Restaurateurs win millions in leak lawsuit

MATTHEW HALL
Daily Press Editor

The owners of a once popular taco shop in Santa Monica have won a multi-million dollar lawsuit against their former landlords after water leaks and a rodent infestation forced the restaurant to close.

Tacos Punta Cabras opened in a location on Broadway and 10th Street in 2018 after several years in Mid-City. However, the restaurant shuttered its doors in mid-March of 2019 after a particularly rainy winter created persistent leaks in its ceiling.

At the time, Chef Daniel Snukal said the problems predated Punta Cabras’ arrival and the company that managed Broadway Plaza and the property owners, had refused to address them.

Snukal and co-owner Mark Mittleman tried to resolve the issues but ended up filing a lawsuit.

“The serious problems with the unit (and the entire building), known to the Landlord but not disclosed to Plaintiffs, made the unit unfit for any business let alone a restaurant or any other business involving food preparation or handling,” said the lawsuit. “These problems included, among others, water leaks from ceilings, walls and plumbing throughout the building, noxious odors emanating from the plumbing and the common areas, and a rodent infestation that was so bad that Plaintiffs could hear the rodents scrambling around in their walls. Plaintiffs only became aware of these problems after they spent

GRADUATION: Samohi student club Legado Latino, including its sub-clubs: Brown Minds Matter, Latinos Unidos, MECHA, Chicano United, and club collaborator Brightly Boxed Buddies, held a graduation celebration to honor and recognize their graduating seniors on May 26.

The celebration consisted of traditional foods, music, dances, live mariachi and folkloric dance. Stoles, designed by Legado Latino Club students, were awarded to graduating students for their effort and participation in school. Legado Latino and its sub clubs worked together using their goals, interests, and abilities to provide a safe community for Latino/Hispanic students and shared their rich and diverse culture with the local community.

The stoles were presented to the students by participating community leaders, SAMOHI staff, and professors. Recognition was also given to individuals and organizations who have supported students through the year.

These include: Santa Monica History Museum (Lisa Dannenbaum), PYFC (Alex Aldana), SAMOHI (Edgar Gonzales), LDC (Ana Valdez), (AMAE) long time member Rosemary Menchaca, Cesar Rocha (Treasurer), and secretary Mark Marin, Claudia Bautista Nicholas (SMMUSD Union President), Mark Marin and family (Community Leaders), and Oscar de la Torre (Santa Monica City Council).
California’s budget whiplash: From a record-setting surplus to a massive shortfall in one year

JOHN OSBORN D’AGOSTINO AND JEREMIA KIMELMAN
Special to the Daily Press

This time last year, there was excitement and possibility over how to spend a record $97.5 billion budget surplus, a shocking figure coming at the end of a bruising COVID-19 pandemic. But this year, excitement has turned into a fight over what not to cut as the state stares down a $31.5 billion budget gap.

How did this budget whiplash happen? To understand how the state could, in one year, have a revenue swing of about $128.5 billion requires a look at how the state raises money for the general fund — the big pot of money that funds most state programs — and a few other complicated aspects of how California juggles completing budget requirements.

WHERE DOES ALL OF CALIFORNIA’S GENERAL FUND REVENUE COME FROM?

California collects taxes to fund state programs. The kinds of taxes the state relies on to fill its coffers has changed over time, and that has increased revenue volatility. The state’s major revenue sources have shifted from retail sales and use taxes making up the bulk of major revenue to personal income taxes.

Here is a breakdown of some of the major revenue sources:

PERSONAL INCOME TAX

California has a progressive income tax, where the state's top earners pay at a higher rate and provide a bulk of that tax revenue. Over the years, income taxes have become the largest major source of general fund money. Capital gains — money made from investments such as stocks — is also taxed, but that stream of revenue is highly volatile. We’ll talk more about that in a moment.

CORPORATE TAX

There is a flat 8.84% tax on the gross taxable income of businesses and corporations doing business in California, excluding some types of business such as sole proprietors and partnerships. Other rates apply to certain types of businesses, such as financial institutions.

RETAIL SALES AND USE TAX

This tax covers the purchase of most physical merchandise — including vehicles — regardless of whether the merchandise was bought at a physical store in California or an out-of-state retailer. While the current statewide sales and use tax rate is 7.25%, that rate can be higher depending on additional taxes levied by cities and counties. Of all the major revenue sources, this one continues to shrink over time.

HOW MUCH OF THE PERSONAL INCOME TAX COMES FROM THE STOCK MARKET?

