



September 20, 2007

The Honorable Arnold Schwarzenegger  
Governor, State of California  
State Capitol, First Floor  
Sacramento, CA 95814

**Re: Request for Veto of AB 8 (Nuñez/Perata) Health Care Reform**

Dear Governor Schwarzenegger:

The California Manufacturers and Technology Association (CMTA), respectfully requests your veto of **AB 8**, which would require employers to provide health care for their employees or pay 7.5% of payroll to the state. This bill is an attempt to solve the problem of the growing number of Californians with no health insurance with a mandate on business to provide coverage to their employees. CMTA opposes this approach to healthcare reform.

CMTA believes the goal of healthcare reform should be to empower all Californians to obtain necessary healthcare service at a reasonable price. In order to drive down cost and achieve this goal a reformed health care system should give healthcare providers the incentives and tools to reduce costs and improve quality of care. CMTA believes that each California citizen should be responsible for obtaining their own health insurance and the state should continue to provide a safety net for low-income individuals that can not purchase insurance on their own. Allowing employers to continue voluntarily to offer healthcare insurance will also provide individuals with another method in which to fulfill their individual responsibility.

To protect jobs and the economy, the costs of coverage for the safety net population should be fairly imposed on a broad basis and not targeted at employers. California manufacturers are burdened by an overall cost of doing business, 24% higher than the national average due to electricity, taxes, workers compensation and other factors. Despite this cost pressure, most California manufacturers currently provide high wages and health coverage for their employees. Nevertheless, CMTA opposes a mandate because it would raise costs for smaller suppliers who cannot afford it and would remove flexibility in coverage terms and conditions.

For all the reasons above, CMTA requests your veto of AB 8.

Sincerely,

A handwritten signature in black ink that reads "Cynthia Leon". The signature is written in a cursive, flowing style.

Cynthia Leon  
Director, Human Resources