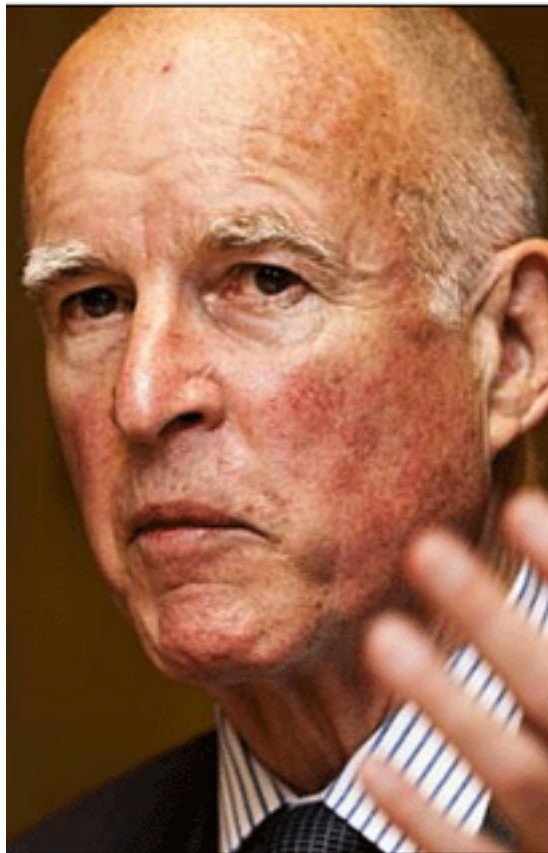


FRIDAY, JULY 8, 2011

## More Cracks in the Armor of the New Budget

If you thought that the **sluggish** economy, the **dead-on-arrival** Amazon Tax, and the threat of **lawsuits** surrounding its plans to eliminate redevelopment agencies and apply new vehicle and fire-safety fees were the only threats to the newly signed state budget, you might have been a little hasty. A couple of stories reported today suggest that the ship of state might be springing a few new leaks.



As we wrote last week, officials in Riverside County are **so mad** about the new budget that one of them is proposing secession from the state. At issue is the budget's diversion of \$153 million in vehicle license fee money into local law-enforcement grants. Because newly incorporated cities rely heavily on these fees, California cities founded after 2004 will be pushed

into insolvency by the money grab. Of course, the only four cities in the state that meet that description are in Riverside County: Menifee, Jurupa Valley, Eastvale, and Wildomar. Well, the *Riverside Press* reports that representatives of these cities are **ramping up** their efforts to get the Legislature to reverse course; three of the four have hired a prominent lobbying firm to assist them. These efforts may ultimately be subsumed into a similar push by Orange County lawmakers to restore \$48 million in license fees taken by the state. The city of Wildomar and the League of California Cities are also mulling lawsuits in the matter.

Meanwhile, in the same week that it attempted to show cultural sensitivity by requiring public school history courses to discuss the **contributions** of LGBT individuals, the state government may soon be challenged to demonstrate that it won't toss aside that principle when money is involved. *KQED* reports that the state may have lost in its efforts to grab **Indian casino money**. In the case of *Brown v. Rincon Band of Luisemo Mission Indians*, the Rincon tribe successfully argued that Arnold Schwarzenegger's demand for a cut of their casino's profits as a condition of renegotiating their 1999 casino compact amounted to a tax, which is generally prohibited under federal law. Moreover, it would appear that the ruling opens the door for tribes who agreed to share profits with Sacramento to stop doing so. At least two tribes, the Pala Indians near San Diego and the Auburn Indians in Placer County, are strongly considering this. Of course, Brown is counting on \$364 million from the 15 tribes in California; if they chose not to, we'd still guess that that's not a fight the Governor is eager to get into.