When Gov. Gavin Newsom was asked to explain how the state has a record surplus one year and has to make budget cuts the next, he answered “progressive taxation.” He was referring to the way California’s tax law is structured so that wealthy residents pay

Starting in the 2021 tax year, Californians who are shareholders of S Corps. or who have business partnerships could pay into a newly created tax, which effectively allows them to get income tax credits. This has shuffled what could have been income tax revenue into corporate tax revenue as far as the state is concerned, while allowing those individuals to get around federal deduction limits on state and local taxes passed in the Trump administration.

REVISION: California Gov. Gavin Newsom unveils his 2022-2023 state budget revision during a news conference in Sacramento, Calif., Friday, May 13, 2022. California is expected have a record surplus.

SEEBUDGET PAGE 8

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Transgender and nonbinary people are often sidelined at Pride. This year is different

SUSAN HAIGH
Associated Press

Kara Murphy, a transgender woman helping to organize the Union County Pride in a suburb of Charlotte, North Carolina, is heartened to see Pride celebrations across the country — at least, shining a spotlight on transgender rights this year.

“When we look and see who’s standing up for us, it kind of signals the strength of the movement,” she said.

Whether it’s transgender grand marshals at the massive New York City Pride parade or a photo display of transgender victims of violence at the much smaller festival in Hastings, Nebraska, many celebrations this June are taking a public stand against state legislation targeting transgender people.

Some Prides are putting transgender people front and center at events where they’ve often been sidelined because of a historical emphasis on gay and lesbian rights, along with the same sorts of prejudice and misinformation held by many straight, cisgender people about trans lives.

The growing number of new laws and policies, including restrictions on gender-affirming care, public bathroom use and participation in sports, has prompted Pride organizers to more fully embrace a segment of the LGBTQ+ populace that hasn’t always felt included.

While trans activists have always been integral to steps toward greater LGBTQ+ rights, “too often, the larger LGBTQ movement ignored or even actively erased the voices of trans and nonbinary folks,” Kierra Johnson, executive director of the National LGBTQ Task Force, said in an email.

“Uplifting trans voices and fighting for trans liberation must be at the forefront of our movement” when the rights of transgender and nonbinary people are “under a coordinated attack,” Johnson said.

“We are specifically standing by and being supportive of those who are transgender, because we understand that they’re under assault, that their rights are under assault,” said Jonathan Swindle, organizer of Pride in Corpus Christi, Texas. Republican Gov. Greg Abbott recently signed legislation that would restrict gender-affirming medical care for people younger than 19.

In New York City, where this year’s Pride theme is “Strength in Solidarity,” organizers selected representatives of the trans community to be among the grand marshals of the June 25 parade. There are also plans to have a float carrying transgender people of color.

AC Dumlao, chief of staff for Athlete Ally, a group that advocates on behalf of LGBTQ and intersex athletes, and a transgender, nonbinary Filipino American, is one of the grand marshals. They welcome the attention at Pride this year.

“It’s really important for me to take this opportunity and attention to spotlight kind of what is happening across the country,” said Dumlao, noting how nearly half of U.S. states have banned trans athletes from playing in school sports. With a draw of about 2 million spectators on hand, they said the often-televisioned parade is a great opportunity to spread the message that trans athletes have “always been here.”

Murphy said the number of expected spectators at her Pride in North Carolina, planned for September, will be tiny in comparison with New York and won’t include a parade — but that the message will be no less meaningful.

“You can do so much just person to person, just walking around, meeting people at Pride,” she said, noting how the festival becomes an opportunity for people to tap into an informal network of people who might know a therapist or doctor or have a trans child who is trying to make friends.

“In this kind of a rural area, you don’t get the big demonstrations. You get the little assistance, person to person to person, that kind of starts to add up,” she said. “And yeah, if I could, we would have just a trans pride parade on Main Street if I could, but I can’t do that.”

In Connecticut, where restrictions on transgender people are not being proposed, organizers of the Middletown Pride still placed a major focus on trans rights in this year’s events, which Democratic Gov. Ned Lamont attended.

“Just seeing everything that’s happening in the legislation (elsewhere), we definitely wanted to make it a priority,” said Haley Stafford, event coordinator for the Middlesex County Chamber of Commerce which helps to organize Middletown Pride. “Just because it’s not happening to us right now doesn’t mean that it can’t end up happening further down the line.”
ON MAY 29 AT APPROXIMATELY 1:25 PM
SMPD officers observed a suspect camping near the 2900 block of the beach. The same individual had been warned the day prior that public camping was not allowed. Upon approach, and after asking the individuals in the tent to exit, in plain view, officers observed a plastic baggie containing a white powdery/crystal-like substance along with a glass pipe with a bulbous end. Robin Montgomery, 48 years old, was arrested for public camping, possession of a controlled substance, and multiple outstanding warrants. She remains in the custody of the Los Angeles County Sheriff with a court appearance scheduled for June 13th.

