

Time for an Oil Severance Fee



California is at the precipice of insolvency. With a forecast \$42 billion shortfall over the next 18 months, the state will suspend payments in February for assistance to the blind, disabled and elderly; for centers that provide services to the developmentally disabled; and for grants to college students. LA Unified School District has announced layoffs of 2300 teachers. California State University has slashed admissions by 10,000 for fall 2009. These are glimpses of the catastrophe that awaits us if Sacramento leaders cannot agree on new revenues.

We can reduce the budget pain by joining the rest of the nation in taxing oil produced in our state.

California is the nation’s third biggest oil producer—and the only state that fails to charge oil companies a severance fee for extracting a non-renewable natural resource from our land. State fees range from 2% to as much as 12.5% in Louisiana and 12.25% in Alaska. Governor Schwarzenegger has proposed a 9.9% oil severance fee in his 2009-10 budget.

Exxon Mobil, Shell, Chevron and Occidental Petroleum extract over 70% of the oil pumped from California’s ground. In 2007, these four giants reported combined record profits to the tune of \$95 billion. That’s \$260 million every day, seven

By Richard Holober, *Consumer Federation of California*

days a week—with 2008 profits expected to be even higher. Severance fee revenues would fluctuate along with the price of oil. At \$40 a barrel, and production of 200 million barrels a year, the Governor’s proposal would bring in about \$800 million dollars a year.

We believe that’s a fair price for these wealthy corporations to pay to help reduce the budget pain sure to be inflicted on our schools, public safety, and health services.

An oil severance tax is not a permanent fix, but it would matter greatly over the next couple of decades in keeping health clinics, fire stations and classrooms open. With a concerted effort, in twenty years we will be weaning ourselves off of fossil fuels anyway for the good of our planet.

Today, we’re consuming oil and laying off teachers. We desperately need to raise revenues and Big Oil can afford to pay. If this tax was in place in 2007 it would have reduced the combined profits of Exxon Mobil, Shell, Chevron and Occidental Petroleum to a measly \$94.2 billion.

Lawmakers face painful choices in closing the budget gap. In light of the severe cuts that will disproportionately affect the lives of the least fortunate among us, we believe an oil severance fee is a painless and overdue measure of tax fairness. **CFC**

(continued from front page)

signing of AB 1108 in October 2007, California has joined these nations in banning the use of a toxic chemical that is harmful to our children.

Following California’s lead, in August 2008, Congress approved and the Bush Administration signed a national ban on phthalates that will take effect later in 2009.

SB 220 (Corbett)—Bottled and Vended Water Accountability Act

Californians pay a premium for bottled or vended water because of its perceived purity. Bottled water companies have had no requirement to inform consumers about the source or quality of their products. Vended water is dispensed from a supermarket vending machine to refill a water container used for drinking and cooking.

We believe—and fought hard to ensure—that Californians have the right to purchase vended water that is safe to drink, and have the right to know what is in the bottled water they purchase. CFC sponsored SB 220 because it strengthens health and safety inspection standards for vended water and requires that water vending machines post key information in Spanish and English.

The new law also requires bottled water to include information on labels regarding the source and quality of the water. Don’t be surprised to read that the top two bottled

water brands—Aquafina and Desani—are processed water from a “municipal source”—(we call it tap water) at a mark up that can reach 3000 times the cost of the unprocessed water available at your kitchen sink.

AB 372 (Salas)—Consumer Credit Reports, Security Freezes

Identity theft is one of the fastest growing financial crimes in the U.S.—with nearly 10 million Americans falling victim to it each year. Unfortunately, most consumers are unaware that one of the best ways to protect against identity theft is to place a security freeze on their credit report.

AB 372 reduces fees and shortens the time for consumer security freezes on credit reports. A consumer who has reason to suspect that personal financial information has been breached can place a security freeze that prevents the credit agency from releasing the consumer’s credit report to a third party. A credit freeze can prevent identity theft if is placed promptly.

