

# Inland Valley Daily Bulletin

## NEWS ANALYSIS

### **Democrats blast governor's budget**

Opponents say rich win, poor lose

**By DAVID M. DRUCKER**  
**STAFF WRITER**

**Monday, January 12, 2004** - SACRAMENTO - Gov. Schwarzenegger's proposed budget reduces services to the poor while sparing the wealthy from paying higher taxes needed to close a \$14 billion deficit, legislative Democrats said Monday.

State Senate President Pro Tem John Burton, D-San Francisco, blasted the Republican governor's 2004-05 spending plan because it would slash billions from Medi-Cal and CalWorks, the taxpayer subsidized health and welfare programs used by low-income residents.

Burton reiterated his opposition to the car-tax reduction and called for an income-tax hike on individual Californians earning more than \$150,000 in taxable income.

"Many people who own cars who benefited from the (vehicle license fee) are those with higher incomes - have the expensive cars, have the Mercedes, have the Humvees, have the BMWs, have cars that cost \$80,000, \$90,000, \$100,000," said the legislature's top Democrat. "Probably five, six, seven, eight families, poor women and children, are living on the amount one individual would be paying for his car."

Schwarzenegger went on conservative talk-radio Monday to sell his budget plan and the \$15 billion deficit bond and constitutional spending-limit on the March 2 statewide ballot.

He has lamented his proposed cuts, but says the budget crisis requires them because the state has no money, and says tax hikes would hurt the economy while failing to generate additional revenue.

"If we in California make this a more business-friendly environment, then businesses will come back, jobs will come back, everyone will be happy; we will increase the funds that will be available, and then we can afford the different programs that everyone wants," Schwarzenegger told San Diego talk-show host Roger Hedgecock, who traveled to Sacramento with 100 listeners to discourage lawmakers from raising taxes.

The governor unveiled his \$99.1 billion spending plan last week. His plan for the fiscal year, which begins July 1, calls for no tax increases. Instead, it calls for fee increases and spending cutbacks, including a 7 percent overall cut to Health and Human Services programs, including CalWorks and Medi-Cal.

A two-thirds vote in each house of the Legislature is needed to pass a budget. Democrats, who control the Legislature by a large majority, are signaling they won't support a budget that does not raise taxes.

"Folks that are on Medi-Cal are on because they're on the edge of financial demise, and to ask them to make co-payments or premiums, I think, is kind of inhumane," said Assembly Budget Committee Chairwoman Jenny Oropeza, D-Carson.

Burton did not release a detailed counter-proposal, but during a Capitol news conference, he dropped clues as to what leading Democrats envision for the budget.

He said Schwarzenegger's December move to unilaterally appropriate \$2.6 billion to local governments to replace money lost due to his repeal of the tripled car-tax is legally questionable and indicated he might support legal action to block it.

Burton also defined "wealthy" in terms of who should pay higher income taxes. Single Californians earning \$150,000 or more annually in taxable income - which could be as low as \$170,000 in gross income, according to some estimates - might qualify for a higher bracket, and individuals with taxable income of \$500,000 and up might be placed in an even higher new bracket.

Plans proposed by the Legislature typically double those numbers for married couples filing jointly.

Legislative Republicans have indicated their desire to compromise, except on the issue of tax increases.