



AGENDA
BOARD LEGISLATIVE COMMITTEE

Friday, May 20, 2011
12:45 p.m., Peralta Oaks Board Room

The following agenda items are listed for Committee consideration. In accordance with the Board Operating Guidelines, no official action of the Board will be taken at this meeting; rather, the Committee's purpose shall be to review the listed items and to consider developing recommendations to the Board of Directors.

AGENDA

<u>STATUS</u>	<u>TIME</u>	<u>ITEM</u>	<u>STAFF</u>
	12:45 p.m.	I. STATE LEGISLATION / ISSUES	
		A. NEW	Doyle/Pfuehler
(R)		a. AB 147 (Dickinson) – Transportation impact mitigation fees for bike and ped projects	
		b. SB 653 (Steinberg) – Enabling counties and school districts to have more local taxation authority.	
		c. SB 668 (Evans) – Williamson Act agreements between landowner's and open space districts.	
		d. SB 356 (Blakeslee) – Local operating agreements for state parks	
		e. SB 386 (Harman) – State Park closure notification	
		B. ISSUES	Doyle/Pfuehler
(I)		a. State Budget	
		b. Plan Bay Area Application (SB 375)	
		c. CSDA Legislative Conference Report – Reform Efforts	
		2. FEDERAL LEGISLATION / ISSUES	Doyle/Pfuehler
		A. NEW / NA	
		B. ISSUES	Doyle/Pfuehler
(I)		a. Debt Limit Debate / TIGER Rescissions	
		3. PUBLIC COMMENTS	
		4. STATUS OF RECOMMENDATIONS	
		5. CORRESPONDENCE & ARTICLES	

(R) Recommendation for Future Board Consideration

(I) Information

(D) Discussion

Future 2011 Meetings:	June 17, 2011	September 16, 2011	December 16, 2011
	July 15, 2011	October 21, 2011	
	August 19, 2011	November 18, 2011	

Legislative Committee Members:

Ted Radke, Chair, Doug Siden, Ayn Wieskamp, Beverly Lane, Alternate
Erich Pfuehler, Staff Coordinator

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Judi Bank
Ted Radosevich
Mimi Waluch

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Hulet Hornbeck
Dr. George Manross
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Di Rosario
Jon King

East Bay 
Regional Park District

2950 Peralta Oaks Court
P.O. Box 5381
Oakland, CA 94605-0381
1-888-EBPARKS
www.ebparks.org



URBAN OPEN SPACE ACQUISITION: Acquire lands adjacent to urban areas and priority conservation areas. Complete park and urban boundaries to preserve sensitive wildlife habitat consistent with District’s master plan. Acquire urban open space corridors. Promote carbon sequestration by protecting open space and preserving vegetation.
Project Cost: \$121 M

FUELS MANAGEMENT: Reduce and manage dangerous fuel loads along urban/wildland interface to reduce intensity of wildfires and associated risk to the urban environment and human safety. Maintain strategic fire trails. Control and prevent invasive weed colonization.
Project Cost: \$91 M

PAVEMENT MAINTENANCE: Utilizing the Metropolitan Transportation Commission’s Streetsaver Pavement Management Program, identify and address maintenance priorities to improve the current pavement condition index of the District’s 16 million

square feet of roads, trails and parking areas. Ensure safe access for recreation and transportation purposes and avoid high cost of reconstruction.
Project Cost: \$56 M

UTILITY INFRASTRUCTURE SECURITY AND MAINTENANCE: Repair, operate, modernize park infrastructure including waterlines, sewage systems, electrical systems and communication systems. Upgraded systems will reduce carbon emissions, prevent environmental damage and provide energy savings.
Project Cost: \$125 M

GREENING THE FLEET AND FACILITIES: Initiate fleet replacement, including heavy equipment, to meet or exceed the most current fuel efficiency and emissions standards. Procure or retrofit to alternative fuel models to meet CARB rules. Pursue alternative energy sources and promote shift to green building standards.
Project Cost: \$94 M

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East Bay 
Regional Park District

Green Transportation and Environmental Maintenance Project

Photo: Deane Little



The District seeks to aid in the Sustainable Communities Strategy (SCS) Plan Bay Area process to help identify and protect resource areas in Alameda and Contra Costa counties.

For over 75 years, East Bay Regional Park District (“District”), a California Special District, has acquired and managed a diversified system of regional parklands which offers outstanding recreational opportunities and preserves significant biologic, geologic, scenic and historic resources within Alameda and Contra Costa counties. The District owns and operates nearly 110,000 acres of parkland and open space in these two counties – over 10% of the land mass – and over 1,200 miles of trails. As part of its mission, the District balances environmental concerns with public access, and maintains and restores parklands and other valuable natural resources so that they retain their important scenic, ecological and cultural values.

Most District lands are wildlands— natural resource areas which provide watershed, open space, recreation, and habitat for plants and animals. District management activities are designed to conserve, enhance and restore natural

plant communities, to protect populations of rare, threatened and endangered species of plants and animals, and to provide and enhance recreational opportunities and access for the public on a regional scale. Vegetation on the District’s wildlands also provides important climate and air quality benefits by sequestering about 91,157 metric tons of carbon per year – equivalent to the emissions of 16,317 vehicles and 10.4 million gallons of gasoline.

In the mid-1970s, the District pioneered the concept of developing an integrated network of paved bicycle and pedestrian trails linking the 33 communities throughout the East Bay. Working closely with local and regional transportation planners and transit agencies, the District has developed over 175 miles of paved, non-motorized trails. These “Green Transportation” corridors provide “last mile” connections to transit, as well as access to schools, employment centers and businesses.



PROJECTS PROPOSED for PLAN BAY AREA meet the following goals:
Climate Protection, Healthy and Safe Communities,
Open Space Preservation, Equitable Access, Economic Vitality,
Transportation System Effectiveness, Infrastructure Security



EAST BAY GREEN TRANSPORTATION NETWORK: Complete critical gaps in the District's regional trail network to safely connect people to transit, schools, activity and commercial centers, and residential areas.
Project Cost: \$103 M

HABITAT RESTORATION AND ENHANCEMENT: Expand, restore and protect wetland, riparian, coastal prairie and other important watersheds and habitats. Enhance habitat for threatened or endangered species. Protect shoreline communities through coastal wetland restoration to adapt to sea-level rise and climate change. Perform wetland, pond and dam maintenance on 300+ ponds and streams to improve water quality for habitat enhancement, recreation, and to prevent flooding and downstream sediment impacts. Provide invasive weed control to protect natural resource areas.
Project Cost: \$107 M



HEALTHY PARKS / HEALTHY PEOPLE INITIATIVES AND ACTIVITIES: Conduct programs that get people into parks and educate them about natural systems and healthy lifestyles. Promote public awareness about the connection between individual and community health and accessible, well-managed parks. Fund transit services to bring people from under-served communities to parks.
Project Cost: \$92 M



ENVIRONMENTAL MAINTENANCE AND OPERATION OF URBAN INTERFACE PARKS AND PUBLIC ACCESS TRAILS: Build new and maintain existing public access trails for all users. Provide easily accessible picnic, camp and fishing sites. Construct visitor centers with state of the art facilities to interpret the significant cultural and natural resources of the area. Operate and maintain park lands and facilities for public access and resource protection.
Project Cost: \$211 M



2011/12 Status of Recommendations

The following is a record of bills that the board has taken action on.

1. **[ACA 4 \(Blumenfield\)](#) Local government financing: voter approval. (12/06/2010)**
Status: 4/14/2011 Referred to Committee on LOCAL GOVERNMENT
Location: 4/14/2011 Assembly – Local Government
The Board unanimously voted to support pending legislation ACA 4.
Resolution No.: 2011-2-029
Notified Author: March 24, 2011

2. **[S.29 \(Feinstein\)](#) Sacramento-San Joaquin Delta National Heritage Area Establishment. (1/25/2011)**
Status: 1/25/2011 – Read twice and referred to Committee on Energy and Natural Resources
Location: 1/25/2011 Referred to Senate Committee
The Board unanimously voted to support pending legislation S.29
Resolution No.: 2011-3-069
Notified Author: March 24, 2011

[H.R. 486 \(Garamendi\)](#) Sacramento-San Joaquin Delta National Heritage Area Establishment Act. (2/07/2011)
Status: 2/7/2011 - Referred to House Subcommittee.
Location: 2/7/2011 - Referred to the Subcommittee on National Parks, Forests and Public Lands.
The Board unanimously voted to support pending legislation H.R. 486.
Resolution No.: 2011-2-3-069
Notified Author: March 24, 2011

3. **[S. 97 \(Feinstein\)](#) San Francisco Bay Restoration Act. (1/25/2011)**
Status: 1/25/2011 - Referred to Senate Committee.
Location: 1/25/2011 - Read twice and referred to the Committee on Environment and Public Works.
The Board unanimously voted to support pending legislation S.97.
Resolution No.: 2011-3-068
Notified Author: March 24, 2011

4. **[AB 36 \(Perea\)](#) Income and employment taxes: federal conformity: Health Care and Education Reconciliation Act of 2010. (12/6/2010)**
Status: 4/7/2011 Chaptered by the Secretary of State, Chapter Number 17, Statutes of 2011
Location: 4/7/2011 Assembly - Chaptered
The Board unanimously voted to support legislation AB 36.
Resolution No.:
Notified Author: N/A

5. **[AB 612 \(Gordon\)](#) Parks and recreation: districts: repayment of indebtedness. (2/16/2011)**
Status: 5/11/2011 Action from LOCAL GOVERNMENT; Do pass.
Location: 5/12/2011 Assembly – Local government
The Board unanimously voted to support with amendments pending legislation AB 612.
Resolution No.:
Notified Author:



2011/12 Status of Recommendations

6. [H.R. 709](#) (Sires) Urban Revitalization and Livable Communities Act of 2011; Grants for improvement and construction of parks in urban areas. (2/15/2011)
Status: 3/23/2011 Referred to House Subcommittee on Insurance, Housing and Community Opportunity
Location: 3/23/2011 Referred to House subcommittee
The Board unanimously voted to support pending legislation H.R. 709.
Resolution No.:
Notified Author:

7. [S. 174](#) (Harkin) Healthy Lifestyles and Prevention America Act (HeLP); Improving physical activity for all ages. (1/25/2011)
Status: 1/25/2011 Read twice and referred to the Committee on Finance
Location: 1/25/2011 Referred to Senate committee
The Board unanimously voted to support S. 174.
Resolution No.:
Notified Author:



GOP sets stage for major cuts in 2012

By: [David Rogers](#)

May 11, 2011 04:31 PM EDT

Picking up where April's budget agreement left off, House Republicans outlined plans Wednesday to cut another \$45.7 billion from domestic spending and foreign aid next year, an 11 percent reduction designed to roll back appropriations to the levels set prior to the Democratic victories in the 2006 elections.