The new law also requires a credit reporting agency to: disclose the right of consumers to place a security freeze on their credit report; reduces from five days to three days the time that a credit agency has to implement the requested freeze; allows consumers to request a freeze by regular written mail instead of certified mail and lowers the fee a credit reporting agency may charge to place a freeze from \$12 dollars to \$10, or \$5 for consumers 65 and older. **CFC**

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WINTER 2009

Inside this issue:
2008 Consumer Scorecard
for State Lawmakers

Consumer Protection Bills That Went into Effect on January 1, 2009

Every year the Consumer Federation of California monitors, supports, and opposes dozens of bills related to consumer rights. Every year many of these bills are “killed” in the legislature while many others reach the Governor’s desk to either be signed into law or vetoed.

We’d like to share some of the most important consumer protection laws—which CFC vigorously supported—that went into effect on January 1, 2009.

SB 31 (Simitian)—Prohibiting Reading of RFID without an Individual’s Knowledge and Prior Consent

Radio Frequency Identification Devices (RFIDs) are tiny chips with miniature antennae that are embedded within documents or objects for tracking and identification purposes. RFID technology has many useful and promising applications, such as inventory tracking and automatic toll-road payment systems.

RFIDs can also pose serious privacy and security risks. Without adequate protections, unauthorized individuals can surreptitiously read and skim the personal information stored on a device—such as a birth date, digital picture, or unique identifier number—all without the knowledge of the RFID holder. This skimmed data can be used to facilitate identity theft or to stalk and track the whereabouts of an individual.

The very nature of RFID, which is a contactless technology, means that when the system has been breached, the device holder won’t know and therefore won’t know to take steps to protect him or herself.

Thanks to SB 31—“skimming” information from RFID-enabled IDs without the knowledge and consent of the ID holder is now illegal.

AB 1860 (Huffman)—Strengthening Product Safety Laws

Every year there are approximately 400 recalls involving toys, clothing, tools, appliances and electronics. These recalls involve millions of products that are on the market or in consumers’ hands. The past two years were particularly troublesome for parents as numerous recalls covered popular children’s toys such as the recall in 2007 of 1.5 million Thomas the Tank Engine toys because of excessive levels of lead.

Despite recall announcements, many recalled products stay in circulation long after the recalls have been announced. In California, there is no system in place to ensure that recalled products are taken off the market.

AB 1860 is now addressing this problem by requiring the immediate removal of recalled products from the market, prohibiting the sale of recalled products and requiring retailers to post recall notices in a conspicuous fashion. Retailers will also be required to notify consumers who have purchased recalled products if their contact information is available, and manufacturers must also provide a way for the products to be returned to them.

AB 1108 (Ma)—Banning Phthalates in Children’s Products

California leads the nation in banning the use of phthalates in products used by babies and children under the age of three. Phthalates are used to soften plastic in toys and items intended for babies to put in their mouths, including pacifiers and teething rings. Phthalates have been linked in scientific studies with testicular injury, liver injury, liver cancer and reproductive harm.

The European Union, Japan, Mexico, Argentina and several other nations have banned phthalates entirely or in products intended for use by babies and young children. Thanks to the

(continued on back page)



