

CALIFORNIA Job Apps



Environment



R&D Equipment
Tax Exemption



Higher Education
Sustainability



Pension
Reform



CEQA



Clean
Energy R&D



Broadband
Deployment



SVLG.ORG



Regulatory
Streamlining

2012



The Silicon Valley Leadership Group, founded in 1978 by David Packard of Hewlett-Packard, represents more than 365 of Silicon Valley's most respected employers on issues, programs and campaigns that affect the economic health and quality of life in Silicon Valley, including energy, transportation, education, housing, health care, tax policies, economic vitality and the environment. Leadership Group members collectively provide nearly one of every three private sector jobs in Silicon Valley. Members operate in locations throughout California and the U.S.



Summary of 2012 State Policy Agenda

Long-term Sustainability of Higher Education

California's culture of innovation was built on the nation's best public higher education system. Over the past several years the state has allowed a system that has spawned 57 Nobel Prize winners and holds more patents than any other university system in the world to erode. Funding for higher education is down 20 percent since the beginning of the recession in 2008 and continued cuts threaten the flow of talent that powers California's knowledge based economy. California now faces a shortage of 1 million degrees by 2025.



The Silicon Valley Leadership Group believes California must rededicate itself to maintaining the most effective higher education system in the nation. To do this California needs to focus on:

- Bolstering the purchasing power of CalGrants to ensure that students can afford a college degree.
- Incentivizing degrees that are essential to the California economy so the state has the talent it needs to grow.
- Improving access to necessary courses through innovative strategies like online learning and course regularization and standardization.
- Providing the higher education systems with the budget predictability required so that students, parents and schools can effectively plan for the future.
- In 2012, California could significantly improve support and outcomes for Community College students by passing the Student Success Task Force recommendations.

California Environmental Quality Act (CEQA)

Adopted in 1970, the California Environmental Quality Act is intended to identify and mitigate the environmental impacts of a development proposal. Although well meaning, it can be an impediment to the kind of development the state has made a priority through groundbreaking climate change and regional planning legislation, namely AB 32 and SB 375.



Much has changed since the adoption of this landmark environmental regulation. In recognition of this fact, many amendments have been made to the law over the years, including adding to CEQA complexities while also adding effective CEQA streamlining provisions where appropriate. Unfortunately, the number of CEQA challenges and the threat of litigation continue to impede job growth rather than protecting the environment.

CEQA's intent is important and must be preserved. However, it should not be used to simply block quality infill and renewable projects. The Leadership Group is working with a variety of stakeholders to evaluate recent legislative changes and to pursue comprehensive reforms that would make it easier to build in California. Those reforms include reducing duplicative regulatory requirements as well as the number of CEQA challenges that have little to do with environmental improvements.

Invest in a Clean Energy Future and a Healthy Environment

In order to keep California at the forefront of the global market for clean energy and protect our future, the Leadership Group supports investing revenues generated by the cap-and-trade program of the California Global Warming Solutions Act (AB 32) to maximize the reduction of greenhouse gases (GHGs) and help the state adapt to climate change.



A recent study by the Analysis Group indicates that the nation's first cap-and-trade program, the Regional Greenhouse Gas Initiative, has created more than 16,000 jobs and added \$1.6 billion in economic value. California's program promises to create even more economic opportunities as it scales to become North America's largest carbon market.

To best take advantage of this opportunity and strengthen the state's economy, it is important that California:

- Comply with legal requirements for expenditure of regulatory fees.
- Sustain and potentially grow funds through economic returns from projects and technologies.
- Invest in cost-effective measures that deliver maximum GHG reductions for the dollar.
- Reduce GHG emissions and limit climate vulnerability by investing in low economic return but high GHG mitigation and adaptation strategies.
- Invest in sustainable infrastructure development and low carbon transportation.
- Target investments to maximize public health, economic and environmental co-benefits.

Funding for Clean Energy and Energy Efficiency RD&D

To support job growth, energy innovation and greenhouse gas reduction, the Leadership Group supports extending the public goods charge through the state Public Utilities Commission unless legislative action is needed to preserve long-term funding. Also:



- Make RD&D funding technology-neutral to ensure fair market development for future innovation.
- Secure funding for the New Solar Homes Partnership, which provides financial support for builders to put solar panels on newly constructed homes.
- Preserve funding for energy efficiency and data center efficiency research.
- To attract federal funding and job growth to our state, develop a cost-share program for nonprofits and universities applying for U.S. Department of Energy research funding.