German curator on a mission to return silver heirlooms stolen from Jewish families by the Nazis

KIRSTEN GRIESHABER
Associated Press

Matthias Weniger put on a pair of white gloves and carefully lifted a tarnished silver candleholder, looking for a yellowed sticker on the bottom of it.

The candlestick is one of 111 silver objects at the Bavarian National Museum that the Nazis stole from Jewish families during the Third Reich in 1939. That’s when they ordered all German Jews to bring their personal silver objects to pawn shops across the Reich — one of many laws created to humiliate, punish and exclude Jews.

What started with anti-Jewish discrimination and persecution in 1933, after the Nazis were voted to power in Germany, led to the murder of 6 million European Jews and others in the Holocaust before World War II ended with Germany’s surrender in 1945.

Weniger, who is a curator at the Munich museum and oversees its restitution efforts, has made it his mission to return as many of the silver objects as possible to the descendants of the original owners. “These silver objects handed in at the pawn shops are often the only material things that remain from an existence wiped out by the Holocaust,” Weniger told The Associated Press in an interview last week at the museum’s workshop where he displayed some silver items that have yet to be restituted.

“Therefore it’s really important to try to find the families and give back the objects to them,” he added.

Thousands of the pieces taken from Jewish families were melted into around 135 tons of silver to help Germany’s war efforts. But several museums ended up with hundreds of silver pieces such as candlesticks used to light candles on the eve of Shabbat, Kiddush cups to bless the wine, silver spoons and cake servers.

Some of the items were returned to Holocaust survivors in the 1950s and 1960s, if they came forward and actively tried to retrieve their stolen possessions. But many owners were murdered in the Holocaust or, if they succeeded to flee from the Nazis, ended up in far-flung corners of the globe.

“Two thirds of the last owners did not survive the Shoah,” Weniger said.

Despite the pain triggered by the loss and return of the silver cup, the Gutmanns say they’re happy to have it back and plan to use it in a ceremony with all their other relatives.

“I was a mixed feeling for us to get back the cup,” Hila Gutmann said. “Because you understand it’s the only thing that’s left of them.”

As for Weniger, the Gutmanns have nothing but praise for him and his work. “He’s really dedicated to it,” Hila Gutmann said. “He treats these little objects with so much care — like they are holy.”
Legislators will pass sham budget to protect their paychecks

The language was tested a year later when the Legislature passed a budget, but newly inaugurated Gov. Jerry Brown vetoed it as being unbalanced and state Controller John Chiang suspended legislators’ paychecks, declaring that parts of the budget were “miscalculated, miscounted or unfinished.” Chiang’s actions incensed lawmakers, and they later obtained a judicial ruling that the Legislature itself is the only authority on whether its budget satisfies the June 15 deadline. Thus, the Legislature can merely pass a bill it labels as a budget by that date, regardless of its content, and continue to be paid.

That is what is happening this week.

On Sunday, two measures, Assembly Bill 101 and Senate Bill 101, were amended to become identical budget bills and legislative leaders declared their intent to pass one or the other and send it to Gov. Gavin Newsom by midnight Thursday, the June 15 deadline.

The timing is dictated by another constitutional requirement that a bill be “in print” at least 72 hours before passage.

Assembly Speaker Anthony Rendon and Senate President Pro Tem Toni Atkins described it in a joint statement Monday morning as “a two-party agreement on a balanced and responsible budget,” adding, “we are continuing to negotiate and make progress on a three-party final budget.”

There were significant differences between the two houses earlier in the budget cycle that apparently have been reconciled. The legislative leaders didn’t offer any details, but they really don’t matter because passing a bill, any bill, is just a drill to meet the June 15 deadline.

“As in years past,” the two leaders said, “once an agreement is reached between the Legislature and governor, amendments to this budget bill will be introduced to reflect such an agreement.”

That will be the real budget, whenever it occurs.

