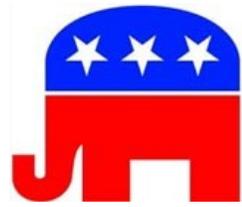


Republicans of River City



Chartered by the California Congress of Republicans

Membership Expires:

YOU MAY PAY YOUR DUES AT THE DOOR

THIS MONTH REPUBLICANS OF RIVER CITY PRESENT INFORMATION ABOUT FIVE INITIATIVES ON THE JUNE BALLOT

WE DISCUSS THE INITIATIVES

Republicans of Rive City will meet at the studios of KVIE on May 18, 2010. KVIE is located just east of Interstate 8 and West El Camino Avenue at 2030 West El Camino Drive, Sacramento, 95833. The social hour starts at 6:30 PM and the general meeting starts at 7:15 PM.

We will discuss the June 2010 Statewide Initiatives during our May 18 meeting:

(Please Go To Page 2, Col. 1)

DON'T FORGET THE FREE REPUBLICAN PARTY PICNIC

Mike Gubash, a member of Republicans of River City, is sponsoring a **Spring Republican Picnic** on **Saturday May 22** at Garcia Bend Park in Sacramento.

The Picnic will **start at 11:00 am** and last until 2:00 pm. Candidates and their supporters are urged to attend this picnic and after the event to walk the Pocket area of Sacramento City.

Garcia Bend Park is located at 7654 Pocket Road at the intersection of Pocket Road and Windbridge Drive. For more information about the event please call Mike at 393-8409.



Arnold Schwarzenegger

THE GOVERNOR'S CORNER

Governor's Budget May Revision 2010-11

In January, California, like the rest of the nation, was slowly emerging from the most severe economic downturn since the Great Depression, and faced a significant budgetary imbalance. The Governor's Budget proposed spending reductions and alternative funding solutions to address a \$19.9 billion projected budget gap. As proposed, it would bring overall General Fund spending to a level well below what it was a decade ago, in 1998-99, adjusted for population and inflation growth. (See Figure INT-01.) The Governor's Budget

(Go To Page 3, Col. 1)

WE DISCUSS THE INITIATIVES
(Cont.)

Proposition 13

Limits on Property Tax Assessment. Seismic Retrofitting of Existing Buildings. Legislative Constitutional Amendment. This measure will prohibit tax assessors from re-evaluating new construction for property tax purposes when the purpose of the new construction is to seismically retrofit an existing building. This is advocated by Republican State Senator Roy Ashburn.

Proposition 14

Elections. Increases Right to Participate In Primary Elections.

If approved by voters, this proposal will require that candidates run in a single primary open to all registered voters, with the top two vote-getters meeting in a runoff. This is advocated by Lt. Governor Abel Maldonado.

Proposition 15

California Fair Elections Act.

If approved by voters, this measure will repeal the ban on public financing of political campaigns and establish a voluntary pilot project for the election of the California Secretary of State in 2014 and 2018. Candidates for that office will be allowed to qualify for public financing if they agreed to spending prohibitions and are able to gather contributions of at least \$5.00 from at least 7,500 registered state voters. This is advocated by the Legislature.

Proposition 16

Imposes New Two-Thirds Voter Approval Requirement For Local Public Electricity Providers. Initiative Constitutional

Amendment.

This initiative is a constitutional amendment and would require local governments to obtain two-thirds voter approval prior to start-up or expanding public power services. This is advocated by Pacific Gas & Electric.

Proposition 17

Allows Auto Insurance Companies To Base Their Prices In Part On A Driver's History Of Insurance Coverage. Initiative Statute. This is an initiative statute that would allow insurance companies to offer a discount to drivers who have continuously maintained their auto insurance coverage, even if they change insurance companies. It also allows auto insurance companies to increase the cost of insurance for those drivers without a history of continuous coverage and establishes that lapses in coverage due to nonpayment of premiums may prevent drivers from obtaining a discount. This is advocated by the Mercury Insurance Company.

IN MY OPINION:

by Chris Angle

Taxes: A Winning Issue For Republicans

With the annual ordeal that is tax season now receding in our 'rearview mirror', Republicans should perhaps begin to take a new look at the tax issue and how it might be used to their benefit over the next couple of election cycles. Over the last generation, Republican rhetoric on taxes really hasn't extended much beyond arguing for tax cuts. However, with the tea parties on the rise, Republicans need to

realize that the political landscape is shifting in ways that could create long-term political opportunities for them to push their agenda.

