

ture, the voters may turn to the ballot propositions to seek redress and the Legislature, and perhaps even the Governor himself, will suffer a major loss in public esteem.

A major complicating factor in the already tangled tax reform picture is an estimated \$167 million revenue deficit which may occur during the next fiscal year beginning July 1. This factor combined with fear that voters might reject Proposition 7, which would permit an increase in the maximum interest on state bonds to 7%, would perhaps force the state to raise taxes as well as reform the tax structure. The Governor has maintained that he will not increase taxes in 1970 and says he will ask for additional flexibility in deciding how the state will spend portions of the budget directed now by special fund allocation.

OTHER CHANGES. Assemblyman William T. Bagley has introduced the "Clean Water Act of 1970" which would allow the State Water Resources Board to impose a \$322 million statewide property tax to finance a 5 year campaign to clean up California's polluted water.

A new State Environmental Fund would be created and financed by a limitation on the depletion allowance to actual costs incurred in each new exploration instead of the current 27½% of yearly gross income under AB 7 introduced by Assemblyman Gene Chappie.

Individual taxpayers could collect 6% annual interest on any over payment made under an advance tax payment plan under AB 367 authored by Assemblyman Bob Moretti. Senior citizens could deduct the income of residents living in their homes before determining if they qualify for tax refunds under legislation introduced by Assemblyman John Dunlap.

Homeowners would not have to apply annually for property tax exemptions under SB 244 authored by Senator Alquist. The exemption would remain until the property changed title.

Assemblymen Bagley and Moretti and Senator Lewis Sherman have introduced AB 368 to eliminate the duties of the Inheritance Tax Appraisers regarding inheritance and gift taxes and probate of estates, and to establish a civil service function in the state controller's office.

The Bank of America announced that it would reduce its one time fee on tax payments made through BankAmericard to 1% from 4% on income borrowings paid by the end of the month. The Bank said volume permitted the reduction. Assemblywoman Yvonne Brathwaite and Assemblyman Alan Sieroty had criticized the bank for what the termed the excessive rate.



LETTER FROM WASHINGTON

EDITOR'S NOTE: As a regular feature CALIFORNIA JOURNAL will run observations on the nation's capitol by journalist Lou Cannon, author of Ronnie and Jesse: A Political Odyssey. Mr. Cannon, formerly Sacramento bureau chief for the San Jose Mercury-News, is now on the Washington bureau staff of Ridder Publications. His views on Washington will focus on the Californians serving in the Nixon Administration, the Congressional delegation and analysis of developments which have a particular relation to California. The following is from a personal letter Mr. Cannon wrote shortly after his arrival in Washington.

I walked by the White House tonight, conscious that This Was History and wondering what was going on In There and thinking that the light is bright — too bright — at the entrance and that there is not much light anywhere else except at the guardhouse that watches the entranceway on Pennsylvania Avenue.

The marvelous thing about the White House is that it is really not that impressive at all and that the man who lives in it is addressed by the least impressive title of "Mister" and yet it radiates power and importance, is somehow so aware of its own power and importance, that one cannot take one's eyes off the place as one walks by. There are many buildings in Washington that far more readily attract the eye. The Capitol makes one's heart leap but the White House is more convincing, somehow. Perhaps that is the difference between power and influence.

The old Californians, those people I knew from Sacramento and before, include Lyn Nofziger, Jim Alexander, Phil Burton, Jerry Waldie, Gil Bailey, and a host of other refugees from one California administration or another. The Californians stick together here like a government in exile. At the same time, and somewhat to my puzzlement, there is little of the mixing between strata that is so common in Sacramento. Perhaps it is different on the rarified social levels, but congressmen here socialize mostly with congressmen and staffers with staffers. Newspapermen, on the other hand, seem more mobile here than anywhere, which may be why so many of them like Washington.

*Sincerely,
Lou Cannon*

NEWS NOTES

- * The much discussed "swap" of state redwood parks for federal beach lands along the California coasts is not permitted by federal law, according to the Department of Defense which holds title to the beach lands. The plan has been frequently mentioned in the Reagan Administration because the Governor felt California should not contribute the three parks to the federal government without getting some land in return.
- * Caspar Weinberger, former director of the Department of Finance took office as Chairman of the Federal Trade Commission on January 1.

- * U.S. Senators George Murphy and Alan Cranston introduced on January 28 legislation which would ban new drilling along 16 miles of federal off-shore lands and would permit cancellation of 20 oil company leases where production has not begun.
- * Congressman Jerome Waldie of Contra Costa County, who used to call himself "an establishment guy" when Democratic Majority Leader in the State Assembly, has become the chief antagonist of 78-year old John McCormick, Speaker of the House of Representatives. Waldie has indicated that he's so dissatisfied with the ancient procedures and stolid pace of the House that he will run for McCormick's position, if no one else will.

Reagan State-of-the-State: Full text

Following is the complete text of Governor Reagan's State-of-the-State message to a Joint Session of the Legislature, January 6, 1970.