For demonstrations and deployment, consider the largest ratepayers as hosts and collaborators. The Leadership Group is honored to work with Lawrence Berkeley National Lab through state Energy Commission PIER funding to support demonstrations and case studies in the data centers of Silicon Valley's largest end users.

If a new governing structure is established, include a seat at the table for the clean tech industry and/or its investors to ensure that the state generates the greatest return on this investment.

Broad-based Sales Tax Exemption for Manufacturing and Research Equipment

Currently, California double-taxes productive assets used in both manufacturing and research which is uncompetitive for businesses looking to expand their operations and jobs in the state. By offering a broad-based sales and use exemption on manufacturing and research equipment, California will end this counter-productive practice of double taxation on such investments, a practice that inhibits job growth and retention that are critical to California's economy. Forty-two other states in the U.S. offer a full sales tax exemption on manufacturing equipment for capital investments to expand direct and indirect job growth.



Industry-specific tax exemptions and credits for manufacturing and research equipment purchases have proven to be very effective in creating or increasing demand as outlined in the tax exemption for capital investments in the clean tech/renewable industry. A broad-based sales tax exemption can be leveraged on the recent success of the green manufacturing exemption, which is recognized as a vital incentive to encourage businesses to stay and grow in California and invest in jobs.

Meaningful Public Employee Pensions Reform

Public employee pensions and retiree healthcare have a large and growing impact on California's state and local budgets. State general fund costs for retirement programs have risen nearly 300 percent since 1998-9, from approximately \$1.3 billion to nearly \$5 billion in 2009-10. Despite reforms put in place since 2010, current trends are not sustainable, and threaten to crowd out spending on budget items important to Silicon Valley and the state.



The Silicon Valley Leadership Group supports reform of public employee pensions in line with the Governor's October 2011 proposal, that include the following measures:

- Implement a hybrid pensions system that includes a defined contribution component with a reduced defined benefit component.

- Prohibit employers from making employee pension contributions.
- End retroactive benefit increases.
- Increase employee retirement age in a meaningful way through mandates and/or incentives.
- Mandate that costs be funded as they accrue – without exceptions.
- Prevent pension "spiking".
- Establish effective governance structures that will prevent unrealistic estimates of investment returns.

Broadband Deployment

Broadband deployment is critical to California, Silicon Valley and the U.S. business climate for sustainable economic growth and quality of life by making those connected to it more productive through the management of, and access to, information and knowledge. However, within different areas of California, unequal deployment and adoption of broadband remains concerning. The state's broadband adoption rates, while high compared to other states in the nation, are lower by international standards and falling relatively.



Wireless broadband technologies can provide freedom to users, as they are mobile, particularly as devices become more and more capable of allowing users to access the Internet and voice and information services.

Broadband technology can provide incredible benefits in areas like education, commerce, public safety and health care by enhancing operations and delivery of information. In order to bring the tremendous advantage of high speed internet to even more Californians, the California Broadband Task Force (2008) found that the state should:

- Build out high-speed broadband infrastructure to all Californians.
- Develop model permitting standards and encourage collaboration among providers.
- Increase the use and adoption of broadband and computer technology.
- Engage and reward broadband innovation and research.
- Create a statewide e-health network.
- Leverage educational opportunities to increase broadband use.
- Continue state-level and statewide leadership.

California must be a leader in fast, reliable and affordable broadband service as the state enjoys significant advantages that can propel it into leading the nation and the world in broadband.

Regulatory streamlining

In a government as complex as the State of California – with myriad agencies operating with overlapping jurisdictions – redundant and contradictory regulations are a constant drag on both the economy and efficient operations of government. While there is broad consensus that regulatory streamlining and its associated efficiency gains are a good thing, ad hoc measures to rein in unnecessary regulatory burdens have addressed neither the perception nor the reality of these burdens in California.



We applaud Governor Brown for creating an Office of Business and Economic Development (GO-Biz) that can work to clarify regulatory and permitting processes, which cross the jurisdictions of multiple agencies. It is critical that this office has the ability to remove duplicative processes within the state bureaucracy and to integrate with local entities to ensure interagency cooperation; resolve conflicting policy or procedures; and to provide a mechanism to resolve contradictory rulings or finding within a policy area, among agencies and within an agency.

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