There are a couple of weaknesses with the current tax system that Republicans should be exploiting. The first is that the current system is clearly too complicated and requires armies of CPA's, attorneys, and bureaucrats to administer. This weakness goes to the heart of one the many issues animating the tea parties, which is the feeling that the people have lost control of the government. The perception that the government is being animated by special interests for their own gain at the expense of the general population is reinforced by the convoluted and seemingly arbitrary nature of the tax code. In addition, the current tax system is invariably socially divisive in that it results in some people paying a lot, while other people pay little or nothing. The resentment from this arrangement likely stems from a general feeling among the taxpaying populace that they are not getting their money's worth, while people who pay little or nothing into the system are extremely vocal in defending the continued dispensing of "free" public services that they consume.

Consequently, the opening for Republicans is to begin to make the argument that the tax system should be simple and easy to understand, as well as the argument that everybody should at least be paying something into the system. Furthermore, the Republicans should also be arguing that the current tax system is economically wasteful because it employs an entire

(Go To Page 4, Col. 3)

Governor’s Budget May Revision (Cont.)

closed the budget gap while maintaining State funding for schools at the current year level, fully funding the Proposition 98 guarantee, and increasing funding for higher education, without raising taxes.

While there continue to be signs the economy is slowly improving, California continues to confront serious budgetary problems. The May Revision continues to fully fund K-12 education, increases funding for the University of California, the California State University, and the California Community Colleges to avoid further tuition increases or deep cuts to the classroom. It fully funds the CalGrant program. It also avoids additional reductions in funding for Child Welfare Services, foster care, public safety, and the Judiciary. To balance the Budget in the face of significant revenue losses, legal constraints and federal funding restrictions, the May Revision proposes deep reductions and program eliminations.
Governor’s Budget May Revision 2010-11

Re-Defining the Budget Gap

In January, California’s projected budget gap for the fiscal year 2010-11 was \$19.9 billion. The Governor declared a fiscal emergency and called upon the Legislature to adopt \$8.9 billion in solutions in the Special Session. Given the necessary time for budget solutions to achieve their full value and the scope of the problem, the Governor proposed adopting these budget solutions before March 1, as delays in the adoption of these proposals would result in the loss of more

than \$2 billion in budgetary solutions and necessitate deeper cuts.

Various factors have changed the 2010-11 deficit from the \$19.9 billion projected in January. The solutions adopted in the Special Session, combined with additional federal funds and administrative actions reduced the size of the problem by \$2.1 billion. Revenue estimates are \$0.6 billion lower. Federal law, court decisions, population and caseload growth, as well as the need for a prudent reserve, increase the size of the problem by \$0.7 billion.

With all of these adjustments, the May Revision projects a budget gap of \$19.1 billion. This figure is comprised of a current year shortfall of \$7.7 billion, a budget year shortfall of \$10.2 billion and a modest reserve of \$1.2 billion.

In addition to the changes in the size of the problem, losses in available budgetary solutions have created a need for additional solutions and spending cuts. These losses include:

- Delays in the adoption of budgetary solutions that led to the loss • — \$2.8 billion.

- Policy changes in the areas of higher education, public safety and funding for the • state parks — \$0.5 billion.

The May Revision proposes additional solutions to close the budget gap. Various fund shifts, alternative funding, and other revenues, including a \$650 million loan of excise taxes on gasoline, account for \$3.4 billion.

Federal funds account for \$3.4 billion in solutions, a reduction from the Governor’s January Budget proposal. Proposed federal funds include \$1.7 billion from the extension of the

temporary increase in the Federal Medical Assistance Percentage (FMAP), \$125 million from the extension of other enhanced federal funding provided under the American Recovery and Reinvestment Act, and \$1.6 billion in additional federal funds for health and human services and for the Department of Corrections and Rehabilitation. Congress and President Obama’s Administration have already acted on several funding requests and it is anticipated that Congress will act on a number of other funding requests, including the proposed extension of the temporary FMAP increase, later this year. The Administration will work with legislative leaders and continue to monitor progress on securing the proposed level of federal funds. The Governor will propose additional solutions to the Legislature for inclusion in the Budget in the event the federal government does not provide the additional funding in the timeline anticipated.