2008 CONSUMER SCORECARD FOR STATE LAWMAKERS

A S S E M B L Y M E M B E R S														Assembly Member	2008 Percent	AB 372 1/28 Floor	AB 583 8/30 Floor	AB 1656 8/31 Floor	AB 1860 8/31 Floor	AB 1943 5/1 Floor	AB 2572 5/29 Floor	AB 2918 8/30 Floor	AB 3011 5/29 Floor	SB 29 8/18 Floor	SB 31 8/12 Floor	SB 823 8/19 Floor	SB 840 8/29 Floor	SB 106 6/17 Asm. Health	SB 1313 8/21 Floor	SB 1420 8/21 Floor	Cumulative Percent (2005-2008)			
Adams (R)	29%	R	W	R	W	R	W	R	W	W	W	W	W	W	29%	W	W	R	W	W	W	W	W	W	R	W	W	W	W	W	21%			
Aghazarian (R)	29%	W	W	R	W	W	W	R	W	W	W	W	W	W	29%	W	W	R	W	W	W	W	W	W	W	W	W	W	W	R	24%			
Anderson (R)	29%	W	W	R	W	W	W	W	W	R	W	W	W	W	29%	W	W	R	W	W	W	W	W	W	W	W	W	W	W	W	22%			
Arambula (D)	86%	R	R	R	R	R	R	R	R	W	R	R	R	R	86%	R	R	R	R	W	R	R	R	R	R	R	R	R	R	R	R	83%		
Bass (D)	93%	R	R	R	R	R	R	R	R	R	R	R	R	R	93%	R	R	R	R	W	R	R	R	R	R	R	R	R	R	R	R	98%		
Beall (D)	100%	R	R	R	R	R	R	R	R	R	R	R	R	R	100%	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	100%		
Benoit (R)	7%	W	W	W	W	W	W	W	W	W	W	W	W	W	7%	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	16%			
Berg (D)	93%	R	R	R	R	R	R	R	R	W	R	R	R	R	93%	R	R	R	R	W	R	R	R	R	R	R	R	R	R	R	R	94%		
Berryhill (R)	21%	W	W	R	W	R	W	W	W	W	W	W	W	W	21%	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	21%		
Blakeslee (R)	29%	R	W	R	W	R	W	R	W	R	W	W	W	W	29%	R	W	R	W	R	W	W	W	W	W	W	W	W	W	W	W	25%		
Brownley (D)	93%	R	R	R	R	R	R	R	R	R	R	R	R	R	93%	R	R	R	R	R	R	R	R	R	R	W*	R	R	R	R	R	R	96%	
Caballero (D)	100%	R	R	R	R	R	R	R	R	—	R	—	R	—	100%	R	R	R	R	—	R	R	R	R	R	R	R	R	R	R	R	R	96%	
C. Calderon (D)	92%	R	R	R	R	R	R	R	R	—	R	—	R	—	92%	R	R	R	R	—	R	R	R	R	R	R	R	R	R	R	R	R	76%	
Carter (D)	93%	R	R	R	R	R	R	R	R	R*	R	W*	R	R	93%	R	R	R	R	R*	R	R	R	R	R	R	R	R	R	R	R	R	96%	
Cook (R)	21%	W*	W	R	W	R	W	W	W	W	W	W	W	W	21%	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	17%		
Coto (D)	86%	R	R	R	R	R	R	R	R	R	R	R	R	R	86%	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	W	91%	
Davis (D)	79%	R	R	R	R	R	R	R	R	R	W	W	W	W	79%	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	W	83%	
De La Torre (D)	80%	R	R	R	R	R	R	R	R	W	R	W	W	W	80%	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	W	89%	
de Leon (D)	93%	R	R	R	R	R	R	R	R	W	R	R	R	R	93%	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	W	96%	
DeSaunier (D)	100%	R	R	R	R	R	R	R	R	R	R	W	W	W	100%	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	100%	
DeVore (R)	23%	—	W	W	W	W	W	W	W	R*	R	W	W	W	23%	—	W	W	W	R*	W	W	W	W	W	W	W	W	W	W	W	W	11%	
Duvall (R)	14%	W	W	W	W	W	W	W	W	R*	R	W	W	W	14%	W	W	W	W	R*	W	W	W	W	W	W	W	W	W	W	W	W	8%	
Dymally (D)	93%	R	R	R	R	R	R	R	R	W	W	W	W	W	93%	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	W	90%	
Emmerson (R)	27%	W	W	W	W	W	W	W	W	R*	R	W	W	W	27%	W	W	W	W	R	W	W	W	W	W	W	W	W	W	W	W	W	16%	
Eng (D)	93%	R	R	R	R	R	R	R	R	R*	R	W	W	W	93%	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	W	96%	
Evans (D)	86%	R	R	R	R	R	R	R	R	W	W	W	W	W	86%	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	W	94%	
Feuer (D)	100%	R	R	R	R	R	R	R	R	R	R	R	R	R	100%	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	W	100%	
Fuentes (D)	86%	R	R	R	R	R	R	R	R	W	W	W	W	W	86%	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	W	83%	