This article was originally published by CalMatters.
Is housing a human right?
California voters could decide

BY MARISA KENDALL
Special to the Daily Press

Life, liberty, the pursuit of happiness and… housing?
California lawmakers are trying to enshrine the right to housing in the state’s constitution. But what exactly does that mean in a state that lacks the resources to give everyone a roof over their heads?
Supporters say the constitutional amendment would hold state and local officials more accountable for solving California’s homelessness crisis.
“It’s really a way to make sure elected officials and the government does its job and doesn’t continue to fail so miserably in ensuring access to housing for all,” said the author of Assembly Constitutional Amendment 10, San Francisco Democrat Matt Haney.
But the language of the measure is brief and vague, and doesn’t specify what a right to housing entails or how it would be enforced. Some critics worry the amendment wouldn’t do much. Others fear it would do too much — with unintended consequences.
While several prior attempts to create a right to housing in California failed, this one recently passed its first committee vote. Even if it passes, the proposed amendment would still need approval from California voters.
WHAT WOULD A RIGHT TO HOUSING DO?
The proposed amendment recognizes the fundamental right to “adequate housing” for everyone in California. Local and state lawmakers must work toward fulfilling that right “by all appropriate means.”
That’s about it. What that looks like in practice and how it is enforced would be hammered out by local officials and the courts.
Haney, one of the few state legislators who rents rather than owns a home, called the measure a “game-changer” during a recent rally in front of the Capitol. He was backed by several dozen people carrying signs that read “Housing is a human right” and “Keep families home.”
He said the amendment could influence local planning decisions, such as by empowering lawsuits against zoning rules or policy decisions that restrict affordable housing development. It could also help the state enforce existing pro-housing laws, he said.
According to Michael Tubbs, former mayor of Stockton and now an adviser to Gov. Gavin Newsom, a right to housing also would require the government to regulate landlords, potentially by enacting rent control or tenant anti-harassment policies, or guaranteeing renters a right to counsel during evictions. It also would create an obligation for the government to budget for housing programs, he wrote in a recent op-ed for CalMatters.
Newsom has not endorsed the right to housing amendment.
WHAT WOULD A ‘RIGHT TO HOUSING’ COST CALIFORNIA?
Declaring a right to housing wouldn’t immediately solve California’s homelessness crisis. Haney acknowledged, nor would it require cities to provide housing to everyone or entitle people to free housing.
Decades of under-building have led to soaring housing prices and more people living on the streets. The state needed to build 220,000 new homes per year for two decades to meet its population’s needs, California’s Department of Housing and Community Development estimated in 2000. Last year, the state added just 113,130.
As a result, rents are unaffordable for many Californians. The median rent for a two-bedroom home in San Jose, for example, is $3,100, according to Zillow. It’s the same in Los Angeles.
Ann Owens, a sociology professor at the University of Southern California specializing in social inequality and housing, believes everyone has a right to housing. But she’s not sure how much good putting it in the state’s constitution will do.
The resources part, I think, is where the right to housing often hits a wall,” she said. “You can have this constitutional amendment, but what happens when you don’t actually have the money to provide it?”
In 2020, Newsom vetoed a bill that would have guaranteed a right to housing, citing its estimated price tag of more than $10 billion a year. An analysis by the Senate Appropriations Committee laid out billions in potential costs for state agencies to design programs and connect people with housing and other services.
Haney’s amendment doesn’t yet have a cost estimate. California would have to spend $8.1 billion a year for the next dozen years to house all its homeless residents, according to a 2022 analysis by the Corporation for Supportive Housing and the California Housing Partnership.
At the same time, several lawmakers expressed concern that a right to housing would go too far.
Assemblymember Joe Patterson, a Granite Bay Republican, voted against the measure in committee last week. He said he’s “really scared” about the leeway California’s judges would have when interpreting a right to housing.
Assemblymember Jesse Gabriel, a Democrat from Woodland Hills and an attorney, worried it would subject every budget decision the Legislature makes to litigation. If legislators allocate money to clean energy or health care, he asked, could someone sue because that money wasn’t being spent on housing?
“The major, major heartburn I’m having right now is around enforcement and implementation of this,” he said, though he ended up voting for the amendment.
over a million dollars in improvements with the building-out of their new restaurant.”

According to the lawsuit, the situation was an extremely stressful situation for Plaintiffs, who were attempting to operate a clean and healthy environment to make high quality food and were dealing with dirty water leaking in their kitchen and dining area.

Not only did these leaks disrupt the restaurant by forcing staff to re-engineer their kitchen and dining area. However, the restaurant owner, Juan Peñalosa, had to close down, but he received Michelin recognition in that period of time. The restaurant was not open for more than six or seven months before they had to close down.

“The restaurant was not open for more than six or seven months before they had to close down, but he received Michelin recognition in that period of time,” said Turken. “Because the leaks and the rats were so bad and you just couldn’t cook quality food with the water coming down, he had to close down and so I think he’s still considering what’s going to happen next to the business but he hasn’t been able to reopen it.”

The location featured a large dining room and the taqueria received steady praise from food critics for its innovative takes on Baja-inspired cuisine. That praise, including recognition in the Michelin guide, factored into the suit as part of the calculation into how much money the owners had lost due to the closure.

