for Secretary of State (SOS) will be eligible to receive public campaign funds for the 2014 and 2018 elections.

SB 780 (Wiggins) would extend funding for the California High-Cost Fund-A and Fund-B programs, which subsidize basic phone service in rural areas of the state offered by “providers of last resort.”

CFC supported bills vetoed by Governor

SB 29 (Simitian) would allow RFID for attendance/tracking purposes at school only if parents give their expressed and informed consent.

(continued on back page)

(continued on page 2)



2008 LEGISLATIVE UPDATE

(continued from front page)

AB 1830 (Lieu) would have outlawed certain abusive practices and loan terms that have led hundreds of thousands of Californians down the path to foreclosure.

SB 840 (Kuehl) would make all California residents eligible for specified health care benefits under a single-payer Universal Healthcare System.

SB 1313 (Corbett) would prohibit the use of food packaging materials that contain specified toxic chemicals and new toxic alternatives that could replace them.

SB 1440 (Kuehl) would require full service health care service plans and health insurers to expend on health care benefits no less than 85% of the aggregate dues, fees, premiums, and other periodic payments they receive.

AB 1333 (Hancock) provides that the legal owner of real property must pay the utilities provided to a property or its tenants following a foreclosure under specified circumstances.

AB 1945 (De La Torre) would establish standard information and health history questions to be used by health care service plans and health insurers for their individual health care coverage application forms.

AB 1656 (Jones) would require businesses and state agencies to better safeguard personal financial information they possess. A retailer responsible for a security lapse would need to notify customers.

SB 364 (Simitian) would require businesses and state agencies, in the event of a security breach of computer data bases containing personal information, to provide specified notification of these breaches to consumers in plain English as well as to the proper authority.

AB 1407 (Lieu) would require certain airports to publish a list of all frequently delayed flights and runway incursions at the airport.

SB 823 (Perata) would re-establish state regulation of private postsecondary schools in California through the creation of a Board for Private Postsecondary Education in the Department of Consumer Affairs.

AB 408 (Levine) would protect the income security of skycaps and honors the intentions of the airline passenger who wishes to tip them.

AB 865 (Davis) would require each state agency to answer an incoming call with a live customer service agent or automated telephone answering equipment that allows a caller to speak with a live customer service agent.

AB 1866 (Mendoza) would require a retailer that sells a service contract to maintain contract information that includes a description of its terms and conditions and provide that information to its purchaser.

AB 2123 (Lieu) would establish the California Financial Literacy Initiative for the purpose of providing resources and instruction to Californians.

AB 2918 (Lieber) would prohibit the user of a consumer credit report from obtaining a credit report for employment purposes unless the information is substantially job related or required by law.

CFC opposed bills vetoed by the Governor

SB 1543 (Machado) would allow the life insurance industry to control the options available to policyholders and to challenge virtually every transaction that they dislike.

Two bills that would regulate technology that threatens our privacy meet different fates

For decades, retailers have used tiny chips called Radio Frequency Identification devices. These RFIDs transmit information about their products to remote reading devices. Using an RFID to trigger an alarm if someone tries to shoplift clothing is pretty benign, but what if this technology was used to track the daily movements of law abiding citizens?

Seems far-fetched? Think again:

A California school district embedded RFIDs in student IDs without the parents' knowledge, claiming it would ensure that students were accounted for, but the district failed to consider the potential for hacking by a child abductor.

FasTrak transponders make it quicker to cross Bay Area bridges, but the Metropolitan Transportation Commission has released information in messy divorce cases that was used to document when wayward spouses were traveling to places they claimed they weren't.

The US and other countries embed RFIDs in passports. In the Netherlands, it took a local TV station only two hours to figure out how to hack a prototype RFID in a Dutch passport. Hackers could access fingerprint, photograph, and other data on the RFID tag, perfect for creating a cloned passport.

Hacking is one problem, but the threat to our privacy doesn't stop there. RFIDs can play a useful role in protecting entry and exit from secure locations such as police stations or prisons, but do we really want government snooping into our whereabouts when it's none of their business?

