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STEINBERG RESPONSE TO GOVERNOR’S MAY REVISION

(SACRAMENTO) – Senate President pro Tempore Darrell Steinberg (D-Sacramento) made the following comments today in response to the Governor’s May Revise:

I could speak for a long time about the past and where to point the finger. I could talk about sledgehammers, and automobiles and torn up credit cards. I could talk about blowing up boxes. I could talk about one of many silly metaphors. But I will leave it at this: I am disappointed that the Governor has chosen to surrender. That he sees California as unfixable and that he proposes a budget that kills the economy and harms so many. It is a non-starter.

If God forbid this budget became a reality, California would be the only state in the union to not have a safety net for children. Leadership is not about blaming others. It’s about finding solutions to tough problems to preserve the state and its people. In their comments throughout the day the Governor’s representatives have described the cuts he proposes as quote “terrible.” I believe him ...but his actions say it would be more terrible to delay $2.1 billion in corporate tax breaks than to save children, the elderly, and the most vulnerable. His actions say it is more terrible to impose a tax on oil profits than complete elimination of county mental health services and child care.

He appears to have decided that the solutions are too difficult to achieve so he will accept these “terrible” cuts. We refuse to wave the white flag. California’s elected leaders- including myself- and the governor and the others need to stand up. Given the choice between enacting $6 billion in cuts to services for the elderly, children and the disabled, or delaying corporate tax breaks, I’m for delaying corporate tax breaks. Given the choice between cutting education by nearly $3 billion or seeking revenues from oil companies extracting oil in California, I’m for getting revenues from oil companies profiting handsomely in this state.
But I want to go beyond I think what you expect here which is sort of the give and take.... And [provide a] the recitation of our genuinely held beliefs and philosophy. I want to state my perspective on the overall situation very clearly. In my view—having now my tenth year in the legislature, second year as leader, having served on numerous budget conference committees—we have come to the end of trying to prop up this failed structure. There is no more triage. The status quo is unsustainable.

Our government is not structured to quickly and effectively respond to an economic crisis of this magnitude. We are so balkanized that the people don’t know who collects the taxes and who provides the services. Yes we need revenue, and we will fight for revenue, but not to prop up this outdated structure. We must use this crisis now, not next year, not another report, not another study. We need to bring government closer to the people. The inside term is “realignment.”

What it means to the people of California is that we must take many of these state programs that otherwise may be decimated, and give them to the locals and the school districts. Give them restored revenue and the ability to raise revenue themselves. This is not theory. This is not academic. This is not a luxury. Those who say – “too difficult, too complicated”, I challenge you to do this: Bring forward an alternative that balances the budget, preserves essential public investments, and does not rely on gimmicks.

Finally, I do want to respond to one thing that the Governor highlighted in his comments about the tax structure. I think we all agree that California’s tax structure needs updating. But to say that we are living through this budget crisis solely or primarily because of the tax structure is just plain wrong. The Legislative Analyst said clearly that if we had adopted the Parisky Commission’s recommendations... revenue would actually drop $10 billion. [The] Governor has this theory about GDP that he keeps talking about, but this is what we know about California: Personal consumption in California has fallen by the largest percentage since 1980. Home prices have plunged dramatically since 2007 from an average of $484,000 thousand a home to $250,000. The share of corporate income tax paid in California has fallen by nearly half since 1981. So this idea that if our tax structure had only kept up with some phantom robust growth in our economy over the last couple of years... This country, the world, and this state are living through the most precipitous drop in revenue, and it would be precipitous no matter what tax system we had. The real answer here is we must restructure and realign this outdated structure that we have here in California and we need to provide the revenue to the entity that is in the best place to provide the services.