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Senate Democrats present budget plan...or what passes for a budget plan

This morning Senate Democrats presented their version of a 2008-09 budget plan. At least this is what passes for a plan, since no details were provided, but only general themes/arguments/positions.

Here are the main points as we understand them:

- **The Governor's lottery plan is rejected.** For those of you who forget just what the Governor proposed, it goes as follows: increase lottery revenue by expanding sales and operations; borrow \$15 billion against future lottery earnings; require voters to approve or reject the lottery changes (if voters say no, give them a ballot option of a temporary 1 cent sales tax increase).
- **Higher taxes are recommended.** As you might expect, if the Senate Democrats reject the complicated lottery/borrowing/securitization plan presented by the Governor that removes about \$15 billion of revenue from the table. They have to fill that somewhere and they recommend \$11.5 billion, although the precise taxes proposed to be increased is not ready at this time.

Note: Assembly Democrats proposed acceptance of a portion of the Governor's lottery plan, represent \$6.4 billion of alleged new revenue. So, the Governor says "lottery at \$15 billion"; Assembly Democrats say "lottery at \$6.4" and Senate Democrats say "no lottery; but \$11.5 billion of taxes." Legislative Republicans are mostly dismissive of the lottery idea, but we think they ultimately accept some version of the plan for lack of any better idea.

Consider all of this budget foreplay. The two-house Budget Conference Committee starts to meet tomorrow.

See an interesting short story in the Sacramento Bee for some more details,
<http://www.sacbee.com/static/weblogs/capitolalertlatest/013175.html>

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