

Fred Keeley
Treasurer
County of Santa Cruz
701 Ocean Street
Santa Cruz, California
95060

July 11, 2009

Gerry Parsky, Chair
Governor's Commission on the 21st Century Economy
Sacramento, California

Re: Final Draft "Blue Proposal"

Dear Gerry,

First and foremost, thank you for your leadership and collegiality in your role as chair of the commission. You have been kind to each of us, and to the witnesses and public who have appeared before the commission.

Like other commissioners, I have taken my role (but not myself) seriously with regard to searching for the best combination of changes, additions and deletions to our existing state tax code, to comply with Governor Schwarzenegger's direction to us in his Executive Order S-03-09, establishing the commission. Also like other commissioners, I believe that reasonable, honorable folks can have principled disagreements, without being disagreeable with each other. The tone you have set in that regard is very helpful to the commission's work overall.

There is much common ground that the commissioners share, and some ground that needs more discussion to discover where we might find consensus. That is why, since the very beginning of our work, I have shared my thoughts, as you requested of all commissioners, in writing (and in person at the commission meetings). That request of yours has also allowed for a record of the commission's reasoning and evolution in terms of policy decisions. In continued pursuit of a consensus plan, and in keeping with our conversation in your office in Los Angeles in June, I have worked with interested parties to add detail to the thoughts and concepts that have been under discussion at the commission for some time. I respect the alternative plans that you provided to the commission in June, and have attempted to work within that context of those two plans, while including some of the major points presented to the commission through testimony and written submittals.

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The commission is making substantial progress. This is very, very complex public policy, and major changes should be undertaken carefully, with as much understanding as possible as to the impact of tax policy changes on the various goals established by the Governor. That is why each of the elements in the attached proposal are rooted in one or more of the Governor's objectives as stated in his Executive Order.

As I have advised you, a meeting to review the attached plan will be held Monday, July 13, 2009 at the Franchise Tax Board offices in suburban Sacramento. The meeting will take place from 10:00 a.m. until approximately noon. This meeting is the second meeting on this topic, and originated from my discussions with my appointing authority, state Senate President pro Tempore Darrell Steinberg.

Also, as requested in previous correspondence with you, I am requesting that the attached proposal be posted on the commission's website, that it be made part of the commission's agenda for our meeting of July 16, 2009, and that it be included in the packet of documents for commissioners and the public at that meeting.

Finally, thank you again for your leadership and for your extension of every courtesy to me and other commissioners and the public during this process. I look forward to seeing you on July 16, 2009 in San Francisco.

Sincerely,

FRED KEELEY
Commissioner
Governor's Commission on the 21st Century Economy