

ELECTION: JUNE 6, 2006

TAX★TALK

JOIN THE LEAGUE AND FIGHT TAXES

Bulletin
www.placertaxpayers.org
info@placertaxpayers.org

NON-PROFIT ORG.
U.S. POSTAGE
PAID
PERMIT #95
AUBURN, CA

VOLUME 16 • NUMBER 2

LEAGUE OF PLACER COUNTY TAXPAYERS

SUMMER 2006

Krantz Proposes Plan for Middle Fork Power

Electric power plants on the Middle Fork of the American River have a generation capacity of 244 megawatts and in an average year produces enough clean hydroelectric energy to power more than 100,000 homes.

The power system, which includes two major reservoirs, seven dams, five hydroelectric power plants, and 12 miles of tunnels, is operated by PG&E for the benefit of Placer County Water Agency (PCWA). The revenue agreement between PCWA and PG&E will terminate in 2013 when the Middle Fork project is up for relicensing by the Federal Energy Regulatory Commission (FERC).

Under a fifty year contract signed in 1963 the power revenues were set flat at 1963 rates. At today's rates under a new operating contract, the revenues could reach \$90-140 million annually. PCWA's current power revenues are about \$12 million under the 1963 contract. Naturally, county and PCWA officials are salivating at what can be done with this windfall bonanza.

Supervisor Krantz proposes a joint power agreement between Placer County and PCWA to channel the revenue funds into these priorities: a) pay off debt; b) pay ongoing operation of the project; c) fund capital improvements for the project; d) the remaining amount should be applied to water-related infrastructure projects, such as canals, storage facilities, etc., to water quality projects, and to energy infrastructure projects. Remaining funds would then be distributed 50-50 to Placer County and to PCWA.

The thrust of Krantz's proposal is to ensure, for generations to come, that Placer residents, farms and ranches have a dependable source of adequate water and a supply of hydroelectricity at reasonable rates. Thus, the power revenues would first be used to maintain and improve the water and power facilities before any funds are siphoned off for county pork projects (see diagram on page 3 for suggested allocations).

Historically, PCWA was created in 1957 by the state legislature. The agency is self-governed with policy and regulatory decisions determined by an

continued on page 3

Roll The Dice! A Nation of Gamblers

With the widespread expansion of casinos, card parlors, video poker, the Xanadu centers of Las Vegas and Reno, and the track Churchill Downs, are we becoming a society of high rollers? The recent multiple openings of Indian casinos, with its acceptance of respectability by soccer moms, and the expansion of church bingo and lotteries pales into the past ideas of the sinfulness of gambling. Perhaps we are merely returning to our roots.

A recent proposal of investors to open a casino just miles from the hallowed grounds of Gettysburg has raised cries of desecrating history. But, historically, we are gamblers. Jamestown, the first permanent English settlement in North America, was underwritten by a lottery conducted in London by the Virginia Company. That trend continued as the New World expanded to 13 colonies, all of which established lotteries at one time or another. Government approved gambling was an original feature of the establishment of our country. In the 1700s cockfighting matches were

regular events with newspapers listing odds for wagers.

Ben Franklin helped organize a lottery in 1746 and George Washington was a frequent ticket buyer who won land in one raffle, £5 in a 1763 lottery and £16 in a later drawing. In 1793, when the District of Columbia sold 50,000 lottery tickets at \$7 each to raise funds for federal buildings, Washington purchased tickets for himself and friends.

Combatants on both sides of the Civil War "were addicted to faro, poker, casino, euchre, seven-up and chuck-a-luck," according to history writer George Sullivan in his 1972 book *By Chance a Winner*. By the early 1800s social reform dimmed the popularity of wagering and, as the US economy matured and diversified, mill owners, bankers and store owners rallied against lotteries such that citizens would spend their money in a more productive manner.

During the 1830s, 12 states banned

continued on page 4

Support Measure A

Measure A, on the June ballot, would repeal Placer County Sheriffs compensation as set forth in Measure F enacted into law in 1976. That law provided that county sheriffs would receive pay the average of similar pay in Sacramento, El Dorado and Nevada Counties. After 30 years that provision has become outdated.

Measure A would, if passed by voters, allow the Placer County Sheriffs to negotiate directly with Placer County for their own salaries. Following several discussion meetings between the League of Placer County Taxpayers and sheriffs representatives, the sheriffs are committed to an inactive negotiating team of retired personnel and a non-benefit recipient negotiator. Since the sheriffs association has, from time to time, endorsed candidates for county supervisor this would put an arms-length distance between salary negotiators and the endorsing associates.

— Wally Reemelin

Prop 82 is a Downer!

Rob Reiner has returned to his "meathead" mentality of his role in "All in the Family" series with his proposed universal preschool program. Prop 82 would apply a special tax against individuals earning \$400k or more to bring an expected \$2.1 to \$2.4 billion to pay for a *state run* preschool for all 4-year-olds in California.

If Prop 82 were to meet its stated goals of 70% enrollment it would only place a mere 22,000 kids in preschool—that's a colossal \$109,000 per preschooler per year. Unless, of course, the highly taxed people change their lifestyle or temporarily move investments from California leaving taxpayers to fund the resulting preschool deficit.

Additionally, Prop 82 would require *all* preschool teachers to obtain both a BA degree and a one-year certificate in early childhood development by 2014. This could devastate existing private preschools with extra expense and saddle their personnel with such

continued on page 2

Auburn Alert—Round Three

The members of the Auburn City Council, wearing their Auburn Urban Development Authority hats (AUDA), met on April 10 to initiate AUDI—Round Three, expanding the Authority's area. Round One was creation of AUDI. Round Two, in 1999, extended the power of eminent domain authorizing condemnation of property used for private residences.

The preliminary cost estimate of Round Three, the 2006 effort, is \$160,000 to \$180,000. The money will buy no roads, will repair no streets, will provide no additional police or fire protection. The money will only buy a consultant's time, which will be translated into reams of paper.

An initial proposed "survey area" includes four tracts. The tracts extend from the northern city limits on the north to Pacific Avenue on the south and from the western city limits on the west to Lincoln Way on the northeast and to Pacific Avenue on the southeast. These areas are purported to include "blighted properties."

However, blight, in bureaucratese, does not mean what it connotes, or even denotes, in English. To bureaucrats, blight includes properties that are not developed to their "full economic potential," whatever the bureaucrats want that to mean—or to whom they want to make a profit developing or redeveloping property that belongs to those less favored.

On the pretext of eliminating blight, AUDI has the power of eminent domain: the power to take private property. Eminent domain was originally implemented to thwart greedy property owners who attempted to gouge a public entity that was planning to construct a project which required large tracts of

continued on page 2

