



## BUDGET SOLUTIONS WE CAN PUT IN PLACE NOW

California faces a budget deficit of daunting proportions. To bridge the gap, the Governor has proposed – and the Legislature is considering – deep budget cuts that would reduce support for a broad array of public services. The Governor has said that while he opposes raising taxes, he would be open to finding new sources of revenues.

**The Safety Net Coalition urges the Governor and legislators to adopt the following principles when reviewing the state's 2008-2009 budget:**

- 1) Make no cuts that result in a loss of federal matching dollars.
- 2) Make no cuts that result in costly consequences that erase the benefit of the budget cut or worse cost California taxpayers more.
- 3) Make no cuts that result in weakening emergency preparedness systems in our communities.
- 4) Make no cuts that weaken California's education system and put California's future at risk.

### **Suggested Revenue Enhancements that Preserve California's Communities:**

#### **Oil Severance/Production Royalties – Potential Revenue more than \$1 Billion/year**

California is the only state that does not receive royalties from the oil extraction and production within its borders.

#### **Reassess Commercial Property – Potential Revenue \$4-5 Billion/year**

California allows commercial property exchanges that escape the reassessment that all homeowners are subject to at the time of sale.

#### **Yacht Loophole – Potential Revenue \$55 Million/year**

Recommended by the Legislative Analyst's Office and supported by the Governor, closing this loophole will prevent buyers from avoiding sales tax when purchasing a luxury vehicle.

#### **Replace Mortgage Interest Deduction with Credit – Potential Revenue \$1 Billion/year**

The Legislative Analyst's Office has suggested this fix to an imbalance in the state's tax structure.

#### **Reinstate the Vehicle License Fee – Potential Revenue over \$7 Billion/year**

The Governor campaigned on cutting this fee when he ran for office in the recall election, and cut the fee on his first day in office. The VLF was included in the annual registration fee for vehicle owners, and the amount was based on each vehicle's current value.