

# California reaches deal on long-overdue budget

By Kevin Yamamura, Sacramento Bee

Three months into the state's longest budget impasse, Gov. Arnold Schwarzenegger and legislative leaders reached a handshake deal Friday to close the state's \$19 billion deficit, leaders announced after a five-hour meeting.

To bridge the gap, they are relying on about \$7.5 billion in spending cuts, as well as delaying a corporate tax deduction and using rosy projections for how much the state will receive in tax revenues and federal dollars, according to sources close to budget talks.



Arnold  
Schwarzenegger

Standing outside Schwarzenegger's office beside the three other legislative leaders, Senate President Pro Tem Darrell Steinberg, D-Sacramento, said legislators will return to Sacramento next week to finalize their "comprehensive agreement." The Legislature plans to vet the plan in a joint budget committee Wednesday and hold floor votes Thursday.

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