

SPECIAL SESSION ON BUDGET

On Monday, December 9, the Legislature convened for a special session called by Governor Davis to address the state's massive budget deficit, which is now estimated to be approaching the \$30 billion mark. The Legislature met briefly to review Governor Davis's [proposal](#) for cutting \$10 billion in costs, but took no substantive action prior to recessing. Neither house is scheduled to meet in full session again until January, though the Assembly will hold [hearings](#) of its Budget Committee and Subcommittees next week.

Senate pro Tempore [John Burton](#) (D - San Francisco) met with some key Senate staff - both budget and policy committee consultants - and stressed the need to have policy committee consultants (e.g., the Health Committee) work with Senate Budget and Fiscal Review Committee consultants to make sure a very comprehensive study emerges concerning the deficit, and the impact severe budget cuts will have on various state programs. Burton, Senate Minority Leader [Jim Brulte](#) (R - Riverside/San Bernardino) and Assembly Speaker [Herb Wesson](#) (D - Los Angeles) were also quoted in the press as agreeing that nothing will be decided until sometime after January 6, 2003, when the Legislature's regular 2003-04 session convenes on a full-time basis.

As reported last week, legislative Republicans are on the record as strongly opposing any tax increases. However, California Republican Party Chairman Shawn Steel upped the ante last Monday by telling the Sacramento Press Club that he would seek the recall of any Republican legislator who voted to raise taxes to help close the budget gap. On Tuesday the Republican Party's Board of Directors (including Brulte and Assembly Minority Leader [Dave Cox](#) (R - Sacramento)) [rebuked](#) its chairman and censured Mr. Steel for his comments.

Legislative Democrats, on the other hand, are searching for ways to enhance state revenues, including various types of tax increases. One tax proposal that may be given consideration, according to a [story](#) in the Daily Journal legal newspaper chain, is a tax on legal services - an idea floated in the 1960's and 1980's with little success. Senate President pro Tem [Burton](#) has also suggested implementing tax increases through the initiative process, if necessary.

As mentioned above, the Assembly's Budget Committee will meet in Sacramento on Monday, 8:30 a.m., Room 4203 on the proposed Mid-year budget adjustments. This will be followed by subcommittee hearings later in the week. These include a scheduled hearing Tuesday, December 17, at 1:00

p.m., in Capitol Room 447, of Subcommittee #4 on State Administration, which has charge over the budget for the state's Judiciary. The Governor has proposed a \$10 million unallocated cut in Judiciary State Operations, and intends to impose an additional \$29 million unallocated reduction in the budget year. Chief Justice Ron George issued a [statement](#) on the cuts, affirming that state courts will join in the efforts to address the funding shortfall, but warning against sweeping reductions that would unjustly limit citizens' access to justice.

UNFAIR COMPETITION BILL INTRODUCED

Growing concern over a flood of allegedly extortionary lawsuits targeted at minority businesses has sparked [Lou Correa](#) (D-Santa Ana), Chair of the Assembly's Business & Professions Committee, to introduce [AB 69](#), a spot bill expressing legislative intent to eliminate abuses of the state's Unfair Competition Law.

The [Los Angeles Times](#) (12/13/02, story by Monte Morin) reports that the lawyers for Consumer Enforcement Watch, one of the groups involved, claim to be fighting for consumers ripped off by auto repair dealers. But the [Sacramento Bee's](#) Dan Walters summed up the situation very differently in a [column](#): "Auto repair shops, nail salons and restaurants owned by recent immigrants from Asia and Latin America are being hit with lawsuits ostensibly filed on behalf of consumer groups with lofty-sounding names, but in reality ginned up by law firms. . . What seems to be happening is that the lawyers are mining state consumer protection records for even the tiniest of regulatory violations and then suing any businesses mentioned in the records. The owners of the businesses are then notified of the suits and told that they can buy their way out of liability by paying some set fee, such as \$1,000 or \$2,000."

The alleged abuse of the Unfair Competition Law and the public has attracted the attention of several consumer protective and regulatory agencies, including the Attorney General's Office and the State Bar. It is also likely to re-fuel the efforts of the business-backed [Civil Justice Association of California](#) (CJAC) to restrict the ability of private consumers and attorneys to use the Unfair Competition Law (B&P Code §§17200 *et seq.*). These past efforts have been strongly opposed by consumer organizations, including [Consumers Union](#) and the [Consumer Attorneys of California](#) (CAOC), which, though strongly opposed to abuse of the Unfair Competition Law, see the act as an essential tool of public protection and are very reluctant to see it changed. The most recent CJAC-sponsored bill, [AB 1884 \(Pacheco\)](#) of 2002, failed passage in the Assembly Judiciary Committee last year at its first hearing.