

Good Times 7/21/83

MES

NEW

\$150,000

State Budget Fight Cost SC

THE state budget that was passed Tuesday, a record 19 days overdue, cost Santa Cruz County taxpayers at least \$150,000, said Pat Busch, assistant county administrative officer.

The costs came mainly from high interest rates the county had to pay for loans needed to meet its daily expenses, Busch said.

The budget had been tied up while Democrats and Governor Deukmejian battled over its size. Deukmejian had refused to budge from his demand that the spending plan impose no new taxes and allow no more than \$22 billion in spending.

The Democrats, in a ploy to force the governor to negotiate his stance, added language to the

budget that forced Deukmejian to either negotiate or call for a politically unpopular \$17 million special reapportionment election in December. Deukmejian did ask for the election Monday, receiving the predicted howls of protest from the Democrats, but also a budget the next day.

During the impasse, the county had to borrow \$9 million at 10.5 percent interest from Bank of America.

"It [the interest] cost us a hell of a lot of money," said Busch.

The budget battle actually cost the county extra money in two ways. First, for the past two years the county has taken out special low interest loans to help tide it over until property tax revenues start

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Budget

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coming in at the beginning of November. But because the state had no budget, Moody's Investment Services refused to rate the county, making it ineligible for the special "tax anticipated" six percent loans. Thus, the county had been forced to borrow money at interest rates 4.5 percent higher than normal.

Second, the county lost interest income from the money it normally would have borrowed at the beginning of July at the six percent rate. This year the county was planning on borrowing \$24 million at the low rates, using the loan as it needed and earning extra interest on the rest. •

Housing