A few weeks ago, New York became the first state to comply with a federal program to embed RFIDs in drivers' licenses. California has held off – for now. But with federal highway funds threatened, it may be only a matter of time before we're all beaming our personal information, signatures and photographs every time we're behind the wheel.



(continued on page 3)

Consumer Federation of California's November 2008 Ballot Proposition Recommendations

NO on Prop 10 (Alternative vehicle and energy bonds)—A fossil fuel corporation owned by Texas oil tycoon T. Boone Pickens spent three million dollars to put Proposition 10 on the ballot. That corporation will reap a bonanza if Prop 10 passes. California taxpayers will be stuck subsidizing big trucking companies at a cost of \$335 million per year. California faces a \$15 billion budget deficit crisis. Prop 10's raid on the state's coffers will mean cuts to our schools, our public safety and health programs.

Go to our website for more information:
www.stopprop10.com

NO on Prop 7 (Increased renewable energy requirements for electric utilities)—It's no accident that every major environmental group in the state opposes this measure. Put on the ballot by an out-of-state billionaire with no energy expertise it's no surprise that Prop 7 is deeply flawed. The No on 7 site states: "Creates market conditions ripe for manipulation, much like occurred during the last energy crisis."

YES on Prop 1A (High speed rail bonds)—Prop 1 is a historic opportunity for Californians to invest in a cleaner and more efficient transportation future that will pay for itself many times over.

YES on Prop 3 (Children's hospital bonds)—Children's hospitals provide an invaluable service to communities across our state but simply don't have enough room to handle the growing number of seriously ill and injured children sent to them every day. Prop 3 funds will help children's hospitals build more bed capacity and purchase essential equipment to ensure all children get the care they need.

YES on Prop 5 (Drug diversion and alternatives to incarceration)—California's failure to develop a comprehensive public health approach to address drug abuse, addiction and mental illness threatens the health of millions of state residents, crowds our jails with non-violent criminals, and costs taxpayers billions. Prop 5 would mean less overcrowding, better opportunities for rehabilitation, and decreased transmission of disease.

YES on Prop 12 (Veteran housing bonds)—Over the past 85 years, the Cal-Vet Home Loan Program has helped over 420,000 veterans. Prop 12 will enable more veterans to buy homes in California and help the economy at the same time, all with no direct cost to the state's taxpayers.

Two bills (continued from page 2)

The rapid evolution of ever intrusive technology makes it essential that we draw the line now.

Two pieces of legislation by Senator Joe Simitian made it to Governor Schwarzenegger's desk this year that address privacy concerns and problems with "skimming"—the unauthorized surreptitious reading of RFIDs by persons with malicious intent.

GOVERNOR VETOES SB 29

Senate Bill 29 would have required public schools to obtain a parent's voluntary consent before a student is required to carry an RFID-enabled identification card. It requires a school to explain to parents the risks RFIDs pose to personal privacy.

This bill originated when a school district in Northern California gave students RFID enabled ID cards without first notifying parents. When parents found out, an uproar forced the district to end the program.

CFC was deeply disappointed the Governor chose to side with RFID industry greed over protecting personal privacy, ensuring child safety, and establishing the right of parents

to decide whether it's acceptable for schools to "chip" their children.

Parents, not schools, should decide whether children must carry a tracking devise. Mechanical devices might be useful for tracking cattle. When it comes to our children they are no substitute for teacher and school staff responsibility.

GOVERNOR SIGNS SB 31

Senate Bill 31 will make it unlawful to skim information from an RFID without the consent of the ID holder. The prohibition does not apply to law enforcement applications such as in prisons, or in valid health emergency situations.

Organizations across the political spectrum ranging from the ACLU to the Liberty Coalition support these bills. High tech RFID manufacturers have derailed similar legislation by Senator Simitian in the past, and they continue to fight any effort to allow California residents to control the use of RFIDs in government-issued documents.

Thankfully, Governor Schwarzenegger signed this basic, common sense bill, and set what could become an important precedent for privacy protection. **CFC**