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**CAL-TAX: GOVERNOR’S BUDGET REQUIRES CALIFORNIA TO LIVE WITHIN ITS MEANS WITHOUT HIGHER TAXES; HOLDS SPENDING GROWTH TO 4.2% TO KEEP STATE ON ROAD TO RECOVERY**

Larry McCarthy, president of the California Taxpayers’ Association (Cal-Tax), commented on Governor Schwarzenegger’s proposed 2005-06 state budget, reacting to various special interests that have been so vocal in their complaints that their funding will be cut:

“The spending lobby is at it again, protesting phantom cuts, when the real message is the governor is not proposing to increase spending as much as they’d like. The various interest groups wail over what they perceive to be ‘cuts,’ but they are actually getting more – not less – than the current year. Not getting as much as you’d like is not a cut.”

The governor’s budget forecasts a \$5 billion increase in revenue, or 6.8 percent, and a 4.2 percent increase in spending. This proposal works toward the elimination of an \$8 billion-plus deficit, along with structural budget reforms that force reduced spending if the state’s programmed spending exceeds revenues.

McCarthy said, “The governor is absolutely correct when he says the state does not have a revenue problem; it has a spending problem. Taxpayers should be pleased to hear that this governor will not raise taxes or fees, and that the state of California will finally begin to live within its means.”

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