

From: Michael Boskin
Sent: Saturday, July 11, 2009 9:44 PM
To: Fred Keeley
Cc: COTCE Commissioners; COTCE Staff
Subject: Re: Delivery of Blue Plan

Dear Gerry and fellow Commission Colleagues:

We have been working to see if there is a tax proposal that, as per our charge, would substantially reduce volatility, increase the state's competitiveness, promote jobs and growth for California and be fair. Each of us undoubtedly has a (perhaps in some instances, substantially) different idea of the best way to accomplish that objective. We have agreed to see if there is a proposal that can achieve a substantial consensus of Commission members as a worthwhile improvement to the current extremely volatile revenue system that to some degree (again, opinions differ on extent) damage the state's competitiveness and harm its growth. That has led to in depth discussion--without any final commitment--of the two archetype proposals plus the notion that if we do coalesce around a specific proposal that we would also include in our report a set of additional recommendations that at least some members support that should receive serious consideration by the Governor and Legislature.

This is what we should focus on, and have agreed to focus on, at our meeting next week. The appropriate way to deal with the items Fred developed in conjunction with some of the Democratic leadership in the legislature is in that additional set of recommendations if we reach consensus and alongside the recommendations of a full proposal by any other Commissioner if we do not reach consensus on a version of the options under consideration. Many Commissioners, myself included, have refrained from offering their own preferred solution to the task we were charged with, on behalf of comity and determining if there was a consensus for a good alternative to the current mess, even if some or all of us think that is inferior to our own favored proposal.

It would be unfair, as well as counterproductive, to consider one Commissioner's alternative proposal (or that of a few) without allowing equal access to all Commissioners to do likewise. If we cannot come up with a strong consensus, then we will have to decide whether we want to issue a report containing multiple proposals of (subsets of) individual Commissioners or not. But I strongly object to changing the procedures at the end to focus on one alternative when I and others are not given equal opportunity to input our own and, in any event that process diverts attention from focusing on whether a consensus can be reached or not. Fred or anyone else is free to decide not to support any package because they prefer another. I, and I am sure the other Commissioners, reserve the right to do so, and we have always had that right.

Best,

Michael