

California Assembly Democrats May Derail Brown Plan to Dump Redevelopment

By Michael B. Marois and James Nash - Feb 18, 2011 1:12 PM PT

Democrats controlling [California's](#) Legislature said they'd consider alternatives to Governor [Jerry Brown's](#) budget-cutting proposal to eliminate redevelopment agencies, after protest from mayors across the state.

The Assembly budget committee said it wants to find other ways to save the \$1.7 billion that Brown proposed without eliminating the redevelopment agencies, which use local property taxes to fight urban blight.

Brown, a 72-year-old Democrat, has offered an austerity budget that pushes spending [back to 2005](#) levels and counts on voters to retain almost \$10 billion of temporary tax increases to prevent deeper cuts amid a \$25 billion deficit. Property-tax revenue that's now going to redevelopment authorities would be shifted to school districts and other local government bodies under Brown's plan.

"We accept the governor's approach," Assembly Budget Committee Chairman Bob Blumenfield said. "We also want to make it clear that we want to see in any reform proposals that would be offered as an alternative to complete elimination that it achieves the \$1.7 billion of savings, it improves redevelopment, provides more funding for schools and protects affordable housing programs."

Brown's proposal has met resistance from Los Angeles Mayor [Antonio Villaraigosa](#) and other local leaders throughout the state, who say redevelopment is an important tool to help spur business and commercial growth in blighted areas.

Redevelopment Law

Under California's 65-year-old redevelopment law, if a city or county creates a redevelopment area to address urban blight, the agency receives related property-tax revenue increases that may result, known as the tax increment. If there were no redevelopment district, schools and local governments such as cities and counties would get those receipts.

Brown's proposal would use \$2.2 billion in revenue freed up by the move to retire outstanding debt and devote the rest, almost \$3 billion, to schools, health care and the courts. The state would keep \$1.7 billion in the coming fiscal year it normally sends to schools to make up for the money they don't get from property taxes now diverted to redevelopment.

Republican lawmakers expressed skepticism over projections of \$1.7 billion in savings.

"How are these savings going to be accomplished?" asked Don Wagner, a Republican assemblyman from [Irvine](#). "Certainly not in the governor's proposal. Apparently there are going to be reforms in lieu of elimination. I don't know what the means."

A conference committee made of up lawmakers from the Assembly and the Senate will write a compromise budget package beginning next week.

Brown Proposals

[Assembly](#) Democrats pared back some of Brown's proposals to cap or eliminate adult day care subsidies, the number of doctor visits paid by Medi-Cal, the state's version of the Medicaid health program for the poor, and vision care for poor children.

The Democrats said they will come up with the money those proposals would have saved by lowering the proposed \$1 billion budget reserve to \$300 million.

The centerpiece of Brown's spending plan is a proposal to ask voters in June to extend almost \$10 billion of tax and fee increases that are set to expire this year.

To do that, lawmakers must call a special election to put that question to voters June 7, the last election day before the deadline set by the constitution for passing a budget. Election officials need about three months' lead time. The plan is opposed by Republican lawmakers, whose support he'll need to obtain a required two-thirds majority.

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