The total cut from President Barack Obama's budget request in February is estimated to be as high as \$121.6 billion, but this can be misleading because of the cuts already imposed on the administration last month and further concessions expected from the White House now in debt talks.

But no doubt, labor, health and education programs, the heart of Obama's domestic agenda, would be hardest hit: an \$18.2 billion cut from 2011 levels and more than \$41 billion or 23 percent from the his 2012 request.

Among the dozen annual spending bills, only the Pentagon's would grow—a \$17 billion increase that brings the total to \$530 billion, just \$8.9 billion less than the president's 2012 request. By comparison, the much smaller State Department and foreign aid budget is cut by \$11.2 billion, a 22 percent reduction from the administration's request.

Wednesday's release of the numbers by the House Appropriations Committee sets the stage for what promise to be long nights of difficult House floor fights this summer.

Much as the Republican leadership is determined to proceed— even without a budget agreement with the Senate— the whole exercise increases the pressure for some deal soon to avoid a repeat of the impasse that consumed so much this year.

Appropriations Chairman Hal Rogers (R-Ky.) set the goal of completing nine bills before the August recess, but his schedule almost begs aloud for some relief by that juncture.

Floor debate on the three toughest bills with the most serious cuts— foreign aid, labor, education, health, and transportation and housing—would all be delayed until after Labor Day. And clearly the chairman is hoping for some August settlement on the budget caps tied to lifting the federal debt ceiling.

~~We~~ "We must rebuild Americans' confidence in the way the government spends its taxpayer dollars and avoid the uncertainty and expense often caused by past-due appropriations bills," Rogers said. ~~More~~ "More than ever, we must make the hard budget decisions to help rein in spending.... Many of these cuts will not win any popularity contests, but these types of reductions are imperative to overcoming our unparalleled fiscal crisis."

Prior to the release, Rogers met with the panel's ranking Democrat, Washington Rep. Norm Dicks, who was his active partner in helping to implement the deal struck with the White House last month to avert a government shutdown. Much will depend on this continued relationship, but in a statement later, Dicks didn't hide his impatience with the current direction.

—These reductions are irresponsible and they would necessitate draconian cuts to programs that Americans depend on,” Dicks said. —Rather than presenting a reasonable budget that continues the momentum of our economic recovery, the Republicans have decided to double-down on their bogus economic theory called ‘cut and grow.’”

As dictated by the House-passed budget, total discretionary spending would be set at \$1.019 trillion for the new fiscal year that begins Oct. 1. That is a \$30.4 billion net reduction from what was agreed to in April for 2011, but the true impact on domestic spending is far larger given the \$17 billion increase allowed for the Pentagon.

These 2012 totals also don’t include \$127 billion in war-related funding for Afghanistan and Iraq as well as world-wide anti-terrorism efforts. The bulk of that money, \$119 billion, would go again to the Pentagon, but the \$7.6 billion is allocated to the State Department and foreign aid and \$258 million for Homeland Security.

The State Department funds reflect a significant shift from last year and should slow the hemorrhaging and help stabilize aid levels, especially for frontline states like Afghanistan, Iraq and Pakistan.

In 2011, for example, State and foreign aid funds were finally set near \$48.2 billion, a real cut from 2010. The new ceiling continues this downward path for core programs, but once the war-related money is factored into the equation, the total drop in resources from 2011 is about \$1 billion –less than it first appears in committee tables.

The Sacramento Bee

Editorial: City, county explore park revenue ideas

Published Wednesday, May. 11, 2011

Remember that old saying that necessity is the mother of invention? Sacramento city and county parks officials are taking it to heart. With their departments stuck in budget hell, they're experimenting with ways to come up with some cash.

That's encouraging, if not overdue.

The city is about to ink a contract with a second food vendor to set up shop this summer at McKinley Park in east Sacramento. The vendor will offer California cuisine to park visitors, and pay the city \$200 a month for the privilege.

Already, a vendor hawking gyros and other fare has a mobile food cart near the playground and is doing well. And if all goes as planned, the department plans to seek vendors at other city parks, in consultation with the district council member and neighborhood association.

The department can certainly use the money. Thursday, the City Council is to discuss proposed, painful cuts to help close a \$39 million deficit in the 2011-12 general fund budget.

The reductions include closing all but three community centers and clubhouses, eliminating daily garbage and related services at as many as 100 neighborhood parks, and slashing programs for youths.

In all, the department would lose another \$2.5 million and 49 positions in the general fund, plus another \$1.9 million and 26 positions from other funding sources. That's on top of substantial trims in the prior three years.

The county parks department also has a pilot program – hiring the city to install payment machines at two popular parking lots along the American River Parkway.

The county has been using the honor system, counting on visitors to put the day use fee – \$5 for cars, \$8 for vehicles ferrying small watercraft – in a lockbox. Too many don't pay, however, and the depleted corps of park rangers means there's little enforcement.

Starting later this month at the Howe and Watt avenue lots, kiosks similar to those along downtown streets will be put in, and city code enforcement officers will patrol the lots to make sure people pay up.

The city gets a cut of the revenue, while the county can better use the 10 remaining rangers. If this test succeeds, it could be expanded to parking lots in 16 more county parks next year.

Neither experiment will be a huge moneymaker. But in these times, every dollar counts. More importantly, it's this kind of creativity – particularly city-county cooperation and public-private partnerships – that is sorely needed going forward. Keep the ideas flowing.

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Pessimism clouds deficit talks

By: Jonathan Allen and Meredith Shiner
May 10, 2011 07:42 PM EDT

The Biden Group: It sounds like a think tank, a lobbying firm or even a campaign consulting shop.

What it isn't — at least not yet — is a vehicle for lawmaking. For now, it's just the latest in a series of high-profile gangs that can't shoot straight.

The deficit-reduction task force, led by Vice President Joe Biden and populated by a mix of about a dozen administration officials and Republican and Democratic House and Senate members, met for a second time Tuesday amid great fanfare and low expectations. The result: not much.

Two senators who were in the room for the talks said the group moved from the opening statements of last week's first meeting to discussing more specific categories of spending.

"I suppose you could say that in some cases, there were actual programs and categories of programs," said Arizona's Jon Kyl, the Senate minority whip. "We're not just sitting there doing crossword puzzles."

Despite perfunctory proclamations of "progress" — Washington code for lots of talk and little action — the players appear no closer to a deal than they were after their first meeting last week. Democrats and Republicans involved in the process say it's not clear what the president's endgame is, much less the optimal outcome for each of the individual congressional players.

Even Biden isn't sure whether his own group can make a deal.

"Whether we can get to the finish line with this group is another question," Biden said Tuesday outside negotiations. "Everybody is being straight, cordial. All the facts are being laid on the table. We were going through what we agree on, what we disagree on."

The president is pursuing other avenues even as the Biden group huddles at Blair House, the 119-room, 35-bathroom mansion that serves as the nation's guesthouse for foreign dignitaries.

Obama plans to meet with the full Senate Democratic and Republican caucuses Wednesday and Thursday, respectively. OMB Director Jack Lew and Obama economic adviser Gene Sperling, two of the administration officials at the table with the Biden group, addressed the Senate Democratic lunch Tuesday afternoon, and Reid indicated that House Democrats and Republicans will head to the White House soon to get their face time with Obama, as well.

For the Biden group, there are no clear parameters for how to even begin making a long-term deficit agreement, and it's possible, if not likely, that a grand bargain will quietly slip away as a small-scale deficit reduction package is attached to a debt ceiling increase instead.

Outside the vice president's closed-door sessions, countless lawmakers on a daily basis offer up their own plans — or simply say what terms they won't agree to. It all suggests the Biden group will have pulled off something of a legislative miracle if it can strike a bargain. And even then, it's likely to hand over the reins to a smaller, more powerful conclave — the president, the speaker and the Senate majority leader — to actually cut a deal.

Asked beforehand whether anything concrete would come out of Tuesday's session, South Carolina Rep. Jim Clyburn, the third-ranking House Democrat and a member of the Biden group, said, "Oh, no." In a brief interview with POLITICO, Clyburn indicated he's not even sure what the scope or shape of the negotiations are, saying the group is there to figure out a "framework" for scaling back the nation's annual deficit, which the Congressional Budget Office projects at about \$1.5 trillion this year and a cumulative \$7.8 trillion over the next 10 years.

"We don't know where the White House stands, and we don't know where the Senate stands, at least from the Democratic perspective," said a senior GOP aide briefed on the negotiations. "We don't know if we have to cross the Grand Canyon or cross the Potomac."

If those who are party to the talks are hopeful, at best, the outsiders are downright skeptical.

"It will be historic, but it will be meaningless," said Sen. Jim DeMint (R-S.C.), who is not involved in the negotiations.

Top congressional sources describe the Biden group's mission as "clearing out the underbrush" of issues where there's more commonality between the parties, so that top leaders — President Barack Obama, Speaker John Boehner and Senate Majority Leader Harry Reid — can swoop in at the end to consummate an agreement. That is, if there's a deal to be had.

One source who was in the room told POLITICO the group won't be successful unless "we move beyond areas of common ground and into areas of more pain."

For now, members of the group are willing to say only what's off the table — tax increases, Social Security and, in some corners, Medicare. What's actually on the table is less clear.

The picture is further complicated by mistrust not only between parties but also within them.

Some House Republicans fear they could end up in a bind if the process produces a deal that wins support from conservative senators that is unpalatable to the tea party contingent in the lower chamber. Under that scenario, House Republicans would be pilloried by the White House and congressional Democrats as intractable and willing to plunge the nation into a potentially calamitous debt default.

Congressional Democrats have their own concerns — they fear that a president anxious to position himself as a belt-tightening centrist might give away too much — as some believe he did when he cut deals with Republicans to prevent taxes from rising on the nation's top earners and to slash domestic spending accounts.

The official White House message is that the Biden group talks aren't necessarily tied to the looming crisis of a possible default on the nation's debt. But the vice president himself undercut that message last week by saying that they are, in fact, connected as a matter of politics.

