



REALTOR® Leah Pollack serves the Real Estate Needs in the Santa Clarita Valley, CA. My team and I are members of CALIFORNIA ASSOCIATION OF REALTORS®. C.A.R. continues to monitor the ongoing budget negotiations in Sacramento.

We stay involved to provide to you with relevant information related to real estate property ownership rights and topics that may impact you and the real estate transaction process. Below is an example of just one item that we are keeping our eyes on in Sacramento in 2011:

## GOVERNORS BROWNS'S 2011 BUDGET PROPOSAL CONTAINS NO NEW REAL ESTATE TAXES

Two weeks ago Governor Jerry Brown was inaugurated and the new legislature began work. The most critical issue facing the state is the budget deficit. Governor Brown almost immediately proposed a budget consisting of program cuts and revenue increases. Fortunately, none of the proposed tax increases directly impact real estate!

California currently faces a \$25.4 billion budget shortfall (an \$8.2 billion deficit for the current fiscal year plus an estimated \$17.2 billion gap for 2011-12). Governor Brown proposes to bridge this shortfall by: (1) reducing state spending by \$12.5 billion, (2) raising \$14 billion by extending taxes, and (3) borrowing \$1.9 billion from special funds and other resources. (The \$3 billion dollar difference is due to a \$2 billion increase in education spending due to Proposition 98 as a result of the increased revenues to the state, as well as a proposed \$1 billion budget reserve for 2011-12)

With regard to the tax extensions, the Governor proposes submitting to the voters in a June 2011 special election a ballot proposition which – if approved – would extend four temporary tax increases adopted by the Legislature in February 2009 for an additional five years. These tax increases are: (1) a 0.25% personal income tax surcharge, (2) a reduction in the dependent exemption credit to the same level as the personal exemption credit, (3) a 0.5% vehicle license fee increase, and (4) a 1% sales tax increase.

It should be noted that the Governor's budget is just a proposal and may not be the one eventually approved.

For more info, see the full text of [Governor Brown's Budget Proposal](#) and [more news and updates from the Governor's office](#).

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