



A Tradition of Stewardship  
A Commitment to Service

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May 29, 2009

Governor Arnold Schwarzenegger  
State Capitol  
Sacramento, CA 95814

Dear Governor Schwarzenegger:

This is to provide constructive suggestions as to how to address the current budget crisis. By way of introduction, I am a four-term Napa County Supervisor, was the Republican candidate for the 1st Congressional seat in 1998, and Napa's Republican of the year in 2005. I appreciate the difficult choices faced by you and our legislature in the coming weeks. The structural deficit in the State budget must be addressed now as the problems are mounting and borrowing will only make matters worse.

New revenue is essential as cutting key services such as IHSS and safety nets such as Calworks will bring far greater costs in the longer term. As a civil society, we have a higher duty to protect those who are most vulnerable and least able to adapt to the current crisis.

I observe that the citizens in California have seen gasoline prices rise 57cents since mid March and there has been little outcry. Adding a carbon fee to each gallon of 6 cents will add \$1 billion dollars in stable, predictable revenue to the State. This 57 cent rise could have been \$ 9.5 billion a year to the State. A fee on gasoline serves multiple policy objectives. It is the most effective means of moving us to more energy efficient choices in our cars and lifestyles, helping to accomplish the goals in SB 375. By placing the fee on gasoline rather than oil production, we discourage foreign imports and encourage domestic energy independence. Placing a significant fee on gasoline today will reduce its use and delay the day when OPEC enjoys \$150/Bbl oil again. I strongly urge you to look at this sound policy choice.

Clearly, cuts have to be made. In the near term, I would urge you to look at reducing administrative costs before cutting front line services. In the longer term, legislation limiting the total benefit burden allowed (cost in addition to salary) for new government employees will help to bring future costs back in line with tax payer expectations.

I urge you not to take local government reserves using the Prop 1A trigger. While it is a legal option, this borrowing will do nothing to solve the State's structural deficit and will create a bigger problem next year. It will punish local agencies that have saved for a rainy day while pushing others deeper into their own crisis. Much of our energy will be spent debating how it should be done and responding to this self-induced crisis with no ultimate progress on the real problem.

While I am currently the Chairman of the Napa County Board of Supervisors, this letter is sent without seeking the endorsement of our entire Board given the critical timing of your decisions.

Sincerely,

A handwritten signature in black ink that reads "Mark Luce".

Mark Luce  
Napa County Board of Supervisors  
District 2

cc: Budget Conference Committee Members  
Senator Patricia Wiggins  
Napa County Board of Supervisors  
Nancy Watt, County Executive Officer  
Don Peterson, Peterson Consulting Inc.  
California State Association of Counties (CSAC)  
Regional Council of Rural Counties (RCRC)