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State budget deficit gro

Anemic income tax receipts reflected in this month's returns will push the state an additional \$4.5 billion into the budget hole, officials say, leaving the Legislature and Gov. Gray Davis with a shortfall of \$20 billion or more.

State revises power de

After months of trying, California has crafted new long-term power contracts with two of its biggest electricity suppliers and two smaller ones in what state officials say could save consumers \$3.5 billion over the next 20 years.

Moussaoui rails against U.S. -- wants to represent himself

ALEXANDRIA, Va. -- Accused Sept. 11 terror conspirator Zacarias Moussaoui declared court Monday that he prays Allah for the "destruction" of the United States, Israel and Russia, and that he wants to serve as his own lawyer.

Seeking practical aid for the homeless

Not far from where participants in Gov. Gray Davis' Summit on Homelessness searched for practical solutions Monday, proceedings at Sacramento's Cesar Chavez Plaza were decidedly less formal.

Technology agency's days are numbered

The state Department of Information Technology, under fire from lawmakers and others for its role in a controversial software contract with the Oracle Corp., will likely take its last breath July 1.

State budget deficit grows

The shortfall is now \$20 billion as tax receipts trail estimates.

By John Hill -- Bee Capitol Bureau
Published 2:15 a.m. PDT Tuesday, April 23, 2002

Anemic income tax receipts reflected in this month's returns will push the state an additional \$4.5 billion into the budget hole, officials say, leaving the Legislature and Gov. Gray Davis with a shortfall of \$20 billion or more.

Lawmakers say they have been informed by Legislative Analyst Elizabeth Hill that the tax receipts are worse than she predicted last winter, a trend likely to continue into the new fiscal year starting July 1.

"The news just keeps getting worse," said Assemblyman John Campbell of Irvine, the ranking Republican on the Assembly Budget Committee. "At some point, the governor is going to have to make some sort of definitive move. We're starting to get to some historically large numbers here."

Administration officials declined to comment, saying the Democratic governor would unveil his solution in the revised budget proposal he will present in mid-May.

If the numbers hold, Davis would have to come up with \$10 billion more in cuts, new revenue or other measures such as borrowing than he proposed in January. That's in a general fund of about \$79 billion.



"It's doable," said Sen. Steve Peace, D-El Cajon, chairman of the Senate Budget Committee. "You borrow and cut. You've got to come to the realization that a significant part of this will be borrowing."

Low interest rates and investors in search of high-quality government bonds makes that strategy particularly attractive, Peace said.

"This is when it makes sense to borrow," he said.

Peace said that some of the downturn in April receipts was caused by taxpayer refunds that were higher than expected. Taxpayers who make estimated payments throughout the year did not account for the sagging financial markets and gave too much to the state.

But income tax revenues could rebound later in the year, Peace said, offsetting some of the weakness in April.

Other Democrats said it was premature to put an exact number on the shortfall, especially because counting the April 15 returns will take another four or five days.

"It's still early to come to any final conclusions," Assemblywoman Jenny Oropeza, D-Long Beach, said in a statement. Oropeza is chairwoman of the Assembly Budget Committee.

Campbell said that Republicans probably would wait for Democrats to propose a fix because it was Democrats who took credit for new programs during the recent prosperity.

"Now it's time that they stepped up to the plate on this issue," he said. "The public should see what they believe they ought to do about it."

Chris Woods, chief consultant to the Assembly Budget Committee, said that Democrats are proud of what they achieved during the good times "and are committed to being leaders and working our way through the difficult decisions that lie ahead."

But those decisions will play out against a politically charged background, with Davis and many lawmakers seeking re-election.

"The growing budget crisis is just another example of Gray Davis allowing a problem to spiral out of control," said Jeff Flint, a spokesman for Bill Simon, Davis' Republican opponent.

Davis spokeswoman Hilary McLean said that the governor has kept the state on an even fiscal keel with an emphasis in past years on one-time spending and a sizable reserve.

The state treasury has suffered from a dramatic drop-off in capital gains and

Bill to fill consumer board slots puts Davis' feet to fire

Criticizing Gov. Gray Davis for moving too slowly to fill vacancies on state consumer boards, the state Senate passed legislation Monday that would strip him of his appointment authority for positions left open more than 30 days.

Capitol Digest: Unemployment bill sent to Davis

The state Senate on Monday sent Gov. Gray Davis legislation that would provide more unemployment insurance benefits to California workers left jobless after the Sept. 11 terrorist attacks on the East Coast.

Trade with Cuba a hot point in farm bill debate

WASHINGTON -- Central Valley lawmakers today must choose between boosting farm trade and isolating Cuban leader Fidel Castro.

Risk assessments urged

WASHINGTON -- Homeland Security Director Tom Ridge cast doubt Monday on the usefulness of random security checks at airports, saying improved techniques are under study to categorize passengers as "no-risk, low-risk or high-risk."

Simon calls on Davis to release fund-raising schedule

Republican gubernatorial challenger Bill Simon, under fire for refusing to release his tax returns, sought to shift the focus to Gov. Gray Davis on Monday, calling on Davis to make public his fund-raising schedule.

stock-option tax receipts. The shortfall appears now to be the biggest the state has faced, although those in the early 1990s recession represented a bigger percentage of the budget.

About the Writer

The Bee's John Hill can be reached at (916) 326-5543 or jhill@sacbee.com.

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