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Calif. lawmakers approve tax breaks to create jobs

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SACRAMENTO, Calif. -- California lawmakers on Monday sent Gov. Arnold Schwarzenegger two jobs-related bills that would extend a \$10,000 homebuyer's tax credit through the end of the year and give a tax break to the green-technology industry.

The Senate and Assembly passed the bills with bipartisan support in hopes of promoting housing construction and making California more inviting to businesses involved in developing alternative energy.

"Today, the Legislature approved two important job creation measures that put Californians back to work," Assembly Speaker John Perez said in a statement after the votes were completed.

Passage of the legislation was intended to buy favor with Schwarzenegger in hopes that he would sign a budget bill Democrats sent to him earlier this month. That bill involves a complicated swap of the state sales tax on gasoline for a gasoline excise tax that would send more money to the cash-starved general fund.

The governor signed that bill late Monday and indicated he would sign the two tax-break bills later.

In January, the governor proposed a \$200 million tax credit that would allow first-time California homebuyers to claim up to \$10,000 for new and existing homes. An earlier tax break capped the credit at \$100 million only for those who bought new homes between March 1, 2009, and March 1, 2010.

The extension would apply to homes purchased between May 1, 2010, and Dec. 31, 2010.

Sen. Roy Ashburn, R-Bakersfield, who carried the homebuyer's tax credit bill in the Senate, said there is no question last year's program created jobs.

"At a time when California's economy needs a real jolt to get moving ... this bill will make a difference," Ashburn said.

The governor also asked for a sales tax exemption in hopes of spurring green technology manufacturing in the state. Under the proposal,

companies would be able to claim an exemption when they buy manufacturing equipment for alternative transportation technologies like electric vehicles and high-speed rail, as well as renewable energy and other clean technology projects.

"This is a way we can not just bring the economy forward, but we can do it in a way that's environmentally sensitive," Assemblyman Bob Blumenfield, a Democrat from Van Nuys, said just before the Assembly passed the sales tax exemption bill.

While Schwarzenegger got two job-related proposals, Democrats got a funding formula on the state gasoline tax that they said would provide more adequate funds for public transit agencies.

Monday marked the last day for the governor to sign or veto the gas-tax proposal, which is the centerpiece of a \$4 billion Democratic budget package intended to start closing California's \$20 billion deficit through mid-2011.

The proposal was passed by majority Democrats and sent to the governor March 4. It would end the state's 6 percent sales tax on gasoline and replace it with a 17.3 cent per gallon excise tax on gas. Consumers would not see a difference at the pump.

The change would allow the state to use the excise tax to pay off transit bond debt, which would free up more general fund money for core state services. The Democrats' plan provides more public transit funding than a similar plan proposed in January by the governor.

The governor had preferred to give consumers a tax break at the pump, but Democrats prefer maintaining the same level of taxes so they can preserve public transit funding.

In his signing statement, Schwarzenegger said the Legislature had fixed what he referred to as technical problems with the gas-tax bill.