Tuesday's discussion began and ended less than 24 hours after Boehner and Cantor, on separate trips, addressed Wall Street executives.

In his speech, Boehner called for more than a 1-to-1 ratio of spending reduction to debt-limit increase, meaning every dollar of new authority to borrow would be offset by no less than one dollar of cuts. His commitment to cut "trillions, not billions" may have sounded like news on Wall Street, but it didn't rattle much earth in Washington.

Obama and House Republicans have both called for cuts of that magnitude in the past — though no one can identify a way to get there that would win the necessary 60 votes in the Senate and a solid core of House Republicans.

Moving in another direction, Senate Budget Committee Chairman Kent Conrad of North Dakota made a presentation to the full Democratic Caucus on Tuesday, indicating that the ratio between spending cuts and tax hikes should be “50-50” — a formulation that is an anathema to Republicans who prefer a 100-0 approach, with no tax hikes whatsoever.

Many on the Hill speculate that real progress won’t be made for weeks, and others still wonder whether the mix of personalities in the room — a venerable list of messaging lieutenants like House Majority Leader Eric Cantor of Virginia and battle-tested, loyal policy soldiers like Senate Finance Committee Chairman Max Baucus of Montana — are really going to come up with a solution that sacrifices sacred cows on the altar of deficit control.

“As I look at the mix of the group, it looks pretty tough to me,” Sen. Bob Corker (R-Tenn.), once the lead negotiator on the Wall Street reform bill, told POLITICO before the Biden group’s first meeting last week. “At the end of the day, it’s a deal that’s done between the leaders.”

Carrie Budoff Brown contributed to this report.

Reuters

Economy- California Budget

By Jim Christie

SAN FRANCISCO | Mon May 9, 2011 8:38pm EDT

SAN FRANCISCO (Reuters) - California Governor Jerry Brown next week unveils a revised budget, and an unexpected jump in tax receipts may ease the state's financial pain but throw a wrench into his plan for extending tax increases.

Brown will lay out his new plan to close a roughly \$15 billion shortfall on May 16, and part of the solution will be a stronger tax collection forecast than in his original budget in January, based on strong April collections.

The recession, double-digit unemployment and the housing and stock market slumps sent personal income taxes, California's key budget source, tumbling. Now those receipts are recovering.

"At this point almost everybody is assuming there will be a better revenue number," said Mike Genest, a fiscal consultant and former director of finance for California's government.

The good news won't end California's traditionally chaotic budget politics, however.

Brown and fellow Democrats who control the legislature had been planning to use the prospect of more spending cuts, especially to schools, to rally voters to demand Republicans support extensions of tax increases that expire by summer.

Republicans have enough votes to block tax measures and have been opposing tax extensions. They now say better-than-expected revenue should be put toward schools.

"By dedicating this new revenue to the classroom, there's no need for the draconian education cuts that Democrats have proposed to justify massive tax hikes," Assembly Republican Leader Connie Conway said in a statement.

The 325,000-member California Teachers Association, one of the state's most powerful public employee unions, will hold rallies this week to guard school spending. The effort may help convince lawmakers from both parties to put new revenue toward schools and fight instead over other areas of state spending.

Steven Frates, research director at the Davenport Institute at Pepperdine University's School of Public Policy, sees a partisan brawl resuming after Brown's revised budget plan even if lawmakers agree to use new revenue for education.

"Improving revenue will take a bite out of the deficit," he said. "How big will it have to be so people would come together and cool down? That would have to be quite a bit of revenue."

Some analysts see the potential for a budget agreement involving a short-term extension of tax increases along with a spending cap and changes to public pensions urged by Republicans.

MORE MONEY BUT NOT ENOUGH

The state capital of Sacramento has been abuzz in recent days over an estimate by a budget watchdog agency that revenue may run more than \$2 billion ahead of the annual plan Brown presented in January.

On Friday, the state controller said California's revenue from the fiscal year's start in July through April was \$1.3 billion, or 1.9 percent, above the estimate in Brown's budget plan, and the state's fiscal year-to-date revenue increased by \$4.9 billion, or 7.1 percent, over the year-earlier period.

Growing strength in California's main revenue source propelled the upswing. "Personal income taxes continue to lead the charge -- rising 8 percent over estimates and 13 percent over last fiscal year," the controller said in a statement.

The state's revenue should gain added momentum from the stock market rally and expected initial public offerings, such as the one seen looming for California-based networking site LinkedIn Corp.

"That sort of thing can make a big difference," said Genest, adding, however, that California's economy faces headwinds that could hold back its revenue gains.

H.D. Palmer, Brown's spokesman for state finance matters, said that even if revenue is picking up, the governor and lawmakers face the hard task of balancing the state's books.

Spending cuts and other moves have narrowed the state's deficit by some \$11 billion. Several more billions of dollars in solutions to the remaining \$15 billion deficit call for "a number of difficult but very necessary decisions," Palmer said.

Herdt: Putting direct democracy back on track

By Timm Herdt
Tuesday, May 10, 2011

The 2012 ballot initiative season has arrived, and it's time to put up the red flag alert. The playing-with-fire danger is high.

Most folks in Sacramento expect that the coming months could produce a thick brush of ballot measures for next year. Already, five that could potentially qualify for a 2012 ballot have been cleared for circulation and an additional half-dozen are awaiting clearance from the Attorney General's Office.

That's just the beginning. The secretary of state advises that measures intended for the November 2012 ballot be submitted by the end of this summer.

Indications are that California voters will be conflicted by such news.

The nonpartisan Public Policy Institute of California, which has polled state voters extensively on how they feel about the initiative process, has found two somewhat contradictory beliefs.

It has found that voters believe ballot initiatives are too numerous, too confusing, too much controlled by moneyed special interests and that the initiative process is ripe for reform.

It has also found that voters cherish their ability to make decisions through the ballot box, and distrust state elected officials so fiercely that they'd rather make policy decisions themselves, regardless of how complex and confusing ballot measures may be.

But as strongly protective as Californians are of their right to make ballot-box decisions, they feel just as strongly that the initiative system is a mess.

That's something the Legislature could fix, if lawmakers had the will to stand up to the state's initiative-industrial complex, which is largely composed of the same special interests and political consultants who fund and manage their own campaigns.

This could be the year when some significant ballot measure reforms are enacted, thanks to the exit from the Capitol of former Gov. Arnold Schwarzenegger, who vetoed every measure that came before him that could have restricted the ability of his own muscular ballot-initiative committee to throw its weight around.

Sen. Mark DeSaulnier, D-Concord, is pushing a package of three initiative-reform bills. Two would help at the margins; one, if it were to receive a two-thirds vote of lawmakers and be affirmed by the people, would be a game-changer.

SB 448, approved by the Senate on Monday, would require those collecting signatures to qualify an initiative to wear badges identifying themselves as either volunteers or paid workers.

A related bill, SB 168 by Sen. Ellen Corbett, D-San Leandro, also passed the Senate on Monday. It would prohibit initiative sponsors from using the bounty-hunter practice of paying signature-gatherers based on the number of signatures they collect. Instead, they would have to be paid by the hour — a system that would reduce the motivation for them to engage in overly aggressive or deceitful practices to persuade voters to sign petitions.

Another measure by DeSaulnier, SB 334, would require that the top five donors who paid to qualify an initiative for the ballot be listed in the official voter information pamphlet.

That measure is clearly in line with reforms voters would like to see. Two years ago, 81 percent told PPIC pollsters they favored greater public disclosure of funding sources behind initiatives.

The potential game-changer is SCA 4, a proposed constitutional amendment that would require sponsors of any initiative that would cost a significant amount of money to identify how it would be paid for, either through a tax increase or reduced spending on some other, specified program.

In other words, a measure such as the Schwarzenegger-sponsored Proposition 49 in 2002, which required the state to spend \$550 million a year on after-school programs, would have had to identify where money for that new expense would come from.

DeSaulnier, by the way, also supports a proposed constitutional amendment that would place the same pay-as-you-go requirement on legislators, requiring them to identify how they would pay for any bill they introduce.

"I don't know how you run any organization, public or private, when you make decisions and don't know where the money's going to come from," says DeSaulnier, a former restaurant owner.

PPIC polling has shown majority support for that idea. Californians seem to understand that one of the reasons the state budget is such a chronic mess is that layers of ballot propositions approved over the years have tied the state budgeting process in knots.

After the late David Broder, the esteemed political analyst for the Washington Post, came to California a decade ago to examine the state's special interest-dominated initiative process, he titled the book on his findings, "Democracy Derailed."

This would be a very good year for Californians to start putting their democracy back on track.

Laying down blunt budget markers for debt crisis

By Jim Kuhnhehn and Andrew Taylor Associated Press

Posted: 05/10/2011 06:42:40 PM PDT

WASHINGTON -- The battle over whether tax increases can be used to cut the nation's debt flared Tuesday as the Senate's Democratic budget writer floated a possible millionaire's surtax to help cut projected deficits over the next decade. But Republican leaders flatly said no to tax increases.

Democratic officials said Senate Budget Committee Chairman Kent Conrad, D-N.D., raised the idea of an extra tax on the wealthiest taxpayers and the Senate's Democratic leader, Harry Reid, D-Nev., called for an end to tax subsidies for oil and gas companies. House Speaker John Boehner and Senate Republican leader Mitch McConnell both staked out seemingly unyielding positions against tax increases.

The parties exchanged volleys over taxes even as bipartisan congressional negotiators working with Vice President Joe Biden struggled for common ground on spending cuts that would help erode long-term deficits.

Boehner is calling for trillions of dollars in spending cuts, and the Democrats, too, acknowledge that spiraling annual deficits require spending restraint. But the differences over possible tax increases, even if they would spare regular wage-earners, underscore the chasm between the two parties.

The conflicting approaches put added pressure on the bipartisan budget negotiators who met with Biden for the second time in a week. At the same time, the administration is seeking an increase in the government's borrowing authority, and Republicans

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see that debt ceiling vote as critical leverage.

Biden, emerging from a two-hour meeting with congressional negotiators across from the White House, voiced optimism about the talks, but indicated that top House and Senate leaders might ultimately have to become involved to seal any bargain.

"Whether we get to the finish line with this group is another question," he said.

One of the Republicans' top negotiators with Biden, House Majority Leader Eric Cantor of Virginia, signaled flexibility Tuesday. Cantor said the talks were designed to find where the White House, Democrats and Republican were "in terms of commonality right now" and indicated that an agreement on spending cuts in broad terms could be enough to win support for increasing the debt ceiling.

