

Opinion: Calif. needs to stop abusing taxpayers

By Ted Gaines

From the same governor who brought you the illegal fire tax now comes a plan to blow the top off California's spending cap and leave taxpayers on the hook for tens of billions in extra taxes. It's a bad idea that fractures the faith between citizens and government and spells trouble for California's fiscal future.



Ted Gaines

With California's runaway spending, it's hard to believe the state even has an expenditure limit. But in 1979, a year after signing off on the revolutionary Proposition 13, voters passed Proposition 4, implementing the "Gann Limit," which would peg California's state spending to the 1978-79 level and only let it grow adjusted for inflation and population. State revenues above the voter-approved limit actually had to be refunded to taxpayers, an event that would cause panic attacks in today's money-hungry Capitol.

In 1986-87, a boon year for tax revenues, the state issued more than \$1 billion in rebates to relieved taxpayers who finally had some protection from an insatiable Sacramento.

Alas, it was too good to go on forever. Proposition 111 in 1990 defanged the Gann Limit, weakening its terms, and it now

rarely factors into budgeting decisions.

But, weak as it is, it's still on the books, and there is no ceiling too high for the Democrats when it comes to government spending. Gov. Jerry Brown's new budget proposal is straining against even the wilted Gann Limit, and he's going to do something about it.

Is he going to cut spending? Is he going to refund taxpayers? Or is he going to manipulate the budget to carve out more room to spend?

If you went with manipulate, I've got a job in the California Department of Finance for you.

Brown proposes taking \$22 billion off the Gann Limit books this year. The money would not be accounted for as state spending or as local spending, as required in the original proposition. For Gann Limit purposes it would just disappear, like the hopes of fiscal conservatives all around the state, if his scheme is successful.

In essence, he would open up an avenue for another \$22 billion in spending by reclassifying the current \$22 billion. He would not spend less, he would not adhere to the even the watered-down mandates of the 1979 Gann Limit reform, he would just trick his way around the spending cap.

Try this sort of deception on your tax return to see how the state normally views creative exemptions of the sort they are practicing now.

Spending is taxes. The two can't be separated, and Gov. Brown's bad-faith end-run around the Gann Limit guarantees a heavier load for California taxpayers and a California perpetually stretched to its fiscal limit.

I have a novel idea: Live up to the law. If taxpayers deserve rebates, give them rebates. Don't twist and distort or

outright ignore the law just because it lets taxpayers keep more of their money. They earned it in the first place; it's not a gift that a benevolent government doles out.

If the state is bringing in too much money and spending too much, get rid of the illegal fire tax or cut the Vehicle License Fee. Cut tax rates. That would put more money back in people's pockets without putting the government in the way as a rebate middleman.

The Gann Limit has been little more than a rumor for decades, but it is a rule passed by the people to protect them from just the kind of spending excess proposed by Gov. Brown. It's a sad commentary on our state, but when it comes to raising your taxes, rules seem made to be broken.

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