Editorial: GOP should trade tax hike for budget reforms

Alas, Republican lawmakers demagogue the issue, clinging to every last deduction

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Republicans in the Legislature have taken a solemn oath to oppose any tax increase, and many of them are similarly opposed to a proposal by Legislative Analyst Elizabeth Hill to rescind $2.7 billion in questionable tax credits and deductions.

These stances prompt some obvious questions:

How do Republicans propose to close a budget deficit in 2008-09 that is expected to top $16.5 billion?

Would they slash state payments ($13.6 billion) to Medi-Cal providers? Or some of the $10 billion that goes to the corrections department?

The apparent answers to both questions – no and no.

Cuts to the state Medi-Cal program would hurt doctors, many of whom are Republicans. Reduced prison spending would raise the ire of the guards' union, which wields a campaign war chest that frightens many incumbents.

That leaves GOP lawmakers with few easy choices, given their opposition to raising revenues.

Perhaps they could close down a few public universities. That might cut half of the $6 billion that goes to the University of California and California State University.

Perhaps they would eliminate supplemental income for disabled seniors (saving $3.7 billion) or in-home supportive services ($1.6 billion).

Or maybe they would slash the $4.5 billion that goes to children and adults who have autism or other developmental disabilities, or the $1.2 billion that goes to foster kids and the families who care or them.

As you can see, it isn't easy to close a $16.5 billion budget shortfall while leaving major programs untouched and refusing to raise revenues.
If Republicans have a plan, they have chosen so far not to publicize it. We'd hate to think they merely intend to demagogue the issue, by dodging tough questions and attacking anyone who challenges their anti-tax orthodoxy.

The current target of their attacks is Gov. Arnold Schwarzenegger, a registered Republican. Last Thursday, the governor told business leaders in Southern California he would support raising taxes by limiting a handful of credits and deductions in the tax code. He endorsed the legislative analyst's approach without embracing all of her specific proposals.

The governor deserves credit for bucking his party's orthodoxy and stating clearly that, with a $16.5 billion deficit, "we should all chip in." It would be even more refreshing to see him specify which tax credits he'd rescind or reduce.

Republicans would be wise to seize this moment. Since the Democrats need two of their votes in the Senate and six in the Assembly to pass a budget, the GOP holds a disproportionate ability to influence the outcome and institute long-term fiscal reforms.

What would these reforms look like?

Perhaps they could seek a spending limit or changes to ballot-box spending formulas that many lawmakers privately oppose. Or they might demand changes to the welfare program designed to get more single mothers into the work force.

But we will never know what kind of deal they might strike if they continue to play to the cheap seats, instead of reaching for the bigger prize.