

Howard Jarvis Taxpayers Association

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Taxes, Lies, and Videotape

By Jon Coupal

Next week, our esteemed California Legislature will reconvene for the next session. What can taxpayers expect from this eclectic group of pols?

First, note that not a single legislative seat changed party registration. Certainly, there are some new freshman and several legislators were termed out, but in those few cases where incumbents did not run for reelection, Democrats replaced Democrats and Republicans replaced Republicans. The reason for this is, quite simply, the very effective gerrymandering plan put in place by both parties several years ago that can only be described as a political party and incumbent protection act.

These gerrymandered districts reflect the worst side of political self-interest, and grassroots organizations — including the Howard Jarvis Taxpayer Association — have consistently supported redistricting reform. It is time that legislative districts started being competitive.

However, given the fact that Republicans on the national scene got hammered, perhaps taxpayers in California can take some comfort that the party that is relatively more taxpayer-friendly did not lose any seats in the statehouse. On the downside, a few moderate Democrats in the Assembly were replaced by more liberal members. This will tend to sharpen the contrast between the two parties even more on fiscal issues.

Taxes:

In both the Senate and the Assembly, Republicans are the minority party but they have more than a third of the members. Because it requires a *two-thirds* vote of each house to raise a state tax, proposals to extract more from California property owners and businesses might progress through the standard dog and pony committee process, but all should die via floor votes. We simply don't see too many — if any — Republicans voting for tax increases.

The same can be said for anti-taxpayer proposals to amend the California Constitution. These, too, require a two-thirds vote and, we are cautiously optimistic that, with grassroots pressure, they will die on the vine.

Lies:

But, there is a problem. The two-thirds vote rule applies to taxes and *not* “fees.” What is the difference, you ask? Good question. A California Supreme Court decision from the last decade made it easier for the tax-and-spend lobby to obfuscate the difference and thus we have seen an ever-increasing number of legislative proposals imposing “fees” for various human activities.

Many of these fees are proposed for the business community to pay for programs *unrelated* to the conduct of the business. It is one thing for a farmer to pay a fee for a program to regulate pesticides (there is a connection or “nexus” in

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this case, and even the farmers don't mind paying); however, it would be an entirely different matter for the Legislature to pass a "fee" on every parcel of property in California to pay for flood control. We suspect that residents of Death Valley would argue lack of "nexus" in this case.

The great lie being told here is that most fees are distinguishable from taxes. They are *not*. Most fee bills emanating from the Legislature in the last four years have sought to impose thinly disguised *taxes*.

The good news is that, even for "fee" bills that are cleared by both houses, such proposals are still subject to the Governor's veto. In conversations we have had with the Governor, he has indicated that he considers "fees" to be in the same category as taxes and, absent a *clear* nexus, such legislation will not be signed.

Videotape:

Mike Villines is the newly elected Assembly Republican leader and we have some very interesting videotape of this legislator. No, this is not what you may think, and there will be no extortion here. In fact, from a taxpayer's perspective, it shows that Mr. Villines' Proposition 13 roots go back very far.

In 1978, when the Proposition 13 campaign was raging in full fury, the television program *60 Minutes* did a segment on the campaign, Howard Jarvis, and why homeowners were so angry. Like most television news programs, the segment did not portray Howard in a particularly flattering manner. But the show did interview some grassroots campaign volunteers who worked countless hours in support of Proposition 13. Mike Villines' mother was one of the homeowners interviewed and she laid out the case for Proposition 13 as best as any homeowner could. In the background, we see a very

young Mike Villines (all of 11 years old) agreeing with his mom and helping with the campaign.

As the new legislative session begins, we are pleased that a person in an important leadership position cut his teeth in the great Proposition 13 battle.

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