The plaintiffs won all their claims (Fraud, Breach of Contract, Implied Warranty of Good Faith, Constructive Eviction) and were awarded $1.13 million as well as $250,000 in punitive damages against both defendants (the Landlord and the property management company). Legal fees and additional costs could push the total judgment toward $3 million.

“The defendants had filed their own lawsuit against the restaurant owners that claimed they were at fault for the building’s problems. However those claims were rejected.”

“(The restaurant) was not open for more than six or seven months before they had to close down but he received Michelin recognition in that period of time.”

— Jim Turken

TACOS: The owners of Tacos Punta Cabras have won a lawsuit against their former landlord.

FLA D

FROM PAGE 1

loan proceeds Shehata allegedly fraudulently obtained were used to make payments to employees for payroll or any business expenses.

Shehata also submitted to the Small Business Administration and several lenders false applications requesting a total of $5,423,989 in PPP loans, and fraudulently obtained approximately $3,154,265 in PPP proceeds, the indictment alleges.

If convicted, Shehata would face a statutory maximum sentence of 20 years in federal prison for each count.

“The local case is part of a national scandal related to defrauding COVID aid programs. An Associated Press analysis found that fraudsters potentially stole more than $280 billion in COVID-19 relief funding; another $123 billion was wasted or misspent. Combined, the loss represents a jarring 10% of the $4.2 trillion the U.S. government has so far disbursed in COVID-relief aid.

That number is certain to grow as investigators dig deeper into thousands of potential schemes.

The U.S. government has charged more than 2,230 defendants with pandemic-related fraud crimes and is conducting thousands of investigations.

The pilfering was wide but not always as deep as the eye-catching headlines about cases involving many millions of dollars. But all of the theft, big and small, illustrate an epidemic of scams and swindles at a time America was grappling with overrun hospitals, school closures and shuttered businesses. Since the pandemic began in early 2020, more than 1.13 million people in the U.S. have died of COVID-19, according to the Centers for Disease Control and Prevention.

The health crisis thrust the Small Business Administration, an agency that typically gets little attention, into an unprecedented role. In the seven decades before the pandemic struck, the agency was not operating a clean and healthy environment to make high quality food. The pandemic struck, the agency was assigned to manage two massive relief efforts related to defrauding COVID aid programs.

The U.S. government has charged more than 2,230 defendants with pandemic-related fraud crimes and is conducting thousands of investigations.

The PRAC was established to serve the American public by promoting transparency and facilitating coordinated oversight of the federal government’s COVID-19 pandemic response. The PRAC’s 21 member Inspectors General identify major risks that cross program and agency boundaries to detect fraud, waste, abuse, and mismanagement in the more than $5 trillion in COVID-19 spending. The PRAC Fraud Task Force brings together agents from 15 Inspectors General to investigate fraud involving a variety of programs, including the Paycheck Protection Program. Task force agents who are detailed to the PRAC receive expanded authority to investigate pandemic fraud as well as tools and training to support their investigations.

Anyone with general information about allegations of attempted fraud involving COVID-19 can report it by calling the Justice Department’s National Center for Disaster Fraud Hotline at (866) 720-5721 or via the NCFD Web Complaint Form at: https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form.

The Associated Press contributed to this report.

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The Associated Press contributed to this report.

The U.S. government has charged more than 2,230 defendants with pandemic-related fraud crimes and is conducting thousands of investigations.
Housing
FROM PAGE 6

Haney dismissed Gabriel’s argument as a "straw man if there ever was one." But he promised to work with legislators, constitutional experts and housing leaders to address his colleagues’ concerns.

The measure narrowly passed the Assembly’s housing committee and next must clear appropriations.

California Renter Groups Back Amendment

If this idea makes it onto the ballot and voters OK it, California would become the first U.S. state to legally recognize a right to housing.

“It would be a really big deal," said Eric Tars, legal director for the National Homelessness Law Center.

It’s not for lack of trying that it hasn’t been done before. Attempts in 2020 and in 2022 to put the right in the state constitution both failed — neither was heard in committee. And Sacramento Mayor Darrell Steinberg proposed a right to housing in his city, paired with an obligation for unhoused people to accept a bed when it was offered, but it didn’t get far.

The new state proposal likely will meet the same fate, said political consultant Steven Maviglio, who served as spokesman for the campaign against California’s Proposition 21 rent control initiative in 2020. Local officials likely will balk at the cost, he said, as will individual homeowners worried about tax increases.

“I don’t see it having a very long future," he said.

More than 100 housing and renter advocacy groups and other organizations support the amendment, which is co-sponsored by the Alliance of Californians for Community Empowerment Action, ACLU California Action, Abundant Housing LA and several others.

