



## **SACRAMENTO UPDATE**

April 30, 2010  
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### **Politics**

The legislature confirmed Senator Abel Maldonado (R) to the vacant Lt. Governor's office which opened up after John Garamendi was elected to congress last November. The on again/off again approval of Maldonado has been steeped in who gains political advantage over the Maldonado's vacant senate seat. Democrats held approval of Maldonado until later in the year hoping the special election would be consolidated with the regular November general election believing a higher voter turn-out would favor a democrat. No sooner did the governor swear-in Maldonado did he call a special election for Aug. 17. The primary election will be June 22. The democrats have cried foul and counties are saying a special election will cost many millions to hold. The expected candidates for the vacant senate seat are Assemblyman Sam Blakeslee (R) and former- Assembly Member John Laird. Hard feelings all around and budget talks have just begun.

### **Tax Bill Up Next Week**

**Golden State Builders Exchanges** is a **co-sponsorship** of AB 2060 which will be heard next week. SB 2060 pertains to the 1% increase in the state sales tax imposed last year.

Since passage of the increased sales tax in April 2009, contractors who had entered into fixed price contracts prior to the sales tax increase have been forced to absorb the additional tax because the increase was not anticipated when their contract was entered into. The construction industry co-sponsored AB 1523 last year which would have provided that during the period of the sales tax increase, materials and supplies purchased or obligated by a fixed price contract entered into prior to the sales tax increase, are exempt from paying the additional tax. AB 1523 was held on the Appropriations Committee suspense file due to cost estimates. AB 2060 takes a similar approach as AB 1523, but only applies to any future state sales tax increase. This measure does not compensate contractors for any increased tax they are currently absorbing based on previously entered fixed price contracts.

AB 2060 is a matter of equity and will protect the construction industry and individual contractors in the future who would otherwise be forced to pay these higher costs through no fault of their own.

## **Split Role Tax Proposed**

The Assembly Revenue and Taxation will hear AB 2492 on May 10. AB 2492 (Ammiano), amends Proposition 13 and imposes a split roll property tax under new, complex change-in-ownership rules. This bill requires taxpayers to prove every three years that they did NOT undergo a change-in-ownership that would trigger reassessment. The bill has 2/3'rds vote requirement making it a challenge to pass the Assembly.

See fact –sheet prepared by Cal Tax:

<http://www.caltax.org/AB2492FactSheet.pdf>

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