To the Honorable Members of the Senate and Assembly:

It is in the nature of things that at such a joint session of this Legislature I'm expected to deliver a State of the State Message boasting about some of the things this administration has already done — and listing some of the programs we intend to launch during the coming year. Traditionally this recital of hoped-for legislation is referred to as "the laundry list."

It is also in the nature of things that such messages be debated, sometimes with more heat than light. Rebuttals are prepared even before the remarks are formally delivered; some excoriate and some defend, some decry omissions and others praise inclusions.

But now and then a people in a particular moment of time are called upon to rise above the norm. Their chosen representatives, elevated from politics to statesmanship, make land-mark decisions — and men for decades to come hark back to those decisions and are guided in their own deliberations.

I believe we are met in such a moment of time — a moment when we should be more concerned with the next generation than the next election.

Just six days ago the world embarked upon a new decade. It brought with it the achievements and the scars of the sixties. It signifies more than just a measured span of years — it introduces its own imperatives, and it stirs our souls for a new spirit.

Since we last met like this — on January 7, 1969 — about 300,000 individuals have been added to our state's population. It is predicted that by 1980 there may well be some 25 million people living within our state.

Every year, as our population grows and our problems increase, we are called upon to perform minor, even major, miracles for, while such growth can mean progress, it can also mean degradation.

We are already faced with a chronic shortage of funds for such capital facilities as the State Water Project because of the tight money market. The proposition on the June ballot, which will allow us to raise our interest rate ceiling, must pass or we will face serious, almost chaotic, contractual and construction problems.

We are challenged to protect the safety and the liberty of our citizens and to provide the proper climate for economic development while preserving our priceless, irreplaceable natural resources. We seek ways to accommodate those who want to share in the magic of California, without allowing that magic to be swept away by a wave of people and pollution.

And, we must provide all of these services and all of these protections without confiscating more and more of the taxpayers' earnings — and without depleting the risk capital which is vital to our economic expansion — and to jobs and job opportunities for our growing population.

These are some of the imperatives of the seventies that should bind us together in common effort. They demand a common commitment greater than any personal ambition and stronger than any partisanship.

This being an election year, there will no doubt be many evidences of partisanship — and properly so. The two-party system is essential to our government of free men. It ranks

with our federal system of sovereign states as the great safeguard of our freedom. It is important that we argue things out — so long as we argue about the right things.

In the coming weeks and days, I will deliver to you definitive messages and specific requests for legislation dealing with some of the imperatives of the seventies. The laundry list will come in installments.

QUALITY OF LIFE

There is no subject more on our minds than the preservation of our environment, and the absolute necessity of waging an all-out war against the debauching of that environment. A booming economy and the "good life" will be no good at all if our air is too dirty to breathe, our water too polluted to use, our surroundings too noisy and our land too cluttered and littered to allow us to live decently.

One of the great bays of our state is already so badly polluted it is unsafe for many water sports — and yet every day some one hundred million gallons of human and industrial wastes are dumped into it. And, along the Santa Barbara coast, seeping oil continues to ruin the beauty and endanger wildlife — and it is nothing less than irresponsible demagoguery to pretend that the turn of a valve or a simple edict can resolve this tragedy. No one can be indifferent to the distress of those along that scenic coastline. It goes without saying that the oil pollution plaguing them will be cleaned up — and, that must be a permanent guaranty.

We stand ready to use the tough provisions of the Porter-Cologne Water Quality Control Act if necessary, including the requirement that those who are responsible for oil spills are responsible for cleaning them up.

But, it is even more important to find a way to end the threat of such pollution. When the federal government began granting leases outside the three-mile limit — more than a year prior to the disaster off Santa Barbara — we urged that before either the federal government or the leasing companies took any profit, a percentage be set aside as insurance for the nearby coastal areas. *This proposal was ignored.*

When we learned that federal drilling regulations were only one-third as effective as those we insist on in California State leases, we urged the federal government to adopt our standards — and we offered to take over the policing of the federal leases. *This suggestion also was ignored.* There is general agreement that the oil spill of last year could not have taken place had the drilling been done under our state regulations and policing. The incumbent Secretary of the Interior adopted our standards almost immediately upon taking office.

POLICY ON SANTA BARBARA

We support the State Lands Commission ban on any new drilling on off-shore lands under state jurisdiction while we make certain that safety and containment devices are adequate to protect the public interest. We have urged the federal government to do the same.

We have already joined with local governments to force the revocation of recent federal drilling and platform permits pending public hearings.

And, while we continue to seek scientific information and opinion on the long-range answer, we cannot ignore the findings of the scientific panel chaired by Dr. Lee DuBridge that pumping should be accelerated to relieve pressure build-ups which cause seepage through the fractured and unstable channel bottom. The most recent oil spill would seem to lend support to the DuBridge theory, since it resulted *not* from drilling but from a four-day halt in