No organizations are on the record opposing the amendment, but the League of California Cities has expressed reservations.

“Cal Cities has concerns with ACA 10, as it does not include the significant investment needed from the state to jumpstart the construction of sorely needed affordable housing throughout California,” Jason Rhine, assistant director of legislative affairs said in an emailed statement.

What’s Next?

To make it onto the March 2024 primary ballot, the right to housing amendment must pass the Legislature before it adjourns in mid-September. To hit the November 2024 ballot, it has until June 2024. It needs a two-thirds vote in both houses.

After hearing the feedback from his colleagues Wednesday, Haney said it might take longer than this year to pass his measure.

“I’m not trying to rush this just to force it to the ballot," he said.

If it does pass, Haney hopes it will help people like Peggy Pleasant, who spoke at the committee hearing on behalf of the amendment. The Los Angeles mother lost her job in 2008 and became homeless, sleeping with her daughter in her car until it was repossessed. She eventually found housing, but recognizes she’s one of the lucky few who did.

“When you’re homeless, you lose housing, whatever, you lose family members,” Pleasant said. “But you lose your hope. And when you lose your hope, that makes you an inadequate person.”

This article was originally published by CalMatters.

Budget
FROM PAGE 2

far more than anybody else. In fact, the top 1% of income earners paid nearly half of all personal income taxes in 2021, according to the governor’s recent budget proposal.

And the state relies heavily on capital gains — the profit a person gets when they sell stock for a higher price than they bought it for — of those wealthy folks more than ever. In 2021, a record-setting year for the stock market, capital gains accounted for 11.3% of personal income in the state. That’s good when the financial markets are doing well, but shocks to the income of this relatively small group of taxpayers can have a significant impact on the state’s revenue.

One Year is a Surplus, the Next is a Deficit

In putting together a budget, legislators pay attention to the end-of-the-year balance — the difference between expenses and available tax revenue and the previous year’s ending cash on hand. The state has a budget limit, sometimes called the "Gann Limit," beyond which the state is not allowed to spend for the following fiscal year.

In putting together a budget, legislators pay attention to the end-of-the-year balance — the difference between expenses and available tax revenue and the previous year’s ending cash on hand. The state has a budget limit, sometimes called the "Gann Limit," beyond which the state is not allowed to spend for the following fiscal year.

In 1979, voters approved Proposition 98, which says that if the state’s tax revenues increase too quickly for two consecutive years, the government has to either change tax rates, reduce spending or give taxpayers a rebate. The check-cutting isn’t triggered often, but it was the reason thousands of California families making as much as $75,000 a year got Golden State Stimulus checks in 2022 so for 2020 through 2022-23 it was more than $37.5 billion.

Why Did We Get Checks One Year and Cuts the Next? The Gann Limit

In 1978, voters approved a limit on how much money the state can spend each year — beyond how much is in its bank account. Proposition 4 created the state’s spending limit, sometimes called the “Gann Limit,” which says that if the state’s tax revenues increase too quickly for two consecutive years, the government has to either change tax rates, reduce spending or give taxpayers a rebate. The check-cutting isn’t triggered often, but it was the reason thousands of California families making as much as $75,000 a year got Golden State Stimulus checks in 2022 so that the state wouldn’t exceed the Gann Limit in 2020-21 and 2021-22 fiscal years.

Proposition 98

Since voters enacted Proposition 98 in 1988, the state is required to fund K-14 education at a minimum level based on which of two tests is higher — about 40% of general fund revenue for the year, or the previous year’s Prop. 98 funding, adjusted for student attendance and the per capita income of Californians. How much general fund revenue needs to be spent is based on how much money local governments and school districts receive from local property taxes: More property tax revenue means less general fund money is required to provide the minimum level of funding.

What Does This Mean in the Context of Revenue Volatility?

It means each year, some portion of the general fund will have to go toward making up what local property taxes can’t provide for school funding. And that amount is tied to other complex factors that can make budget planning difficult and lock out a chunk of revenue from being spent on other priorities, including plugging budget holes.

And the formula for determining the minimum level of K-14 education funding keeps changing as new requirements are added. For example, voters passed Proposition 28 last year, which guarantees an additional 1% of what Prop. 98 provides toward arts and music education. That’s estimated to be an additional $941 million in this year’s budget.

Ways to help stabilize revenue

There are a few ideas floating around to help stabilize general fund revenue through new taxes, or the modification of existing tax relief.