Still, he said, "there's got to be assurances that the commitments are real" to cut spending.

Cantor, Biden and five other negotiators from the House and Senate are focusing on spending cuts by seeking budget programs that both sides agree can be cut. So while congressional leaders battle along partisan lines over large goals and approaches, Biden and the six lawmakers are poring over budget proposals, program by program, in hopes of cutting a deal.

Kyl predicts \$6 trillion in cuts

By: Manu Raju
May 9, 2011 04:12 PM EDT

Senate Minority Whip Jon Kyl (R-Ariz.) said Monday that Republicans will likely demand cuts to the budget worth \$6 trillion over the next decade in exchange for voting to raise the national debt limit.

“You’re going to have to have significant upfront cuts,” he told reporters Monday. “You’re going to have to have significant constraints on future spending. You’re going to have to have an agreement on the next several years of budget numbers so we know exactly what those are. I think there will be other constraints on spending – there is more than one way to do that, I think there are several things that might be done.”

Kyl, who’s the top Senate GOP negotiator in bipartisan talks with Vice President Joe Biden over cutting the deficit, also doubts that Republicans would be able to push through Rep. Paul Ryan’s (R-Wis.) dramatic Medicare overhaul as part of a debt-ceiling deal.

“I think there will be some Medicare reform; it probably won’t satisfy Republicans in terms of what we think is necessary,” he said. “But I think it’s pretty difficult for the Democrats to simply take it all off the table.”

Asked about the GOP’s goal to cut spending, Kyl said he’d push for \$6 trillion in cuts over the next decade – which is in line with Ryan’s plan, but more than the \$4 trillion than what President Barack Obama laid out over the next 12 years.

Kyl’s remarks are also in line with demands Speaker of the House John Boehner is expected to lay out in a speech before the Economic Club of New York on Monday evening.

“The question is what is it going to take to get some House Republicans to vote to increase the debt ceiling?” Kyl said. “It’s a lot more than what you just said,” referring to statutory caps on spending.

Kyl’s comments up the ante as the bipartisan group of negotiators prepare to meet with Biden Tuesday, the second in a series of sessions aimed at reaching a budget deal before the early August deadline when the U.S. hits the \$14.3 trillion debt ceiling and risks default. Kyl, along with his House counterpart, Minority Leader Eric Cantor (R-Va.), have said that tax increases cannot be on the table as part of the talks.

But Democrats are pushing for proposals, like a “deficit cap,” that could include tax increases. If Congress failed to meet the cap, a series of measures — potentially a mix of tax increases and spending cuts — would be instituted to ensure deficits fall under the goal.

New York Sen. Chuck Schumer, a member of Democratic leadership, said Monday that Congress needed to be in a position to increase the debt ceiling by about July 15 in order to mollify concerns on Wall Street that the United States might default on its debt obligations and spur an economic calamity.

Kyl said that “nobody wants to see the markets spooked,” and he said that GOP and Democratic negotiators were looking at their areas of “overlap.”

But he signaled that the parties aren’t close to a deal.

“Deficit caps don’t work,” he said.

Boehner: Cut 'trillions' as debt limit nears

By: Jake Sherman

May 9, 2011 04:01 PM EDT

NEW YORK — Speaker John Boehner called on Congress to offset a debt ceiling hike with spending cuts of a greater amount, an ambitious proposal that puts House Republicans on a collision course with Democrats who want much more modest spending restrictions attached to the vote.

“Without significant spending cuts and reforms to reduce our debt, there will be no debt limit increase,” Boehner told the Economic Club of New York here this evening. “And the cuts should be greater than the accompanying increase in debt authority the president is given. We should be talking about cuts of trillions, not just billions.”

In his high profile address to Wall Street financiers, the two-decade veteran of Washington also tried to strike a populist tone, telling the New Yorkers that he’s “not from around here” and that “Washington’s arrogance has triggered a political rebellion in our country.”

While the speech is designed to send a message to the financial markets, it’s just as important inside the Beltway, since Boehner is offering the first detailed look at how Republicans are going to try to position themselves in an epic battle over raising the debt ceiling.

The proposals Boehner laid out in New York were bold in how far they tacked to the right and how high he set the bar for spending cuts. For example, under Boehner’s vision, Republicans would have to find more than \$2 trillion in cuts if they wanted to raise the debt ceiling by that amount through 2012, according to the Treasury department’s estimates on the debt limit. But Republicans could also go for a more incremental increase in the debt ceiling, coupling that with a smaller offsetting cut in spending. Boehner’s preference is for immediate cuts, not promises to pare back spending in the future or set triggers for deficit reduction.

But by mentioning “trillions” in long term cuts, Boehner is clearly putting entitlement reform in play — including Medicare — since it would be near impossible to cut trillions without affecting entitlement spending.

Boehner said that “everything is on the table ... that includes honest conversations about how best to preserve Medicare, because we all know, with millions of Baby Boomers beginning to retire, the status quo is unsustainable. If we don’t act boldly now, the markets will act for us very soon.”

Calling out Democrats, Boehner said that the “mere threat of tax hikes causes uncertainty for job creators — uncertainty that results in less risk-taking and fewer jobs.”

That fact that Boehner is taking his case directly to Wall Street is significant — the Republican leader clearly wants to send a message to the markets that he’s got a strong plan for a debt limit package. But he far from guaranteed that the limit will be raised — Boehner noted that the crowd was probably “uneasy,” but that uneasy could have been compounded when he said raising the debt ceiling “without simultaneously taking dramatic steps to reduce spending and reform the budget process” would be “more irresponsible” than allowing the nation to default on its debt.

Playing to the crowd, Boehner also said that financial regulatory reform passed under Democrats — a law known as Dodd-Frank — was “all wrong.”

Boehner also planned to take questions from moderators Peter G. Peterson, a former Republican cabinet secretary turned billionaire financier and Jane Hartley, a former Democratic administration official who is now a political and economic consultant in New York.

The speech to the financial industry has quickly become a political issue in Washington. Sen. Chuck Schumer (D-N.Y.) earlier Monday said Boehner should use the appearance to give assurances that Congress will, indeed, increase the debt limit.

“To increase the debt limit without simultaneously addressing the drivers of our debt — in defiance of the will of our people — would be monumentally arrogant and massively irresponsible,” Boehner said. “It would send a signal to investors and entrepreneurs everywhere that America still is not serious about dealing with our spending addiction. It would erode confidence in our economy and reduce certainty for small businesses. And this would destroy even more American jobs.”

Once again, the speaker also reiterated that reforming Medicare should be a part of the negotiations, something that congressional Democrats and the Obama administration have been averse to. Boehner used the opportunity to come out against debt and deficit targets, rather preferring immediate cuts to programs that amounts to trillions in slashes, not billions.

It's too early to tell how Boehner's plan will play with House Republicans. Some hard-line conservatives would rather have a separate debate on entitlement reform, one that involves hearings and separate legislation, others won't settle for any debt limit increase without entitlement reform.

As Boehner makes his pitch on the debt limit, Vice President Joseph R. Biden is hosting deficit talks at the White House this month, but no one is truly sure if the panel is a sideshow or the main stage for debt ceiling increase legislation. Boehner and Obama are widely expected to cut the final deal.

In a sign of fresh involvement, the White House announced Obama would meet with Senate Democrats and Senate Republicans this week, followed by House lawmakers in the coming weeks.

Oil tax backers brace for a brawl

Joe Garofoli, Chronicle Staff Writer

Monday, May 9, 2011

Professor Peter Mathews (second from left) and Frank Dawo... Oil extracted from California, such as from Chevron's Ker... Charles Koch David Koch More...

To Peter Mathews, the political timing seems perfect. A gallon of gas costs more than \$4, the five largest oil companies have made \$30 billion in profits this year, and California's higher education system is losing at least \$1.4 billion to help balance the state's gargantuan budget deficit.

The political science professor at Cypress College, a community college in Orange County, drove to UC Berkeley on Friday to begin gathering support for a ballot measure to tax oil companies on the petroleum they extract in California and send the money - about \$2 billion a year - to public schools.

But should his measure qualify for the November ballot, Mathews and liberal groups worry that a pair of deep-pocketed brothers could emerge to fight the initiative: Charles and David Koch (pronounced "coke") of Kansas, who have used the billions they've made in the oil industry to try to reshape national politics in their conservative, free-market image.

"They'd probably weigh in because (the tax) would represent another burden on business," said Peter Foy, a Republican Ventura County supervisor and chair of the California chapter of Americans for Prosperity, which David Koch co-founded.

The brothers control the majority of Koch Industries, the nation's second-largest privately held company, with revenues of about \$100 billion. Each brother is believed to be worth \$21.5 billion, according to Forbes magazine, making them the fifth-richest people in America.

Gov. Scott Walker

The Kochs remained mostly out of the national limelight until they supported last year's winning campaign of Wisconsin Gov. Scott Walker, who has signed legislation that strips away some rights of public employees in the state. Politico and other news organizations have reported that the Kochs intend to raise \$88 million nationally for the 2012 election cycle.

The brothers' political footprint in California has been small and diffuse so far while they have focused elsewhere on easing government regulations, especially on the environment, crushing the power of unions and lowering taxes and shrinking government.

Their most significant California political contribution to date - \$1 million - came last year in support of Proposition 23, a measure defeated by voters that would have reversed much of California's groundbreaking law to cut greenhouse gas emissions. Oil companies, including Valero, contributed far more.

Including its Prop. 23 donation, Koch Industries and its major subsidiaries made \$1.1 million in political contributions in the state from 2005 to 2010. Recipients included the California Republican Party (\$50,000), Gov. Arnold Schwarzenegger (\$22,300) and Republican attorney general candidate Steve Cooley (\$5,000), according to an analysis of campaign-finance records done for The Chronicle by the nonpartisan Maplight organization.

Koch Industries Public Sector LLC, which represents the various Koch Industries companies, spent \$913,858 on lobbying in California from 2005 to 2010, according to the Maplight analysis.

"Traditionally, they haven't played here because it's so progressive," said Steve Maviglio, a longtime California Democratic operative who is currently consulting with labor organizations on pension issues.

The company declined a request for comment.

Even though California is the only oil-producing state without a severance tax, some liberal activists think the Kochs would oppose the proposed ballot measure to prevent it from inspiring new federal or state legislation.