Spending reductions account for \$12.4 billion in solutions. The proposed spending reductions reflect the severe constraints the state faces when balancing the Budget. Federal court rulings have prevented the state from achieving \$2.4 billion in savings since 2008-09 and actions by the federal receiver over prison medical care have increased costs by \$1.1 billion. Federal and state maintenance-of-effort requirements and other legal constraints have also increased costs and substantially restricted the areas of the Budget that can be reduced. As a result, the state’s choices are more limited and more difficult. The May Revision’s proposals to eliminate child care programs, with the exception of pre-school and after

Governor's Budget May Revision (Cont.)

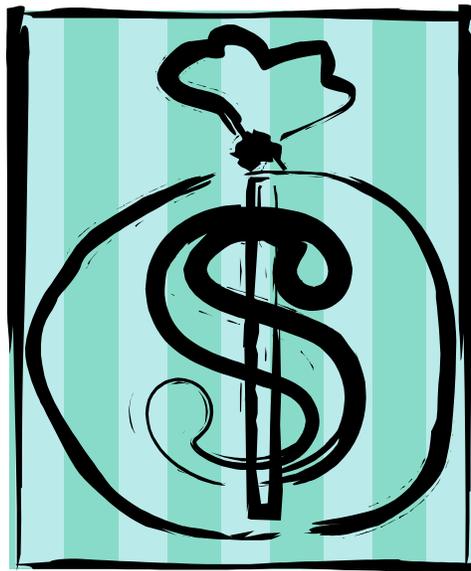
school care, to eliminate the California Work Opportunity and Responsibility to Kids Program, (CalWORKs) program, and to reduce funding for local mental health services by approximately 60 percent are the result of these constraints.

As the Legislative Analyst has noted, balancing this year's Budget will be a daunting challenge that will require very difficult choices. The May Revision is a reflection of this challenge and of the difficult but necessary changes required to address this year's budget gap. Last year, California closed a \$60 billion budget gap and successfully managed its cash reserves to avert a fiscal crisis. This year will require the same difficult decisions. As he did last year, the Governor will propose permanent budget reform and creation of a strong "Rainy Day Fund", to prevent a future budget crisis of the magnitude California faces today.

Plan to Address Anticipated Cash Shortfall

The May Revision continues to project that the state will have sufficient cash to repay the entire

\$8.8 billion of RANs in May and June 2010 as scheduled. Legislation enacted in the Special Session provided the state additional tools to manage cash in July and during key months of the budget year. Proposals to close the budget shortfall will substantially reduce this cash gap. In addition to budget solutions, the state will need to obtain external financing early in the fiscal year. Additional cash solutions may be required to reduce the need for external borrowing. At the Governor's direction, the Department of Finance has begun working with the State Controller's Office and the State Treasurer's Office to develop additional cash solutions as needed to meet the state's financial obligations.



IN MY OPINION (Cont.):

industry of individuals who are engaged in nothing more than facilitating the transfer of money from the population to the government; an activity that creates no economic value. All of these issues would be addressed to some extent by simply scrapping the income tax in favor of some sort of national sales tax. Such a tax would be easy to administer, thereby reducing the economic waste associated with the current system. The fact that people would pay their taxes when they purchased something would bring tax compliance close to 100%. In addition, the transparency of such a system would help to reduce the level of cynicism towards the U.S. government that seems to be so prevalent in America today. A final positive side effect of this policy would be to encourage the U.S. population to save (and invest), thereby helping Americans to begin recover from a generation of under-saving. To be sure, a major tax reform of this sort would provoke fierce opposition from several corners. Firstly, a certain percentage of CPA's, tax attorneys and IRS agents would oppose it because many of their jobs would be eliminated. Secondly, some politicians and other special interests would oppose a simple and transparent tax system because it would not lend itself to easy manipulation for the benefit of their supporters. Finally, people who have little or no tax liability may resent having to pay for certain services that were previously "free" to them before.

However, the arguments in favor of some sort of simple tax system have the political advantage of being relatively easy to

(Go To Page 5, Col. 3)

Republicans of River City Board of Directors:

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- Patty Hildebrand, Director
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- Paul Green, Past President

HI HO COME TO THE FAIR

Over the past 10 years Republicans of River City have staffed a booth at the Sacramento County Fair.

We register Republican voters and sign up volunteers for local elections. This year the

Sacramento County Fair is from May 27 to the 31st at Cal Expo Fair grounds and we will again have our booth.

If you would like to help us greet fair goers at our Republican booth let us know what time and dates you will be available by email to: carl@rrcgop.org or call me at (916) 485-5741.