“Split Roll”

Proposition 13, approved by voters in 1978, established rules on how and when residential, commercial and industrial property can be reassessed to determine how much in taxes is owed to local governments. Prior to this, local property taxes paid a larger share of K-14 education, but after the passage of Prop. 13, it fell on the state to offset state school funding. Originally after Prop. 98 was approved by voters ten years later.

While property values across the state have been climbing for decades, local governments don’t capture that value through taxation for homeowners who sit on their property. If you bought a home in 1990 and never left, you are paying property taxes based on the assessed value that year even if the house is worth, say, three times as much today.

One solution to relieving the funding pressure put on the state’s general fund to pay for K-14 education is by assessing taxes on most commercial and industrial properties based on market value, essentially removing the tax relief Prop. 13 offers them. This is called “split roll” and a recent attempt to have voters pass this lost by 3 percentage points in 2020. If it passed at the time, large commercial and industrial entities could have provided an estimated $8-11 billion in annual revenue to the state general fund, which is needed from the state to pay for K-14 education, and to put a large share of that money back into local governments and school districts, a boon that surely could offset Prop. 98 spending from the general fund.

Service Taxes

In 2016, then-State Controller Betty Yee published a comprehensive report exploring alternative tax reforms to generate new income. One proposal called for expanding the state’s sales and use tax to include services, such as going to the doctor, using an accountant’s services, or getting your hair done. Since more and more of the economy relies on services, the current sales tax regime was seen as outdated.

This was proposed by then-state Sen. Robert Hertzberg, and it could have generated an estimated $10 billion a year in additional revenue. It didn’t pass, but Hertzberg continued to push the issue for years, albeit in different ways. Ultimately, none of the proposals panned out.

This article was originally published by CalMatters.

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This article was originally published by CalMatters.
Welcome to a colorful and eclectic year in which life will keep you guessing. Highlights: People will give you odd things that you will turn into art, commerce or social currency. A worthy pursuit brings out new levels of focus and determination in you. A chance encounter leads to a lifelong friendship. Virgo and Aquarius adore you. Your lucky numbers are: 10, 6, 37, 2 and 19.

Aries (March 21-April 19). A strong emotion comes over you. There is a balance to be struck here. You will acknowledge and process what you’re feeling without holding on or dwelling in the intensity. The light energy of loving people will help all move forward.

Taurus (April 20-May 20). You’ll choose kindness and warmth even in situations where others are competing with might and power plays. You’re like the adult in a room full of unruly children. You set the tone and you will lead by example.

Gemini (May 21-June 21). It is said that gratitude is the most direct line to the angels, and indeed they will respond to the appreciation you radiate now as you find at least 10 things to be happy about before breakfast. This day is so lucky for you.

Cancer (June 22-July 22). Don’t confuse rest with laziness. Laziness is a fear-driven decision to underachieve. Rest is a necessary part of achievement’s cycle, driven by nature’s maintenance system. Feeling tried isn’t weakness, it’s a signal to let nature repair you.

Leo (July 23-Aug. 22). Though some suffering may be inevitable, a lot of it might be simply a bad habit. If you focus on what you don’t want, it produces a stressed-out feeling in you. Move your focus to what you do want and work that angle.

Virgo (Aug. 23-Sept. 22). You show what you’ve been thinking about and working on. In doing so, you open yourself to comments and the possibility of being misunderstood (or, equally scary, understood). As scary as it is, the benefits of sharing your ideas make it worthwhile.

Libra (Sept. 23-Oct. 22). You’ll let go and see where life takes you. Apply your famous charm and increase your luck. You fall easily into a conversation with a stranger. You’ll run into unique perspectives, some weird, some helpful.

Scorpio (Oct. 24-Nov. 21). Getting clear about your wants and priorities is like making your bed. It’s not something to do once, but something you have to keep refining every day. Making the checklist again and again is a powerful ritual that keeps you on track.

Sagittarius (Nov. 22-Dec. 21). You’re not just open-minded; you’re an adventurer. The open-minded try things once; adventurers endeavor multiple times to make sure nothing was missed or mistaken the first time around.

Capricorn (Dec. 22-Jan. 19). Don’t let minor knocks affect your stellar attitude. Plans may change or people may fail to deliver as expected. Maybe the money gets funny, too, but in a few days, none of it will matter, so it doesn’t matter now.

Aquarius (Jan. 20-Feb. 18). You’ll receive a new piece of the puzzle — information that connects a few different parts of the picture. It’s a thrill when things click in. This mystery will take its sweet time to come together, but don’t give up.