Koch Industries does not have an oil-extraction business in the state, but critics fear it would try to protect any increase in the price of oil.

'Political octopus'

Americans for Prosperity spent \$45 million nationally in the 2010 midterm elections to support conservative candidates. The group's California chapter, which has increased its profile in recent months, is sponsoring a tour, dubbed Lifestyles of the Rich and Famous on a Government Pension, satirizing the benefits received by public service workers.

"The lesson of the last election is that the influence of the Koch brothers stretches into most parts of the country," said Wade Crowfoot, the western regional director of the Environmental Defense Fund, which opposed Prop. 23. "They're like a political octopus - their network stretches everywhere.

"We and other groups are very concerned about the Koch brothers' influence coming to California."

From 2005 to 2008, various Koch foundations contributed nearly \$25 million nationally to a network of organizations that oppose climate change - nearly three times as much as ExxonMobil did over the same period, according to a study of campaign funding by Greenpeace, an environmental organization that supports climate-change protection.

In response to the study, Koch Industries said in a statement: "Overall, we believe science - not politicized opinion - must play a central role in the discussion about climate and related policy proposals. Both a free society and the scientific method require an open and honest airing of all sides, not demonizing and silencing those with whom you disagree."

For years, the Kochs remained on the libertarian edge of the conservative movement. David Koch ran for vice president on the Libertarian Party's presidential ticket in 1980 but received only 1 percent of the vote. Tea Party

But with the birth of the Tea Party, whose popularity was fanned by Koch-supported organizations such as Americans for Prosperity, their philosophy is now spread by an army of politically sympathetic evangelists.

While the Tea Party has shown little power to shape elections in California, where Democrats hold all the statewide offices and only 31 percent of the voters are registered Republicans, Mathews is concerned about the fate of his oil-tax proposal.

He and his supporters haven't started raising money. They're counting on students feeling the brunt of the education cuts to lead the signature-gathering drive.

Mathews is trying to gather as many recruits as possible - even though the Kochs weren't among the oil companies that collectively spent \$150 million in 2006 to defeat a ballot measure calling for a severance tax in California, according to state campaign-finance reports.

"Oh, we're definitely concerned," Mathews said. "But we've got the power of the people on our side."

E-mail Joe Garofoli at jgarofoli@sfchronicle.com.

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/05/09/MN561I5MQC.DTL>

This article appeared on page A - 1 of the San Francisco Chronicle

Governor downplays bump in tax revenue

kyamamura@sacbee.com

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Gov. Jerry Brown is growing concerned about the political consequences that California's income tax revenue spike may have on his tax proposal.

Brown's office issued a rare statement Friday from Finance Director Ana Matosantos that downplayed data showing California has received \$2.5 billion more in general fund revenues than had been expected this fiscal year.

That amount is only a small share of the state's remaining \$15.4 billion deficit. But it doesn't help the governor's call for more taxes if voters hear the state is receiving more cash than expected.

Brown is scheduled to deliver a revised budget on May 16, an annual proposal that takes into account changes in revenues and expenditures.

"While tax receipts are currently running higher than projections, this should in no way be taken to mean that we can ease up on our efforts to close the remaining budget gap," Matosantos said in her statement.

"Changes in our cash receipts aren't the only issue that drive the size of our budget gap," she added, referring to the possibility of higher expenditures and other spending rules that can minimize the impact of revenue growth.

But signs so far suggest that demand for services may actually be less than expected, not greater. Both In-Home Supportive Services and the Department of Developmental Services have lowered their caseload estimates in recent weeks, and the Department of Finance said last week that the prison population had dropped in 2010.

It's unclear exactly why revenues are trending higher, but the Legislative Analyst's Office has suggested economic growth may be outpacing expectations, despite California's unemployment woes. If that is indeed the case, Brown could reduce the deficit even further than \$2.5 billion by assuming more revenues in the next fiscal year.

When Brown releases his budget revision, he will try to make the case that the state has a revenue problem that will cause significant cutbacks in education and public safety without more tax dollars.

Republicans have rushed this week to celebrate the revenue growth as a sign that additional taxes are unnecessary. Assembly Republican Leader Connie Conway, R-Tulare, said in a statement Friday the additional tax revenue should go toward K-12 schools and community colleges to keep their funding intact.

"By dedicating this new revenue to the classroom, there's no need for the draconian education cuts that Democrats have proposed to justify massive tax hikes," Conway said.

Assemblywoman Kristin Olsen, R-Modesto, said Thursday that her GOP caucus will not vote to suspend the Proposition 98 guarantee for schools, nor will it cut higher education or public safety, to solve the remainder of the deficit.

But neither Olsen nor Conway laid out what other cuts they would use to solve the problem. Olsen said her caucus may provide alternatives next week.

Sacramento Bee

Dan Walters: Local governments also feel budget pinch

dwalters@sacbee.com

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As Gov. Jerry Brown and legislators struggle – so far unsuccessfully – to close the state's chronic budget deficit, local governments and schools throughout California face fiscal crises of their own.

The stubborn recession that exacerbates the state's budget problem has also adversely affected local governments' property and sales tax income. Meanwhile, counties and schools have been hit by their dependence on Sacramento for support.

The recession's effects at all levels of government, moreover, have been magnified by the unfortunate – even irresponsible – decisions of local and state officials to make permanent commitments of funds that could not be sustained when the housing bubble burst.

Those commitments drove Vallejo into bankruptcy, and it's no secret that dozens of other local governments are flirting with insolvency. That's especially true of those now getting big bills from the California Public Employees' Retirement System because of its investment losses.

Schools and local governments throughout the state are sending out layoff notices and taking other steps to slash spending in hopes of remaining afloat.

One indication of local fiscal woes surfaced this week as the Fiscal Crisis Management and Assistance Team, which monitors local school finances, delivered its annual report to the Legislature.

The team's top administrator, Joel Montero, told an Assembly budget subcommittee that rising numbers of local school districts, charter schools and county offices of education are exhibiting fiscal stress. Dozens either have negative fiscal health ratings or are "on life support" and are "dangerously close to cash insolvency."

Schools are experiencing major cash flow problems as they face long delays in receiving state support while Sacramento manages its own income-outgo disconnect, as well as vast uncertainty over how and when the state budget wrangle will be resolved.

Meanwhile, the prospect that other local governments might join Vallejo in insolvency has spawned a new version of union-backed legislation that would make it more difficult for them to seek bankruptcy court protection.

The League of California Cities, the California State Association of Counties and other local government groups are strenuously opposing the bill, Assembly Bill 506. It would require locals seeking bankruptcy to go through hoops set by a state commission dominated by politicians with close union ties.

As local officials see it, they could be held hostage by the commission, forced to protect union contracts and benefits as a condition of filing for bankruptcy.

The recession shows no signs of ending soon. State and local governments and schools will be facing tough times for years to come.

Meanwhile, everyone will be fighting over pieces of a shrinking pie.

Bill lets CA counties, school districts levy taxes

Wyatt Buchanan, Chronicle Sacramento Bureau

Thursday, May 5, 2011

(05-05) 04:00 PDT Sacramento --

Counties and school districts could have broad authority to propose their own personal income tax and other taxes that have previously been the sole responsibility of the state, under a bill approved by a Senate committee Wednesday.

The bill by state Senate President Pro Tem Darrell Steinberg, D-Sacramento, would allow counties and school districts to seek voter approval of additional income and sales taxes along with excise taxes on alcohol, cigarettes, oil drilling, sweetened beverages and medical marijuana, all in an effort to shore up local services that have been slashed because of state budget cuts. Cities, however, are not included in the bill.

The legislation would also allow counties and school districts to ask voters to approve increases in the vehicle license fee. All proposed tax increases would need voter approval to pass.

"I recognize the controversy inherent in this measure, but I want to say in conclusion I think it is good public policy," Steinberg told the Senate Governance and Finance Committee, which passed the proposal on a 6-2 party-line vote.

He added, "I have one laser-like focus, and that is to make sure we do everything possible to avoid unacceptable cuts to schools and public safety."
Confusing patchwork?

But Republicans on the committee and a number of business organizations spoke out against the bill, arguing that it would create a confusing patchwork of tax rates for both businesses and individuals, as the more than 1,000 school districts and 58 counties in California would have new individual taxing powers.

They said it would create great confusion in the state's tax code, and representatives from the Franchise Tax Board and the Board of Equalization - which administers tax collection in California - said they would have to make significant, and probably expensive, changes in their computer systems to comply if the bill were to become law.

Opponents also raised concerns that such tax authority would lead to a balkanization of services for Californians, with wealthier counties and school districts offering much higher levels of support than others.

"Legislators should be responsible for what the state looks like as a whole," said Gina Rodriquez, vice president of the California Taxpayers Association, an influential pro-business organization that opposes the measure. She added that the bill would pit "county against county, school district against school district."

In previous years, lawmakers have proposed bills to allow local entities to implement some of these taxes, but never have they all been included in one measure. Those bills never became law.

Under the proposal, school districts and counties could increase some taxes only to a certain level, such as 1 percent of taxable income, \$1 per pack of cigarettes and 5 cents for every 5 ounces of wine. A current

limit of 2 percent on the local sales tax would be removed, meaning there would be no limit, and the bill specifies no limit on a medical marijuana tax.

According to analysis by the committee staff, if all 58 counties were to impose the maximum levels on personal income taxes, the vehicle license fee, oil drilling, alcohol and cigarettes, it would generate \$13 billion in new revenue.

Voter approval

School districts or county boards of supervisors could by majority votes place tax measures in front of voters. If the tax would go for a specific purpose, like schools or transportation, the measure would require approval by two-thirds of voters.

However, if the taxes were for non-specified general purposes, they could be passed by a simple majority of voters.

Sen. Bob Huff, R-Diamond Bar (Los Angeles County), the vice chairman of the committee, called the proposal a "paradigm shift" in tax law and said he was perplexed by the scope of the proposal.

"There's so many moving parts to this thing it's hard to even craft a question," he told Steinberg during the hearing.

Also complicating the proposal is that the Franchise Tax Board, which collects personal income tax, does not track where people live in the state.

Brian Putler, legislative director for the tax board, told the committee that the board's computer system is not designed to track in which county or school district taxpayers reside. Some Californians have more than one residence in more than one county or school district, but the bill does not yet specify how residency would be determined.

The bill now heads to the Senate Appropriations Committee for consideration.