IN MY OPINION (Cont.): understand. By making the case for some sort of consumption-based tax, the Republicans would take the political momentum away from some who are currently starting to make the case for a national sales tax in addition to the income tax. In addition, by arguing for the elimination of the current tax system, the Republicans would show that they have something new and exciting to say about taxes as opposed to merely recycling the same old argument for tax cuts (popular though that may be). If the Republicans are to become the majority party, they will need to gain the trust of a large segment of the voting populace that is turned off by government as it is currently being practiced in this country. Promising to change the way government works by promoting the reduction or abolition of the IRS through a consumption-based tax is good start towards making that happen.

MEMBERSHIP APPLICATION

Your membership in Republicans of River City provides you a monthly newsletter, speakers, and an outstanding opportunity to meet your elected officials and California's finest political strategists. River City is also a great way to network and make new friends.

I am a registered Republican and would like to join Republicans of River City.

Name _____

Spouse _____

Address _____

City _____ Zip _____

Occupation _____

Home Phone _____ Work Phone _____

E-Mail: _____

Yearly Membership:

_____ Regular Membership: enclosed is my check for \$25
(Young Professionals 18-25 \$15 per person)

_____ Couples Membership: enclosed is our check for \$40

Signature _____

Date _____

Mail check to: **Republicans of River City**
P. O. Box 1776,
Carmichael, CA 95609-1776

DID YOU KNOW

Did you know you can now pay your River City dues on line?

It's easy. Just set your computer browser to REPUBLICANS OF RIVER CITY, click on JOIN, and fill out the form. Then click on the SUBMIT button and fill in the credit card information.

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THE 11Th COMMANDMENT

By Carl Burton

History of the
Republican 11th
Commandment:

In September of 1965 Dr. Gaylord Parkinson, Chairman of the California Republican Party, stated a policy that aimed at preventing any one Republican candidate from attacking another under the threat of party discipline that became known as Reagan’s 11th Commandment.

“Thou shall not speak ill of any fellow Republican.”

Parkinson issued his command in hope of trying to keep moderate and conservative candidates from feuding and thereby electing or reelecting Democrat Pat Brown to a third-term as California Governor.

Many pundits believe that Ronald Reagan was able to win as Governor in 1966 only because of the impact of the 11th Commandment.

As Governor Reagan said in his speech to the CRA in 1968: “Our 11th Commandment is perhaps more profound than we realize. ‘Thou shall not speak ill of any Republican.’ To do so means we are inhibited in the support we can give that Republican if he should become the nominee of our party. Certainly our task is harder if we must challenge and refute charges made by our opponents if those charges were first uttered by us.

When the primary is over, I believe I have a commitment – a contract if you will – to

wholeheartedly support every candidate chosen by the party.

You, on the other hand, as individuals and as an organization, should be so involved. You, by your membership in a volunteer group, have proven you are activists – leaders in furthering the philosophy which brings us together. You must, therefore, be leaders in setting campaign standards – ready to endorse the party choice – just as ready to repudiate any candidate of campaign which refuses to abide by those standards.

Fight as hard in the coming primary as you can for your candidate, but be against only those we must defeat in November of 1968. Let no opposition candidate quote your words in the general election to advance statism or the philosophy of those who have lost confidence in man’s capacity for self-rule.

Just a year ago, we were a party almost totally without power. The two-party system existed only in theory. Out of sheer necessity, we achieved unity and victory. With that victory, we bought time – time to rally our forces for what may be our last chance.

As a result of our victory, we stated something in this State. We are being watched ... watched by those all across this land who once again dare to believe that our concept of responsible, people-oriented government can work as the founding fathers meant it to work. If we prove that here, we can, as I have said before, start a prairie fire that can sweep across this country.

But to start that fire, we must nurture the flame here at home or

it will flicker and die and those who come after us will find only the ashes of lost hopes and dead dreams.”

Because of the number of voters who consider themselves Republicans in California (low 30 percent) the commandment worked well until the last few years when conservative Republicans started calling moderate or liberal Republicans “RINOs” (Republicans In Name Only). This has forced more and more Republicans to declare themselves as “Decline to State” voters.

In order for Republican candidates to win in the general election they must get a number of Decline to State voters to vote for them.

Most Decline to State voters are what I call conservative-liberals; these people believe in economic conservatisms (paying your bills and low taxes) but support freedom for the individual in social spheres.

When Republican candidates or supporters attack one another in the Primary election it makes it much harder to secure the necessary Decline to State votes in November.

