



Tidbits from Sacramento

Griffin & Associates
Legislative and Governmental Advocacy
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BUDGET STALEMATE CONTINUES

Lots of verbiage, but no action – that sums up the budget discussions. There have been some meetings between the four legislative leaders, and several of those meetings included the Governor. However, apparently no substantive action has occurred yet. In all fairness, everyone knew that closing a \$15 Billion deficit was going to be a challenge. Democrats have identified about \$9 billion in tax increases. Republicans oppose tax increases and want more program spending cuts.

The Governor recently indicated he would consider a “temporary” one-cent sales tax, but only for 3 years. However, little discussion has centered on this concept yet.

An August 10th article written by Sacramento Bee Journalist Daniel Weintraub provided some interesting state fiscal information in a concise manner. One item that caught my interest quickly was a statement that during the last 5 years, California’s general fund spending increased from \$77.5 billion to \$103.4 billion, an increase of about 33 percent. During those 5 years, California’s population grew by about 7 percent. Inflation accounted for about 17 percent of the increase. The article contains additional interesting data and challenges its readers to join a website and provide their comments relative to how “they” would be more efficient in spending California’s money. Perhaps the public can come up with some creative budget actions!

THE 2010 GOVERNOR RACE

There is no lack of candidates lining up for the 2010 election for Governor. The line-up on the Democratic side includes, Lt. Governor John Garamendi, San Francisco Mayor Gavin Newsom, Attorney General Jerry Brown, Former State Controller Steve Westly and Superintendent of Public Instruction, Jack O’Connell. Most recently, Senator Diane Feinstein’s name has been mentioned.

At this time, the Republican field is much shorter at this time. Former Senator, Congressman and Director of the Department of Finance, Tom Campbell has begun the process by filing initial papers. The Insurance Commissioner Steve Poizner is frequently mentioned, as is Meg Whitman, a senior advisor to Senator John McCain.

LEGISLATION – WHAT WILL SURVIVE

We began the second half of this two-year legislative session with roughly 2000 bills, approximately 1600 introduced in January, the remainder from 2007. Many of these bills are basically dead (we never say dead, since we know that this is the season for “gut and amends”- a time honored last month of session activity). With appropriate rule waivers, a bill can be completely stripped of its content and language inserted into it to address a totally different issue. This is generally late night maneuvers, but does require some rule waivers, so those that pay attention will spot such maneuvers.

The Senate Appropriations Committee held numerous bills in their committee last week. These were bills that may have been heard by the Committee in the prior months, but due to their “State Costs,” the bills were put on the Committee’s “suspense file.” The legislature is only concerned with State costs, not the costs to others. This is an annual process and certainly can be helpful in stopping a bill. Good fiscal analyses explaining why specific bills will cost the State money is very helpful in getting the bill referred to the Appropriations Committee Suspense File. Often this will “force” an author to amend the bill to remove any language in the bill that will trigger a referral to Suspense.

BALLOT MEASURES PRESSURING THE BUDGET PROCESS

High profile measures scheduled for the November election may miss their deadline if the budget is not passed soon. This includes issues near and dear to the hearts of certain politicians.

Water Bond – Senator Feinstein and Governor are calling for passage of a measure to propose a \$9.3 billion water bond for the November ballot. Feinstein urged attendees at yesterday’s Sacramento Metro Chamber of Commerce event to get the budget done so the bond measure to address the water storage and delivery can be placed on the ballot – the deadline is fast approaching to be included in the November ballot.

Bullet Train – AB 3034 – The high speed rail legislation, AB 3034 is caught in the Governor’s veto threat that will continue until there is a budget compromise. This may impact the ability to modify Proposition 1, the existing high speed ballot measure.

Mini-Tidbits

SB 445 (Torlakson) This bill would have increased our transportation costs by adding either a new tax on fuel or a tax when registering your vehicle each year. Given the increased gas prices California and the nation has been facing for the last few months, SB 445 was opposed by numerous entities and was pulled from consideration in the Assembly Transportation Committee in late June.

The State Board of Equalization in June released a report that identified a list of businesses that collected sales taxes from customers, but did not send the monies to the State. Some of these businesses were no longer operational. The report was made public and identified those entities owing \$100,000 or more. Within a very short period of time, ten taxpayers decided to pay their debt – some on installments and four paid the total amounts due.