Dan Walters: Steinberg proposes sensible tax plan

dwalters@sacbee.com

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They had no way of knowing it, but when voters approved Proposition 13 in 1978, they created a nettlesome juxtaposition of sociopolitical megatrends.

The measure – which imposed a tight limit on local property taxes – was enacted just as California began to undergo massive demographic and economic shifts, and as the state Capitol's culture was changing.

The unintended consequence was that fiscal power of an increasingly complex state was shifted from local voters and officials into a Capitol that was becoming more crassly political, more ideologically divided and ill-equipped to make effective policy.

The result, more than three decades later, is political paralysis, as the chronic budgetary imbroglio attests.

It is impossible for the governor and the Legislature to make one-size-fits-all fiscal policy for the most complex society in the Western Hemisphere.

Jerry Brown, who was governor when Proposition 13 passed and is back in the gubernatorial saddle again, acknowledges this fundamental problem by proposing what he calls "realignment" – pushing some programs back down to county governments.

It's a part of Brown's larger budget plan and one of the many segments he has yet to nail down. Financing for the programs would come from an extension of temporary sales, income and car taxes that is stalled in the Legislature.

Meanwhile, the president pro tem of the Senate, Darrell Steinberg, proposes to go even further with legislation that would authorize counties to levy, with local voter approval, a wide variety of income, sales, cigarette, liquor, excise, car and mineral extraction taxes.

The legislation could be passed with simple majority votes and is probably meant to persuade Republicans to cooperate on Brown's tax proposal.

Political ploy or not, however, Steinberg's Senate Bill 653 is an intriguing alternative to having a dysfunctional Legislature attempt to make policy for 5,000 units of local government via the state budget.

Californians vary widely in their receptivity to tax increases, and that variance has a major geographic element. Coastal counties are more liberal on such things, while those east of the Coast Range are more conservative.

The state could provide a basic framework of services and let localities augment them if they wish.

If San Franciscans want to tax themselves heavily to provide a vast array of services, they should be allowed to do so. If Placer County residents don't want to do it, that should be their privilege as well.

One could argue that it would exacerbate the fragmentation of the state into mutually hostile tribes, but it's happening anyway.

Steinberg's legislation could set up a healthy economic and lifestyle competition and let the chips fall where they may – which would relieve Sacramento of the impossible job of making policy for everyone.

Opinion

Monday, Apr 25 2011 11:00 PM

OUR VIEW: Privately managed parks beat alternative

Contingency bills that would keep state parks open, and managed by private contractors, make sense if the only alternative is shuttering them completely because of budget cuts.

Californians' first preference should always be the present system of low-cost and accessible parks. Private management of state parks may be beneficial in some ways -- especially now, with California in financial crisis -- but long-term management by for-profit companies is replete with land mines. The continuing affordability of a family day trip to the nearest state park is concern No. 1.

For now, it's important that state parks remain open one way or another, and not just because Californians deserve the opportunity to visit them. A California State University study quantifies the economic benefits of state parks in terms of annual spending at \$6.9 billion. That translates into a lot of jobs.

State Sen. Sam Blakeslee's bill, SB 356, would give counties and cities the opportunity to operate closed parks for up to five years. State Sen. Tom Harman's SB 386 would require the state to give outside parties the chance to voice interest in taking over park operations. Ideal scenarios? Hardly. But those approaches sure beat locked gates.

What does Obama need for deal?

By: [Glenn Thrush and Carrie Budoff Brown](#)
April 24, 2011 07:06 AM EDT

The White House is playing the overheating [debt-ceiling debate](#) as cool as it can, imploring reporters to downplay the drama and asking the cable networks to forego their breathless —“Countdown to Catastrophe” clocks.

Yet for all their public confidence in the ultimate outcome — administration officials say even GOP firebrands won't risk a national default and an international financial meltdown — there is a growing sense among all parties that President Barack Obama won't be able to extend the credit limit without making significant new concessions to congressional Republicans.

For a president weary of vertiginous high-wire acts, this might be the trickiest of them all: A test of his ability to avert another financial crisis and to secure a bipartisan deal that preserves his reputation as a grown-up, accomplished without chucking his core beliefs into the chasm or alienating his progressive base.

But conservatives in the House, feeling burned by a [Congressional Budget Office](#) report revealing that the deal on the 2011 budget they just made with the president cut far less from the deficit than originally reported, are in a fighting mood, intent on pressing for bigger and more specific cuts as a condition of raising the ceiling.

—“The Republicans are looking at this as just another opening to force the president's hand, to hold everything hostage again,” said [Rep. Jim McGovern](#) (D-Mass.), who predicted many House Democrats would buck Obama and vote against raising the debt ceiling if the bill had too many GOP cuts attached.

—“The White House shouldn't cave, and the Republicans shouldn't count on that. The White House needs to be tough on this one,” he added.

The \$14 trillion question looming over bipartisan talks due to kick off early next month is whether Obama can negotiate a debt-ceiling deal as good as the relatively painless budget agreement he just got.

At the moment, that seems unlikely — and some administration allies fear that only a major disruption in the bond and equity markets, fueled by debt-ceiling jitters, will be sufficient to force the GOP to compromise.

—“I think the House Republicans have shown a lot of early signs of attempting a shakedown,” said Robert Greenstein, founder of the liberal Center on Budget and Policy Priorities, a Washington-based think tank.

—“My biggest concern is for all of this to fail and for us to have a debt-ceiling crisis. ... Given some of the hard-line demands of House Republicans it isn't clear that an agreement can be reached.”

House Republicans have ruled out any possibility of cutting the deficit by collecting more tax revenue, and have proposed a raft of structural changes that are anathema to Democrats, including a balanced-budget amendment.

—“We will make clear that real, actual cuts that get enacted into law are required, not the promise of future cuts by a future Congress. Anything else is a non-starter,” a GOP aide close to the negotiations told POLITICO on condition of anonymity.

—Obama is trying to create a false premise that we need a debt limit increase immediately but reforms over the long-term, that isn't the case and is also a non-starter." Any deal would need to —ensure that real reforms are enacted by a date certain and that the size of the debt-limit increase will be directly tied to the amount of real savings," the aide added.

In an interview with The Associated Press last week, Obama conceded that a debt-ceiling increase wasn't going to happen —without some spending cuts," saying that his goal was reaching a —smart compromise."

His advisers say they are entering talks under the assumption they will have to offer specific spending cuts. But they also insist that there simply isn't enough time between now and the credit crunch in mid-May to reach a deal that includes a microscopically detailed menu of cuts — and insist that any long-term agreement must include tax increases for the rich.

But they also are acutely aware of the politics, with senior administration advisers privately telling their counterparts on the Hill not to emphasize the tax increases — to avoid the —tax-and-spend-label," according to one Democratic aide.

Instead, Obama is looking for a deal that includes a broader —framework" for future cuts, with the details to be negotiated during talks on the fiscal 2012 budget. Any deal, he has said, will also include his proposal to create an automatic trigger to impose tax increases and program reductions if the parties fail to reach future budget-cutting benchmarks.

—The most likely outcome," predicts Peter Orszag, Obama's former budget director, —is a series of targets backed up by a trigger."

Democrats also hope to exploit what they see as a rift between House Speaker John Boehner (R-Ohio), who repeatedly has said the limit needs to be raised, and his No. 2, Rep. Eric Cantor (R-Va.), who has taken a tougher line, in keeping with his alliance with tea-party conservatives.

—We have the leverage here," said Rep. Barney Frank (D-Mass.). —There are obviously divisions in the GOP among the leaders and the people pursuing their dumb notions of linking [cuts] to the debt vote.

—In the end, the Republicans are not going to be able to withstand the pressure from the business community, the guys who finance their campaigns. ... In the end, they have to do this."

Boehner and Cantor repeatedly have denied that there's any daylight between them and Boehner allies point to the easy passage of the budget deal as proof that he's in complete control of his rank and file.

Moreover, Republicans, who have seen Obama compromise time and again in recent negotiations, see any Boehner-Cantor dissonance as good-cop, bad-cop bravado. They sense they can drive a harder bargain, even if it means forcing a series of emergency fiscal measures that keep the government running through July.

Even if the fiscal perils are clear — Treasury Secretary Tim Geithner has warned that even the suggestion of a failure to act could hammer the bond markets — the politics remain toxic and unpredictable.

—Politically, at this moment, I don't see any way that Congress can pass a clean debt limit bill," said Bill Hoagland, a former staff director for the Senate Budget Committee and onetime adviser to former Majority Leader Bill Frist.

—There are just too many people who have made too many statements on the Republican side in both the House and Senate. I don't see any way you can get to 60 votes for a clean debt-limit bill. I think something will have to be added to get to 60."

GOP leaders are already bad-mouthing the negotiations led by Vice President Joe Biden that are scheduled to begin May 5. Cantor and Senate Minority Whip Jon Kyl (R-Ariz.) are expected to draw a firm line against any kind of revenue increases, which Democrats will insist upon.

The Democratic negotiating team is an odd mix.

Senate Finance Committee Chairman Max Baucus (D-Mont.) voted against the White House fiscal commission report, and Senate Appropriations Committee Chairman Daniel Inouye (D-Hawaii) is the self-proclaimed —king of pork." Rep. Chris Van Hollen (D-Md.) is the ranking member on the Budget Committee. Rep. James Clyburn (D-S.C.) is a centrist dealmaker. But neither is a known leader on deficit issues.

Predictions of fiscal apocalypse notwithstanding, Republicans sense the political winds at their back. A Marist Poll last week showing nearly 70 percent of Americans oppose raising the debt limit, including a majority of Democrats and strong majorities of Republicans and independents.

—This almost certainly means that most representatives and senators will need to vote against a debt-ceiling bill at least once so that they have something on the record showing their constituents that they were with them," wrote Stan Collender, a former veteran budget staff for Democrats on the Hill on his blog, Capital Gains and Games.

He went on to predict a scenario that mirrored the 2008 battle over TARP — a second vote on the package precipitated by a market crash. —Forecasts of a crisis will then allow enough members to vote for a debt-ceiling increase," he added.

But even a framework will be challenging to negotiate. For example, how far do they go in setting a debt-to-GDP ratio, a key indicator of the country's debt burden health?

The White House fiscal commission recommended 60 percent by 2023. But an independent analysis of the president's deficit-reduction framework by the Brookings Institution's Bill Galston concluded that his plan would bring that ratio to only 75 percent.