Fuller (R)	14%	W	W	W	W	W	W	W	W	W	W	W	W	W	14%	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	17%		
Furtani (D)	85%	—	R	R	R	R	R	R	R	R	W	W	W	W	85%	—	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	85%	
Gaines (R)	27%	W	W	W	W	W	W	W	W	R	W	W	W	W	27%	W	W	W	W	R	W	W	W	W	W	W	W	W	W	W	W	W	23%	
Galgiani (D)	57%	R	R	R	R	R	R	R	R	R	W	W	W	W	57%	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	W	50%	
Garcia (R)	21%	W	W	W	W	W	W	W	W	R	W	W	W	W	21%	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	22%	
Garrick (R)	21%	W	W	W	W	W	W	W	W	R	W	W	W	W	21%	W	W	W	W	R	W	W	W	W	W	W	W	W	W	W	W	W	22%	
Hancock (D)	100%	R	R	R	R	R	R	R	R	R*	R	W	W	W	100%	R	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	W	98%
Hayashi (D)	87%	R	R	R	R	R	R	R	R	W	W	W	W	W	87%	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	W	92%	
Hernandez (D)	87%	R	R	R	R	R	R	R	R	W	W	W	W	W	87%	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	W	88%	
Horton (R)	14%	W*	W	W	W	W	W	W	W	W	W	W	W	W	14%	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	20%	
Houston (R)	21%	W	W	W	W	W	W	W	W	R*	R	W	W	W	21%	W	W	W	W	R*	W	W	W	W	W	W	W	W	W	W	W	W	18%	
Huff (R)	27%	W	W	W	W	W	W	W	W	R*	R	W	W	W	27%	W	W	W	W	R*	W	W	W	W	W	W	W	W	W	W	W	W	15%	
Huffman (D)	100%	R	R	R	R	R	R	R	R	R	R	R	R	R	100%	R	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	100%	
Jeffries (R)	21%	W*	W	W	W	W	W	W	W	R	W	W	W	W	21%	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	17%	
Jones (D)	100%	R	R	R	R	R	R	R	R	R	R	R	R	R	100%	R	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	98%	
Karnette (D)	100%	R	R	R	R	R	R	R	R	R*	R	W	W	W	100%	R	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	96%	
Keene (R)	21%	W	W	W	W	W	W	W	W	R	W	W	W	W	21%	W	W	W	W	R	W	W	W	W	W	W	W	W	W	W	W	W	18%	
Krekorian (D)	85%	R	R	R	R	R	R	R	—	R*	R	W*	R	W*	85%	R	R	R	R	—	R	R	R	R	R	R	R	R	R	R	R	R	R	85%
La Malfa (R)	21%	W	W	W	W	W	W	W	W	R	W	W	W	W	21%	W	W	W	W	R	W	W	W	W	W	W	W	W	W	W	W	W	14%	
Laird (D)	100%	R	R	R	R	R	R	R	R	R	R	R	R	R	100%	R	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	98%	
Leno (D)	100%	R	R	R	R	R	R	R	R	—	R*	R	R	R	100%	R	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	100%	
Levine (D)	92%	R	W	R	W	R	W	R	R	R*	R	W	W	W	92%	R	W	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	96%	
Lieber (D)	93%	R	R	R	R	R	R	R	R	R	R	R	R	R	93%	R	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	96%	
Lieu (D)	79%	R	R	R	R	R	R	R	R	W	W	W	W	W	79%	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	W	87%	
Ma (D)	93%	R	R	R	R	R	R	R	R	R	W	W	W	W	93%	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	W	96%	
Maze (R)	21%	W	W	W	W	W	W	W	W	R	W	W	W	W	21%	W	W	W	W	R	W	W	W	W	W	W	W	W	W	W	W	W	11%	
Mendoza (D)	79%	R	W	W	W	W	W	W	W	R	W	W	W	W	79%	R	W	W	W	R	W	W	W	W	W	W	W	W	W	W	W	W	83%	
Mullin (D)	100%	R	R	R	R	R	R	R	R	R*	R	W	W	W	100%	R	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	100%	
Nakanishi (R)	20%	W	W	W	W	W	W	W	W	W	W	W	W	W	20%	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	16%	
Nava (D)	93%	R	R	R	R	R	R	R	R	R	R	R	R	R	93%	R	R	R	R	R	W	W	W	W	W	W	W	W	W	W	W	W	96%	
Niello (R)	14%	W	W	W	W	W	W	W	W	W	W	W	W	W	14%	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	W	10%		
Nunez (D)	75%	R	R	R	R																													