STOCKTON RECORD

Adding up the future

State treasurer's provocative report should stimulate a valuable debate

Editorial
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California State Treasurer Bill Lockyer bypassed the question everyone wanted answered - how much more borrowing can we afford? - and provided a sensible bottom line.

His unprecedented report - it projects 20 years into the future - says state officials must assess long-term infrastructure needs and develop a payment plan.

If that means cuts in spending for other things, so be it. The alternative, according to Lockyer: generate more revenue without increasing the debt.

His advice makes economic sense and applies equally to state lawmakers, local officials and property owners.

Lockyer's report is unique because of its 20-year forecast and the way in which it separates debt-service payments from operating expenditures.

That provides a clearer evaluation of the general fund's capacity - and of future warning signs.

Lockyer, California's former attorney general, makes the case that the status quo will result in a growing gap between available revenues and the amount needed in 2027 to pay debt ($15.8 billion).

It's like a household budget. When does income get overwhelmed by credit card debt and other living expenses?

Lockyer said his goal was to "provoke discussion" rather than advocate a solution.

His recommendations include some possible ways to reduce expenses:

» Cut the University of California system, and its $7 billion-a-year cost, from state funding.

» Reduce energy costs for state buildings and facilities with greater emphasis on conservation.

» Create a state transportation authority that relies on developer fees, road tolls and fuel taxes to build and maintain infrastructure.

He listed some ways to increase revenue:

» Collect unpaid sales tax on Internet and mail-order businesses.

» Raise income taxes for the state's wealthiest residents.

» Use public-private partnerships to build and operate public facilities.

It's hard to overlook one possibility, however. Californians might want to prepare themselves for a tax increase.

Where would the state's residents be able to generate enough income to pay for that, though?