And the GOP's insistence on taking any tax hikes off the table, makes the possibility of a deal mandating automatic cuts — triggered by rising deficit levels — all the more difficult to achieve.

All this uncertainty is once again focusing attention on the Gang of Six, a bipartisan group of senators who are preparing their own long-term deficit reduction plan, due to be released sometime in the next few weeks.

—There is one play right now and it is Gang of Six," said Jim Kessler, vice president of policy for Third Way. —If the Gang of Six is unable to come out for anything then it will be difficult for the White House to come out with its own thing."

Half Way to Concord

California legislature moves to allow counties to levy local income taxes, more

Posted on April 20, 2011 by BGR

SB 653, Darryl Stienberg, authorize local income and corporate taxesA California Senate Bill, SB 653, authored by Darryl Steinberg, if enacted, will authorize the board of supervisors of any county or city and county, by ordinance or resolution, to propose to the voters a tax, including, but not limited to, subject to specified constitutional and voter approval requirements, to levy, increase, or extend a local personal income tax, a local corporate income tax, and a local sales transactions and use tax, vehicle license fee, and excise tax, including, but not limited to, an alcoholic beverages tax, a cigarette and tobacco products tax, a sweetened beverage tax, and an oil severance tax, as provided.

We think that Assemblywoman Susan Bonilla (AD-11), Joan Buchanan (AD-15), and State Senator Mark DeSaulnier (District-7), and the Contra Costa Supervisors: Gioia, Uilkema, Piepho, Mitchoff, and Glover, ought oppose this legislation as the LOCAL ECONOMY KILLER it truly is. These electeds instead ought to be busy recommending further reductions in unsustainable California State spending. Raise employee pension contributions across the board, raise classroom sizes, eliminate 300 of the 500 do-noting commissions and boards, the list goes on and on.

Please send them a message at the respective links above that you OPPOSE SB 653.

These electeds are also welcome and should be encouraged to go on the record here and defend SB 653.

SEE LEGISLATION

Since the California Constitution prohibits the Legislature from imposing taxes for local purposes, it does allow the Legislature to authorize local governments to impose them.

According to Kris Hunt of the Contra Costa Taxpayers Association,

The crucial phrase is “not limited to” which should make everyone nervous as to the creative talents of those seeking to raise new revenue. As for the state government, the temptation to push more issues down to the local government could prove too tempting if the options for raising revenue was already in place.

This bill would require the State Board of Equalization, the Franchise Tax Board, or the Department of Motor Vehicles to perform various functions incident to the administration and operation of a local tax if the county or city and county contracts with the state agency to perform those functions.

The last thing local economies in California need is more taxation. Californians have contributed more than their share during this severe economic down turn. Now it’s time for state and county governments to act like adults and feel the pain just like taxpayers do, by spending less than it brings in without raising taxes.

State parks officials soon to release closure list

10:54 PM PST on Monday, February 28, 2011

By JIM MILLER and IMRAN GHORI

Some state parks in Inland Southern California are likely to be among dozens recommended for closure or downsizing as officials finish a plan to reduce parks spending.

The proposed cuts in Gov. Jerry Brown's January spending plan -- \$11 million in fiscal 2011-12, growing to \$22 million in fiscal 2012-13 -- are a fraction of the estimated \$26.6 billion budget hole facing the state through June 2012.

But California's 278 parks have an outsized public presence. People visited the system 72.5 million times in the year ending in July 2009, drawn by quiet trails, beaches and other attractions.

Last fall, however, 57 percent of voters opposed the idea of paying higher vehicle fees to help parks.

Officials continue to fine-tune a list of state parks that will be affected. Hours will be cut at some and others would be closed altogether.

Lawmakers wanted the plan by mid-February. Department spokesman Roy Stearns said officials are still working on the package, weighing criteria that include a park's attendance, revenue and historic value.

Kurt Miller / The Press-Enterprise

Joyce and Russ Basore, of Rancho Cucamonga, look over some old equipment at Citrus State Historic Park in Riverside on Sunday. The state is crafting a list of suggested park closures and downsizings. The citrus park was included on a 2008 closure list that was never enacted.

"This administration has told us to step back and think about the mission," Stearns said. "We continue to look and examine the list, all these parks, and all these possibilities in hopes that we just get it right."

The state's parks system already has been hit by a mix of one-time cuts and deferred maintenance. But lawmakers so far have avoided shutting down any parks.

California Citrus State Historic Park in Riverside and Mt. San Jacinto State Park near Idyllwild were included in a January 2008 parks closure plan. But the recommendations, which would have saved \$17 million, never were carried out.

A year later, as many as 220 parks faced closure or severe cutbacks.

Then-Gov. Arnold Schwarzenegger and legislative leaders agreed to keep the parks open with revenue generated by expanded offshore oil drilling. Ultimately, the drilling measure failed, but no parks closed.

It's unknown how many parks the department will recommend closing this time.

Kelly Elliott, the citrus park's superintendent, said regular visitors are aware the park could be on a future closure list.

"We hear it all the time. It is a concern," she said. "A lot of the people who come to our park really enjoy it and they're not just passing through."

A visitor samples fruit at Citrus State Historic Park, which had 69,572 visitors in fiscal 2008-09.

Susan Boydston, of Riverside, who was walking her two dogs through the park Sunday, said she visits the park once or twice a month. "I like to bring the dogs here, and love the view of the mountains," she said.

David and Maria Duarte, of Riverside, were first-time visitors to the park Sunday with their children Pamela, 9, and Mason, 6. The kids had come to the park on a field trip recently and enjoyed it so much they wanted to come back.

"We didn't have any idea of how many oranges and lemons there are," said Maria Duarte as they walked through a citrus grove.

Both Citrus and Mt. San Jacinto draw just a fraction of the visitors that the region's most popular park, Lake Perris State Recreation Area, draws.

Ron Krueper, state parks' Inland Empire superintendent, said the district has provided information to state officials compiling the closure list.

"Each park is unique. There is no cookie-cutter approach," he said.

OUTSIDE HELP

Parks supporters suffered a blow in November when voters rejected a ballot measure that would have increased vehicle license fees \$18 to help pay for the parks system.

Earlier this month, the California State Parks Foundation and the Save-the-Redwoods League released a report focused on keeping state parks afloat financially and increasing their attendance.

The report recommended a mix of revenue from taxpayers, nonprofit foundations and charitable donations, as well as from added business concessions at the parks.

Story continues below

Kurt Miller / The Press-Enterprise

Maria Crombie of Riverside samples citrus during a taste testing offered by the Citrus State Historic Park in Riverside on Sunday.

Some local governments and nonprofit groups, meanwhile, have expressed an interest in taking over the operation of any shuttered parks.

For the second time in two years, Riverside is sponsoring legislation to let it run the citrus park. An earlier bill stalled in the Senate in 2009.

The latest measure would force the state to let the city enter into a 25-year operating agreement for the citrus park. City officials see the park as a potentially popular regional attraction -- given the right management.

"Citrus Park is not a place simply to gather," said Riverside Mayor Ron Loveridge. "It's a place to tell the story of citrus in California. It's the second Gold Rush in California. It defined the first third or half of the 20th century."

Assemblyman Kevin Jeffries, the bill's author, said he recently talked up the measure with John Laird, a former Assembly colleague who is Brown's resources secretary and oversees the parks department.

"He didn't commit one way or the other. But based on the conversation, he's well aware now that there is part of a solution right there," said Jeffries, R-Lake Elsinore.

Some parks advocates have been leery of giving up control of state parks. But Inland Assemblyman Brian Nestande, R-Palm Desert, whose district includes the citrus park, thinks environmental groups are becoming more open to the idea.

Reach Jim Miller at 916-445-9973 or jmiller@PE.com

Sierra Sun

California State Parks prepares for closures under Gov. Brown's proposed budget cuts

By Dylan Silver

Tahoe Daily Tribune

Share on Facebook Email Print Comment

February, 27 2011 12:20 pm

LAKE TAHOE, Calif. — Gov. Jerry Brown's proposed budget provides few options for California State Parks, a state official said as a list of park closures is pending release on an “open-ended” date.

“We've worked hard to bring efficiencies to the system,” said Roy Stearns, state parks spokesman. “We've reorganized three times since the 1990s. After nearly two decades of ups and downs in the park system, all those efficiencies are gone. There's really no options left, but closures.”

The Department of Parks and Recreation that oversees the state parks system is facing \$11 million in cuts to its 2011-12 budget, and that number could grow to as much as \$22 million in ongoing reductions.

The number of parks that will close cannot be released, Stearns said, but no district should expect all parks in its area to be shuttered.

California State Parks is examining every single one of the 278 state parks by attendance, revenue and “their mission,” Stearns said. Not all parks of one type will close regardless of attendance and revenue, he said.

For example, California has several parks that teach about the history of gold mining. Though these parks are low attendance and low revenue, they play an important role and should not all be closed, Stearns said.

The proposal for closures comes on the heels of a California State Parks Foundation publication titled, “A Vision for Excellence for California's State Parks,” which aims to reinforce the importance of the state parks system.

The document emphasizes five main goals for the parks system: make parks relevant, increase access, defend park lands and resources, broaden leadership for parks, and strengthen and diversify funding.

“This system is already operating with insufficient resources, and extracting what will eventually be an ongoing \$22 million cut, will exacerbate the challenges facing state parks,” said Elizabeth Goldstein, president of the California State Parks Foundation, in a statement.

To offset budget cuts, the parks system is looking to partner with cities, counties and nonprofits.

“When we finally have the list done, we will invite all those entities to ask, ‘Can we help?’” Stearns said.

The parks system is avoiding buying new equipment when possible and trying to grow its volunteer base of 20,000, he said.

California State Parks has received suggestions to staff solely on a volunteer-basis, but it would not be feasible, Stearns said.

"It's unrealistic to think that a volunteer force can take over a system as large as the state parks," Stearns said.

The parks system is trying to avoid layoffs of any of its 2,500 staff, Stearns said. Rather, the department isn't filling open positions, he added.

The High Sierra district, which encompasses Lake Tahoe, has 15 state parks. In 2008-09, the most recent data available, the district received more than 1.4 million visitors and cost nearly \$9 million to operate.

Of the 15, the state parks treasured most by Truckee/Tahoe residents and tourists include Donner Memorial (Truckee), Ed Z'berg Sugar Pine Point (Tahoma), D.L. Bliss (South Lake Tahoe) and Emerald Bay (South Lake Tahoe).

