VIEW POINT

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Mood swings

Maria Shriver

First Lady continues to charm the populace while hubbie The Governator keeps pushing the state toward a showdown on his reform pacakge. If somebody puts this to music, we could have another 'Evita' on our hands.

Viet flag

Flags can be powerful issues, for good or ill. San Jose's Vietnamese community won city approval of its use of the old South Viet flag, but as time goes by, have we sown the seeds of an emotional battle like the South has had over the Confederate stars and bars?

Newsweek

'Sorry' just doesn't seem to do it when there are dead bodies in the street. No wonder the public is wary of mainstream media. Still, let's not throw the baby out with the bathwater. When the government refuses to talk, anonymous sources are often the only sources.

Editorial

Decision leaves Stone unturned

Larry Stone is pleased as punch and the Santa Clara County assessor is not one to hide his feelings.

This time, he's got good reason to be pleased with himself and the work of his office: He's just survived a $1 billion challenge to his assessment process.

Now, being the assessor is one of those usually thankless jobs. Everybody always believes they're paying too much and that their property assessment is too high. That's a constant, whether values are rising or falling.

Of late, Mr. Stone and his corps of number crunchers have been busily lowering assessments on Santa Clara County business and commercial property, trying to bring assessments in line with post-bubble conditions. That involves the tricky task of evaluating the worth of highly technical equipment that is unique to one company in one location.

Even that process is a no-win deal for an assessor.

The local governments are screaming that he's being too aggressive, thereby cutting their revenue stream, crippling their budget plans and forcing them to cut popular programs. Local businesses are screaming that he's not moving fast enough, costing them money that they desperately need to keep their businesses moving ahead in these tough economic times.

Yet, somehow, candidates are eagerly lining up to replace Mr. Stone on the assumption that he soon will be leaving office.

Not so fast.

Mr. Stone is arguably at the top of his game.

Intel, no lightweight as the county's second largest property tax payer, appealed its assessment, arguing it was entitled to a $15 million tax rebate. After examining the complex evidence offered by both sides, the review board issued a strong endorsement of the work done by Mr. Stone's team.

Yes, Intel can and will say it won a $1 million rebate.

But in the final analysis, the ruling found the assessor's office roughly 90-plus percent correct. And the language of the ruling was a clear message to Intel and others similarly afflicted: Quit your whining.

That's an impressive vote of confidence for the office and a chilling shot across the bow of other property owners who might be considering a challenge.

After the dust settles and the lawyers are paid, one has to wonder if Intel broke even on the appeal. Still, appeals are a valid check on the system and one has to admire Intel's willingness to acknowledge it had lost in a fair fight.

The judgment is also a win for local governments. Much as they may howl about falling valuations, they recognize that the culprit is the economy, not Larry Stone and his team.

Mr. Stone has brought a professional level of performance to an unpleasant and technically difficult task. He's done it with style and — generally — with grace.

With this ruling, he's also brought a level of certainty to the calculation that will allow local government officials to see more clearly what kind of a hand they have to play. And having a level of certainty about the rules of the game is really all any of us can ask or expect.

Here's a roadmap for California to put brakes on runaway spending

Comment

Anthony P. Archie

With Governor Schwarzenegger's reform agenda crumbling, many of his supporters are making a last stand over his California Live Within Our Means Act, a measure that would fail to fix the state's fiscal problems.

This year, once again, California's projected spending exceeds its projected revenue. Pledging to end such excess, Mr. Schwarzenegger unleashed a spending limitation proposal that would cap increases in the state's budget.

The Live Within Our Means Act stipulates that spending increases are limited to a three-year average of revenue growth. Had this measure been law in 2004, instead of a 12.73 percent increase in spending, the budget would have grown by only 2.94 percent.

Citing this, the governor and his supporters are calling the initiative "the solution to the budget roller coaster." But Californians should be wary of such proclamations.

The problem lies in its three-year averaging. Because high-revenue-growth years can be averaged with low-revenue-growth years, the resulting figure does not necessarily reflect the current year's revenue picture. Since they allow more spending than current revenues, deficits will appear in years with rapid declines in tax revenue. Perhaps this is why the plan is polling near 35 percent.

What California truly needs is a plan that imposes fiscal responsibility, like Colorado's Taxpayer Bill of Rights (TABOR). Since enacted in 1992, Colorado has seen annual budget surpluses totaling nearly $5 billion, much of that refunded to state taxpayers.

Colorado's TABOR has worked because it follows the model of successful tax and expenditure limitations: It restricts spending increases to the rate of inflation plus population growth; it mandates that the voters approve all tax increases; and it requires a balanced budget.

California has an initiative in the hopper that operates under this framework. Called the Deficit Prevention Act, much of the proposal follows Colorado's TABOR, except for a few provisions.

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It allows a looser inflation calculation, the California Consumer Price Index plus the medical care component of the U.S. Consumer Price Index, and doles out a portion of future budget surpluses to school and highway projects.

Despite these compromises, the Deficit Prevention Act is a step in the right direction. It also ends the despised provision that allowed the legislature to circumvent the supermajority rule if taxes were deemed as "fees." The initiative mandates a two-thirds majority on all tax and fee increases.

If 2005 is truly to be a "Year of Reform," half measures will not do. Hardworking Californians, who toil nearly four months a year to fund federal, state and local government, deserve a tax and spending cap that is strong enough to put the state's fiscal house in order.

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