

PANE & PANE ASSOCIATES, INC.

October 1, 2008

**MEMO TO:** CBA Board and Members  
**FROM:** Josh and Donna Pane  
**RE:** Update on Legislation and Budget

In the final days before the September 30<sup>th</sup> deadline to sign or veto bills, the Governor acted on several being followed by CBA that were the remaining bills on the our last Leg Update for final status. He signed AB 830 (Ma), the charter-party carrier bill that deals with vehicles that carry 11-25 passengers that CBA had opposed but went to neutral on after the author took our amendments; he also signed the PUC sponsored bill, AB 2578 (CBA was neutral), which enhances their ability of to collect fines and restitution from individuals; and lastly, he vetoed SB 1661 (Kuehl), the family leave for good cause bill that was OPPOSED by CBA. Below is the veto message for SB 1661:

I am returning Senate Bill 1661 without my signature. This bill would provide that a person is eligible for unemployment if he or she loses his job while they are on paid family leave. When the paid family leave program was created in 2003, job protections provided for other types of leave were intentionally left out of paid family leave. This bill creates a backdoor to such protections and would disproportionately impact small businesses at a time of economic uncertainty. In addition, this bill would place additional strains on the Unemployment Insurance Trust Fund at a time that fund is facing solvency issues. For these reasons, I am returning this bill without my signature. Sincerely, Arnold Schwarzenegger

**BUDGET/WHAT A MESS IT IS.** Governor Schwarzenegger signed the state's \$103.4 billion budget finally on September 23<sup>rd</sup> and not one legislator was with him at the signing ceremony. The budget that no one likes was passed by the Legislature 81 days late and includes an estimated \$6 billion worth of new revenue by collecting some taxes earlier from corporations, removing some tax deductions for corporations and increasing penalties on companies that underpay taxes. As with past budgets this budget uses borrowing, accounting gimmicks and fiscal maneuvering to make one-time fixes that already will cause at least a \$1.6 billion deficit nine months from now. This could easily grow to \$7 billion because of the uncertainty in the economy and over whether voters will approve the Governor's plan to borrow against future state lottery sales, estimated at \$5 billion, that will be put before voters in a special election next year. The Governor is so angry over the legislators' lack of action that he will use this historic budget dispute as a launching pad to go before voters at that same special election to get some of the systemic changes in the budget process that he failed to win in 2005. The Dems, of course, are looking to change the 2/3-vote requirement to pass a budget. Look for many initiative suggestions to change this process in the coming months.

Finally, we will be sending you a summary/analysis of the upcoming initiatives for the November ballot within the next week. In it, we will have who is behind the initiative and some of the supporters and opponents of them. As always, if you have any questions, please do not hesitate to contact us.

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