Pisces (Feb. 19-March 20). You will be inconvenienced — a cosmic boon that works in your favor, actually. You’ll handle this with modesty, compassion and economy — just “doing you.” It’s not so bad, and then down the road will be a sweet karmic payoff.
FIND THE WORDS

This is a theme puzzle with the subject stated below. Find the listed words in the grid. (They may run in any direction but always in a straight line. Some letters are used more than once.) Ring each word as you find it and when you have completed the puzzle, there will be 18 letters left over. They spell out the alternative theme of the puzzle.

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Olympic year


Aitken  Doping  Lisa  Race
Anthem  Effort  London  Shot
Bans  Greece  Lose  Sochi
Bids  Hand  Marks  Speed
Brave  Host  Meals  Sprint
Catriona  Karate  Medal  Steve
Bisset  Kaylee  Moscow  Strain
Crowds  McKeown  Muscle  Teams
Dais  Lanes  Nagano  Tennis
Damage  Legs  Oslo  Tops
Distance  Lewis  Paris  Watt
Dome  Lift  Polo  Wood

SOLUTIONS TO YESTERDAY’S WORDS PUZZLE.
Working the catwalk
**TRIVIA NIGHT AT THE BUNGALOW**
Meet at The Bungalow at Fairmont Miramar Hotel & Bungalows every Wednesday for Trivia Night. Test your knowledge, enjoy the food and fare and win over $500 worth of prizes every week. Bring friends and family for an epic showdown. See you there! The Bungalow. 101 Wilshire Blvd Santa Monica, CA 90401 https://thebungalow.com/santa-monica/Calendar

**SURF REPORT**
**WEDNESDAY POOR TO FAIR**
**THURSDAY FAIR**
**SURF**: 1.2ft Knee to thigh
**SURF**: 2.3ft Thigh to waist

**WEATHER**
**Wednesday**: Patchy fog before 11am. Otherwise, partly sunny, with a high near 67.
**Wednesday Night**: Patchy fog after 11pm. Otherwise, mostly cloudy, with a low around 58.

**Thursday**: Patchy fog. Otherwise, cloudy, with a high near 67. West southwest wind 5 to 15 mph.

**THURSDAY NIGHT**: Patchy fog. Otherwise, mostly cloudy, with a low around 59.

**Mega#: 16**
7  9  17  21  28

**Jackpot: 340 M**

**Power#: 7**
2  3  16  23  68

**RESULT: 9  12  26  32  35**

**MONTHLY LOTTERY**

**DAILY LOTTERY**

**POWERball**
Draw Date: 6/12
2 3 16 23 68
Mega#: 7
Jackpot: 340 M

**Mega Millions**
Draw Date: 6/9
3 19 53 60 68
Mega#: 13
Jackpot: 250 M

**SuperLottoPlus**
Draw Date: 6/10
7 9 17 21 28
Mega#: 16
Jackpot: 67 M

**Fantasy 5**
Draw Date: 6/12
9 12 26 32 35

**Daily 3**
Draw Date: 6/12
1st: 05 - Lucky Charms
2nd: 05 - California Classic
3rd: 01 - Gold Rush
Race Times: 1:45.91

**SANTA MONICA ARTS COMMISSION**
The Arts Commission of the City of Santa Monica exists to ensure a regular and ongoing assessment of arts programs in the City, develop arts programs of innovative form, recognize and encourage the arts as a service of local government and enrich the lives of all citizens by exposure to art in its various forms. Civic Center Parking Structure. 333 Civic Center Dr. Santa Monica, CA

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**SIAM PRIDE DRAG QUEEN STORYTIME**
Celebrate Pride Month with Drag Queen Storytime! Our guest of honor, Pickle, will lead Storytime! Our guest of honor, Pickle, will lead

**SAMO PRIDE DRAG QUEEN STORYTIME**
FRIDAY | JUNE 16

**CHESS SUNDAYS**
Make your move! Chess players of all ages and levels are invited for weekly casual play on Third Street Promenade! Every Sunday through the summer, from 11am-3pm, play a game with a friend or meet a new one. Chess sets (including a few giant ones) will be provided, but you’re welcome to bring your own! This event is a partnership between the Santa Monica Chess Club and Downtown Santa Monica, Inc.

**SUMMER SOLSTICE CELEBRATION**
Ishihara Park Learning Garden, 2909 Exposition Blvd, Santa Monica 90404 Join us at the Ishihara Park Learning Garden as we celebrate the impending Summer Solstice by focusing our

**SUNSET ON THE MAIN STREET PROMENADE!**
Every Sunday through the summer, from 11am-3pm, play a game with a friend or meet a new one. Chess sets (including a few giant ones) will be provided, but you’re welcome to bring your own! This event is a partnership between the Santa Monica Chess Club and Downtown Santa Monica, Inc.

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