

# Calif. budget talks hit impasse over tax extension

By Anthony York and Shane Goldmacher, Los Angeles Times

SACRAMENTO – Republican lawmakers are prepared to let voters decide whether to close California's stubborn budget deficit with higher taxes in exchange for major changes in state spending, public pensions and regulatory policies.

But a week before the legal deadline for a spending plan, and with lawmakers' pay hanging in the balance, a final budget accord between Gov. Jerry Brown and Republicans remains elusive amid disagreement over which should come first – tax hikes or an election.

Both sides said Tuesday that the crucial stumbling block is a demand by Brown that Republicans extend current vehicle and sales tax rates to help balance the budget until voters have their say. Those rates will otherwise expire July 1.

Brown said such a "bridge tax" is necessary after talks on a June ballot measure collapsed earlier this year. Republicans said they were not willing to raise taxes themselves but would be willing to ask voters to do so.

"Right now, this tax question is the sticking point," Brown said in an interview Tuesday.

He and Republicans have largely settled, however, on a core package of policy overhauls to be enacted if a tax deal can be forged soon. Those include a new restraint on state spending to force California to use any future windfalls to pay down tens of billions of dollars in debt incurred by past budgets.

In addition, public employees would have the option of a retirement package that would include a 401(k), according to

legislative staffers who spoke on condition of anonymity because budget negotiations are still in progress.

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