



PRESS RELEASE

01/06/2009 GAAS:005:09 FOR IMMEDIATE RELEASE

Governor Schwarzenegger Sends Letter to President-Elect Obama Regarding Federal Economic Stimulus Proposal

Governor Arnold Schwarzenegger late yesterday sent the following letter to President-elect Barack Obama regarding the federal economic stimulus proposal.

Text of the letter:

January 5, 2009

The Honorable Barack Obama
The President-elect
451 Sixth Street, NW
Washington, DC 20270

Dear Mr. Obama,

As we discussed in Philadelphia last month, we urgently need a broad national economic recovery package to generate jobs and get our economy moving forward again. My administration has identified ways we can work together in four key areas that will stabilize and expand California's economy: investment in infrastructure, energy security, stabilization of the housing market and assistance to states to help meet the needs of the medically indigent.

When we met, I had identified \$28 billion in infrastructure projects ready to break ground in California within the first 120 days of your administration. I am writing to report that we now have nearly \$44 billion in projects that are ready to start construction or place orders. The projects in communities across California include:

- \$11.8 billion in energy and energy efficiency projects
- \$11 billion in investment in road, transit and rail construction
- \$4 billion in health care investment, including \$1.4 billion in health care information technology
- \$8.5 billion in water and sewer projects
- \$1.1 billion in school construction, including broad band access and career technical education projects
- More than \$5 billion in airport, park, public safety and other public infrastructure

California would be able to generate nearly 800,000 jobs over the life of these projects. In addition, I urge you to take the following steps to speed delivery of even more projects:

- Waive or greatly streamline National Environmental Protection Act (NEPA) requirements consistent with our statutory proposals to modify the California Environment Quality Act (CEQA) for transportation projects
- Increase funding for the Federal Emergency Management Agency's Flood Mitigation Assistance Program and modify the program's rules to fund major levee evaluations, repairs and rehabilitation. Regulatory streamlining should accompany this funding to allow CEQA to satisfy NEPA requirements for all levee projects that receive federal funding
- Shorten federal permitting turnaround times and allow negotiations with permitting agencies over mitigation to occur during construction

- Structure funding for infrastructure projects in a way that encourages design-build approaches
- Encourage more public-private partnerships to attract more capital to these projects, improve efficiencies and lower costs.

My staff is calculating the reductions in greenhouse gas emissions that would result from these critical infrastructure upgrades. As you know, California is a world leader in energy efficiency and in fighting climate change. Recently, the California Air Resources Board approved a roadmap for implementation of Assembly Bill 32, the most ambitious climate change strategy in the nation. The board also approved new rules requiring heavy-duty diesel trucks to be retrofitted with diesel exhaust filters to meet federal Environmental Protection Agency requirements under the Clean Air Act. Your administration can assist by:

- Using the Diesel Emission Reduction Act to assist with the \$1.6 billion cost of retrofitting an estimated 160,000 trucks that haul goods through California and will have to be upgraded
- Providing tax credits for companies that produce these filters, thereby aiding American companies that manufacture diesel engines and those that make technologies to reduce truck emissions

I also urge you to make tax credits and accelerated depreciation for renewable energy projects refundable so that companies can realize these benefits in the short term. Because these projects are relatively new and require large amounts of capital, most renewable energy companies don't have enough taxable income to use the production tax credit and depreciation deductions immediately. Steps your administration can take to speed up the construction of renewable energy projects include:

- Allowing renewable production tax credit, solar investment tax credit and accelerated depreciations to be refundable for projects placed in service in 2009
- Establishing clear policy within the U.S. Bureau of Land Management and other federal agencies to prioritize renewable energy project development and transmission on federal lands
- Requiring the U.S. Forest Service to expedite the permitting and general plan amendments necessary to complete the Sunrise Powerlink transmission project just approved by the California Public Utilities Commission

Any economic stimulus you consider should also include measures to stabilize the housing market. We believe that lower mortgage rates, increased access to credit for qualified buyers and widespread loan modifications are the most powerful tools in that regard, and California stands ready to help your administration move this agenda forward.

Lastly, California and other states are struggling with increased enrollment and costs in Medicaid at a time when the states' ability to pay for the increased caseload is most constrained. A temporary increase of at least \$100 billion in the Federal Medical Assistance Percentage, using targeted criteria, would assist California and other states in meeting both increased Medicaid costs and enrollment.

A substantial federal stimulus program is needed to ease the impacts of the current economic downturn. My administration is committed to working with you to develop strategies to revitalize our economy, put the nation on a path to energy security and help our citizens during this difficult time.

Sincerely,

Arnold Schwarzenegger