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## Swarm of state fees proposed Consumers to feel sting of attempt to reduce huge deficit

[Robert Salladay, Chronicle Sacramento Bureau](#)

**Sacramento** -- Confronted with a historic budget deficit, state lawmakers and Gov. Gray Davis are preparing to literally nickel and dime Californians, with scattershot fees and tax hikes.

New surcharges could be imposed on lightbulbs, beer, diapers, bullets, airplanes, bottled water, guns, dry cleaning, cigarettes, medical licenses, earthquake insurance, oil, hunting and fishing licenses, marriage counselors, nursing homes, imported electricity, public colleges, mercury lamps, cell phones, satellite TVs, library books, landscaping, court documents, lumber and delinted cottonseed.

Taken individually, the proposed increases may seem tiny, like 5-cent surcharges on fluorescent lights and alcoholic drinks. But one nonprofit tax group in Sacramento says the list of new fees, taxes, canceled tax credits and new government mandates adds up to a \$28.8 billion burden on taxpayers spread across 117 proposals and bills.

"It's unlike anything we've ever seen before," said Larry McCarthy, president of the California Taxpayers Association, a pro-business, anti-tax group. "There is nothing that has in the past even come close to what we are seeing proposed this year."

Some of the proposals shift the political burden and cost to cities and counties. Three bills in the Assembly would allow local Bay Area officials to raise car registration fees in specific areas, including a \$4 increase for San Mateo County drivers and an unspecified amount for San Franciscans.

### DEFICIT TARGETED

Many of the fee increases would help California balance its deficit, a \$26 billion to \$34 billion hole that is greater than the budgets of most other states. In his January budget proposal, Davis asked for 20 fee increases alone,

all designed to reduce the deficit or save current programs from cuts.

But some of the fees proposed by the Legislature

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expand state government, allow state bureaucrats to set the size and value of the fees, and do little to address the deficit directly. Some lawmakers would create programs worth tens of millions of dollars, paid for with seemingly tiny fees added to products and services.

A 1997 state Supreme Court decision requires money collected from fees to be spent on related government projects. For example, a proposed \$1 per barrel increase on oil would fund the Petroleum Pollution Cleanup and Prevention Act. Lawmakers are therefore linking their fees to specific programs instead of sending the money to the general fund.

The most prominent fee increases concern alcohol and bullets. A measure in the state Senate would extract a fee of 5 cents per drink from liquor and beer wholesalers to pay for increased funding for emergency medical services. A tax of 10 cents per bullet would fund cash-strapped trauma centers.

Davis has proposed raising taxes on tobacco, as well as fees at public colleges, on interstate phone usage, on earthquake premiums and on medical licenses. He would allow local libraries to charge readers \$5 if the library has to obtain a book from another county. He would raise the fee to file a court appeal from \$265 to \$630.

One bill in the Legislature is a criminal fine for computer hacking disguised as a new fee. Assemblyman Jay La Suer, R-La Mesa, has introduced a measure allowing judges to impose "forensic computer analysis fees" -- up to \$25,000 each -- on anyone convicted of high-tech crimes. The measure, designed to boost the budgets of local police computer labs, has passed two Assembly committees unanimously.

## SOME HIT HARDER

Unlike a straightforward increase in the income tax, some of the proposed fee increases are taken disproportionately from low-income and middle-class Californians. Fee increases generally are considered regressive because they impose the same price on people of all income levels. A proposed quarter-cent tax on diapers, for example, would be the same for people making \$12,000 a year and those making \$100,000.

The Democratic-controlled Legislature is loading up on fee increases in part because they don't require Republican votes for approval. Unlike straight tax increases, which require a two-thirds vote of the Legislature and therefore a handful of GOP lawmakers, fees can be increased by a simple majority.

Democrats say they have no choice, given the unwillingness of Republicans to endorse any tax increases despite the enormity of the budget

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problem.

"If we cannot get our Republican colleagues to engage in a genuine debate about a balanced solution and some revenue on a bipartisan basis, then our only choice may be to look at fees and 41-vote options," said Assembly Appropriations Committee Chairman Darrell Steinberg, D-Sacramento.

## **GOP THREATS**

Republicans believe Democrats are deliberately hiding enormous tax increases in the form of fees, and they are threatening to hold up the budget over the issue. They say that the state budget is bloated and that the deficit can be eliminated without tax or fee increases.

"There is an arrogance of power up here on the part of the majority," said Assemblyman John Campbell, R-Irvine, vice chairman of the Budget Committee. He added later: "They can pass all the fees they want, but if they do, they won't get a budget unless they repeal those fees."

Democrats aren't entirely united on fee increases themselves. Many would like to see new fees installed so that state programs can continue, even expand, without a corresponding cut from the general fund budget. Others say the concentration should be on deficit reduction alone.

Last week, the Democrat-controlled Assembly Health Committee killed a measure that would have imposed an unspecified fee on alcoholic drinks to pay for prevention programs aimed at children and young adults. The bill was introduced by Assemblywoman Wilma Chan, D-Oakland, who faced criticism from members of her own party.

"I'm just very concerned that you're proposing something new that is going to cost \$100 million at a time when we are trying to save other programs," said Assemblywoman Rebecca Cohn, D-Saratoga. "It just doesn't jibe with me."

Chan countered that the measure was entirely separate from the budget debate, since the money was targeted for specific programs from money raised outside the general fund. After voting against the bill, the committee gave her permission to bring it up again for one more try.

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## **FEE INCREASES**

State lawmakers and Gov. Gray Davis have proposed dozens of fee increases, including:

-- Alcohol: 5-cent-per-drink surcharge for

emergency medical care.

-- Guns: 10 cents per bullet or shotgun shell to pay for trauma centers; \$25 registration fee for .50-caliber BMG rifles; \$1 firearm transfer fee.

-- Libraries: \$1 and \$5 "borrowing fees" on out-of-county residents or if books have to come from another county (Davis budget proposal).

-- Dry cleaners: \$3-per-gallon fee on perchloroethylene to fund a Nontoxic Dry Cleaning Incentive Trust Account.

-- Mental health: As-yet unspecified fee on psychiatrists, psychologists, social workers and marriage counselors for education programs.

-- Nursing homes: \$3-per-bed fee on nursing homes for local ombudsman programs.

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