That explosion you heard in downtown Sacramento on Tuesday was the big blowup of Gov. Jerry Brown's plans to ask voters in June to extend billions of dollars in taxes to balance the deficit-riddled state budget.

Brown terminated negotiations with Republican legislators, citing a lengthy list of GOP demands last week.

The governor said he was willing to consider pension and regulatory reform and a spending cap as part of a deal but "while we made significant progress on these reform issues, the Republicans continued to insist on including demands that would materially undermine any semblance of a balanced budget. In fact, they sought to worsen the state's problem by creating a $4 billion hole in the budget."

The blowup, Senate President Pro Tem Darrell Steinberg said, means there won't be a June election on more than $11 billion a year in extensions of temporary taxes, thus leaving the estimated $15.4 billion deficit still unclosed.

So what's Plan B?

Brown has not been specific about an alternative, either because he assumed he would succeed and didn't need one, or because he didn't want to cloud negotiations.

Steinberg said "we will use the power of our majority" and, when asked about specifics, mentioned an initiative petition campaign to place taxes before voters next fall as one option.

Brown had earlier hinted at an initiative, but delaying tax extensions would severely reduce their revenue impact – even if voters agreed. Recent polls have indicated that most voters are leery of new taxes and in a fall election, they would be labeled tax increases rather than tax extensions.

Pressed further, Steinberg said, "we're going to consider every option." Legal authorities differ on whether Democrats could place taxes on the ballot without Republican votes, and an attempt would spark a court battle.

Still another option would be, as Brown once suggested, to adopt an all-cuts budget, hitting schools hard, and let the political chips fall where they may.
Meanwhile, everyone is pointing fingers of blame. As Brown and Democratic leaders pointed to Republican demands, Republicans said Brown was hamstrung in negotiations by opposition of labor unions and other interests to pension, regulatory and budget reforms.

One of the GOP senators who negotiated with Brown, Anthony Cannella, said, "finding agreement required an equal willingness from the public employee unions, trial attorneys and other stakeholders to join our effort to get California moving again – a willingness that was stunningly absent from our conversations …"

Actually, polls indicate that the GOP positions on pension and budget reform are more popular than the taxes the Democrats want. A fair compromise would have been to put those on the ballot as well and allow voters to truly decide.

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