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## Q & A: Assemblyman Niello gives view of why state budget is late

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Published 12:00 am PDT Saturday, July 5, 2008

Assemblyman Roger Niello, R-Fair Oaks, is the Assembly Republicans' point man on the budget. He sat down with The Bee on Wednesday to discuss the late spending plan.

**Q:** Republicans expect the Democrats to compromise on budget cuts. Why won't Republicans compromise on taxes?

**A:** We can't say that we're not willing to compromise on any of that, because we don't know what (the Democrats' proposal) is. ... The problem is, the worst thing we can do with regard to tax policy, just tax policy in and of itself, is to increase tax rates when the economy is in the tank. ... So that's why we are categorically opposed to that, because it won't work.

**Q:** Assemblyman (Mike) Villines said that raising taxes on high-income (people) would scare them out of the state or cause people to leave. Does he have any numbers on that or evidence to suggest that this would actually happen?

**A:** Sure, there are examples of that. Tiger Woods, for example, lives in Florida; he's from California, and that's why he lives in Florida. ...

It's also true that since the 1980s, income tax has been a higher proportion of total state revenues, and that is the most volatile tax that we have. ...

We tax higher-income people significantly more than we tax lower-income people, which seems equitable ... but there are prices to pay. That is, high wage earners' income fluctuates drastically, far more drastically than does lower and middle incomes, and that drives this dysfunctional volatility.

So if we increase rates at the upper end, we're just going to make the volatility of our tax code even worse.

**Q:** Many of the solutions offered by the special session and the Republican budget reforms include delaying payments. ... Are these actually intended to help settle the budget?

**A:** Gimmicks and borrowing has been part of the budget solution since before I got here, and it continues to be. We need to minimize and frankly, preferably, get rid of

that. So, yeah, it's been part of past budgets. ... I'm not going to say that that's not going to be part of the budget solution – it may be, but (only) if it's a minimal part.

**Q:** Many of your constituents in Sacramento are state employees. What do you tell them when they ask why the budget is always so late?

**A:** A couple of things, but at the outset, I would suggest that it could be considered a wonder that we ever have a budget that's even close to on time. ...

We have a constitutional requirement in California of a two-thirds majority to pass the budget and have had for a long time. The legislative process that produces the budget that the Legislature on a whole then votes on is produced entirely by the majority party, ... so the budget product that we end up with at the end of the legislative process is the majority party's budget. ... Then we have to go back to square one ... to craft a budget solution, that now finally for the first time takes significant minority party priorities and values into the solution, and we've got two weeks to go. I would suggest that that almost predetermines that if we're not going to be late, we're certainly going to be flirting with it.

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