In 2010, voters shot down Proposition 21 that would've instituted an \$18 vehicle fee to raise more than \$500 million for state parks.

In 2008, a \$13 million cut to the Department of Parks and Recreation budget caused 48 parks across California to be closed.

TO: Board Legislative Committee
(Chair Ted Radke, Doug Siden, Ayn Wieskamp and
Alternate Beverly Lane)

FROM: Robert E. Doyle, General Manager
Erich Pfoehler, Government Relations and Legislative Affairs Manager

SUBJECT: Board Legislative Committee Meeting

WHEN: Friday, May 20, 2011 12:45 p.m.
Lunch will be served

WHERE: Board Room, Peralta Oaks

Items to be discussed:

I. STATE LEGISLATION / ISSUES

A. NEW

a. **AB 147 (Dickinson) – Transportation impact mitigation fees for bike and ped projects:**

The California State Association of Counties (CSAC) is sponsoring legislation authored by Assemblymember Roger Dickinson to expand the eligible uses for transportation impact mitigation fees to include transit, bicycle and pedestrian facilities. Current law, primarily the Subdivision Map Act, limits the use of these fees for the mitigation of traffic impacts to bridges and major thoroughfares.

This measure seeks to provide cities and counties with the tools necessary to build required infrastructure to support infill development by expanding the allowable uses for transportation impact mitigation fees. These changes are consistent with statewide SB 375 directives for infill development, transit-oriented development and complete streets. On May 5th, the bill passed the Assembly by a vote of 48-26. The Metropolitan Transportation Commission (MTC), Environmental Defense Fund and Transform all support.

Staff recommendation: Support

b. **SB 653 (Steinberg) Enabling counties and school districts to have more local taxation authority:**

This bill would allow counties and school districts to seek voter approval of additional income and sales taxes along with excise taxes on alcohol, cigarettes, oil drilling, sweetened beverages and medical marijuana, all in an effort to shore up local services being slashed by state budget cuts. Neither special districts nor cities, however, are included in the bill. While the bill faces significant hurdles, it passed the Governance and Finance Committee on May 4 with a 6-2 vote. The bill is supported by labor and school groups and opposed by Jarvis Taxpayers Association and other business interests targeted by possible excise taxes. District staff are

discussing the possibility of including language that would allow local regional governments to levy the additional taxes as well. The current bill authorizes “the governing board of any county or city and county and any school district” to levy the taxes. Staff would recommend we work with our advocates and delegation to allow local regional governments to qualify.

Staff recommendation: Support, if amended.

c. **SB 668 (Evans) – Williamson Act agreements between landowner’s and open space districts:**

The Williamson Act enables local governments to enter into contracts with private landowners for the purpose of restricting specific parcels of land to agricultural or related open space use. In return, landowners receive property tax assessments which are much lower than normal because they are based upon farming and open space uses as opposed to full market value. Local governments receive an annual subvention of forgone property tax revenues from the state via the Open Space Subvention Act of 1971. This legislation would allow open space districts, land trusts or nonprofits to pay all or a portion of the foregone property tax revenue to the county if the state does not. Elimination of state funding for the Williamson Act has been a part of budget discussions. Should the state no longer meet their subvention obligations, this bill would allow others to fill that void. The bill unanimously passed the Senate Governance and Finance Committee on May 9th. The California Council of Land Trusts is not supporting and do not think it will pass.

Staff recommendation: Watch

SB 356 (Blakeslee) – Local operating agreements for state parks:

This bill proposes new parameters for local governments to assume operation and maintenance of state parks. If the Department of Parks and Recreation proposes to fully close a unit of the state park system with no planned public access, this bill requires the Department to notify the county or city in which the unit is located. If a local government steps forward, the bill requires the operating agreement include a provision exempting the maintenance and operations of the state park unit from state prevailing wage requirements. The bill unanimously passed the Natural Resources and Water Committee on May 2nd. The author believes it is a way to keep state parks open, particularly those which generate revenue for local economies. The State Parks Foundation, however, views the bill as “mandating agreements in advance of negotiations” and opposes the bill unless amended. The bill is silent on open space districts operating state parks.

Staff recommendation: Watch

SB 386 (Harman) – State Park closure notification:

This bill would require the Department of Parks and Recreation to post on its website, at least 30 days prior to the date the Department plans to close a unit of the state park system to public access, specific information about the proposed park

closure. Posted information includes how to contact the Department in writing if an individual or other party is interested in entering into negotiations for a contract or agreement to lease, operate, maintain or provide concessions at a state park unit proposed for closure. The bill would require the Department to respond in writing to any inquiry received. This bill declares it takes effect immediately as an urgency statute. The author stated with regard to a previous version of the bill: "The Department has alternative mechanisms to keep state parks open and operating other than closure. SB 386 requires the Department to explore these options fully before a single park closes its doors."

Staff recommendation: Watch

B. ISSUES

a. **State Budget**

Governor Jerry Brown is concerned about the political consequences California's income tax revenue spike may have on his tax proposal. Brown's office issued a rare statement from Finance Director Ana Matosantos that downplayed data showing California has received \$2.5 billion more in general fund revenues than had been expected this fiscal year. That amount is only a small share of the state's remaining \$15.4 billion deficit, but doesn't help the Governor's call for more taxes if voters hear the state is receiving more cash than expected.

Brown is scheduled to deliver a revised budget on May 16th, an annual proposal that takes into account changes in revenues and expenditures. "While tax receipts are currently running higher than projections, this should in no way be taken to mean that we can ease up on our efforts to close the remaining budget gap," Matosantos said in her statement.

In addition to increased tax revenue, demand for services may actually be less than expected. Both In-Home Supportive Services and the Department of Developmental Services have lowered their caseload estimates in recent weeks, and the Department of Finance said last week the prison population dropped in 2010.

It is unclear exactly why revenues are trending higher, but the Legislative Analyst's Office has suggested economic growth may be outpacing expectations, despite California's unemployment woes. If that is indeed the case, Brown could reduce the deficit even further than \$2.5 billion by assuming more revenues in the next fiscal year. When Brown releases his budget revision, he will try to make the case that the state still has a revenue problem which will cause significant cutbacks in education and public safety without more tax dollars.

Republicans cited the revenue growth as a sign that additional taxes are unnecessary. Assembly Republican Leader Connie Conway, R-Tulare, said in a statement the additional tax revenue should go toward K-12 schools and community colleges to keep their funding intact.

Since the May revise will have been released and received comment by the time of this meeting, there should be more to verbally discuss about possible future actions.

b. **Plan Bay Area Application (SB 375)**

District staff have submitted the required 1000 word application for funding to the MTC for “Green Transportation and Environmental Maintenance.” Staff have produced a brochure further elaborating on our application. Staff have also been meeting with key MTC and ABAG decision makers from Alameda and Contra Costa County. There will be a verbal update presentation by staff at the meeting.

c. **CSDA Legislative Conference Report – Reform Efforts**

AGM Dave Collins and Government Relations Manager Erich Pfoehler attended the California Special Districts Association legislative days. There will be a verbal presentation by staff at the meeting.

2. FEDERAL LEGISLATION / ISSUES

A. NEW N/A

B. ISSUES

a. **Debt Limit Debate / TIGER Rescissions**

House Speaker John Boehner has set the bar on a debt-limit increase in exchange for “trillions” of dollars in spending cuts. Boehner asserts that Congress should seek spending cuts which exceed the amount by which Congress increases the debt limit. For example, if the \$14.3 trillion debt ceiling needs to be raised by \$2 trillion then Boehner would seek \$2 trillion cuts. There would be no way to cut to that level without touching Medicare and Social Security. TIGER II funds would be budget dust in this scenario.

While Boehner’s proclamation may please the tea party movement, it is a risky proposition that could once again force him to compromise and leave the conservative Republican majority to accept less than what it wanted. Boehner’s stance also keeps entitlement cuts firmly on the table, raising the political stakes for House Republicans, some of whom have taken a beating back home for their Medicare proposals. In recent remarks, Boehner warned that “without significant spending cuts and reforms to reduce our debt, there will be no debt-limit increase,” adding that the cuts should be in the “trillions, not just billions.” GOP aides have stated, “there is no way to get 218 votes in the House without some significant deal on cutting entitlement spending. We can’t count on any Democratic support, so we have to get to 218 on our own.”

Some have floated the idea of incremental increases in the debt ceiling. House Democratic Whip Steny Hoyer rejected the Republican plan to raise the debt ceiling in short-term chunks, saying the U.S. economy can’t run in “fits and starts.” The Treasury Department has told Congress it must raise the debt ceiling by August 2nd with Secretary Timothy Geithner warning of “catastrophic” consequences if Congress fails to act.

3. PUBLIC COMMENTS

4. STATUS OF RECOMMENDATIONS

5. CORRESPONDENCE AND ARTICLES

- a. "GOP sets stage for major cuts in 2012", Politico, May 11, 2011
- b. "Editorial: City, county explore park revenue ideas", Sacramento Bee, May 11, 2011
- c. "Pessimism clouds deficit talks", Politico, May 10, 2011
- d. "Economy-California Budget", Reuters, May 9, 2011
- e. "Herdt: Putting direct democracy back on track", Ventura County Star, May 10, 2011
- f. "Laying down blunt budget markers for debt crisis", Contra Costa Times, May 10, 2011
- g. "Kyl predicts \$6 trillion in cuts", Politico, May 9, 2011
- h. "Boehner: Cut 'trillions' as debt limit nears", Politico, May 9, 2011
- i. "Oil tax backers brace for a brawl", SF Gate.com, May 9, 2011
- j. "Governor downplays bump in tax revenue", Sacramento Bee, May 7, 2011
- k. "Dan Walters: Local governments also feel budget pinch", Sacramento Bee, May 6, 2011
- l. "Bill lets CA counties, school districts levy taxes", SF Gate.com, May 5, 2011
- m. "Dan Walters: Steinberg proposes sensible tax plan", Sacramento Bee, May 1, 2011
- n. "Our View: Privately managed parks beat alternative", The Bakersfield Californian, April 25, 2011
- o. "What does Obama need for deal?", Politico, April 24, 2011
- p. "California legislature moves to allow counties to levy local income taxes, and more", Half Way to Concord, April 20, 2011
- q. "State parks officials soon to release closure list", The Press Enterprise, February 28, 2011
- r. "California State parks prepares for closures under Gov. Brown's proposed budget cuts", Sierra Sun, February 27, 2011