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Jul. 29, 2013

In the closing days of the Legislature last year, California Governor Jerry Brown helped forge a compromise on a sweeping overhaul of the workers' compensation insurance system and persuaded Democratic and Republican lawmakers to pass it into law.

Now he is taking on another big challenge: He wants to fix the state's financially ailing unemployment insurance program, which pays jobless Californians up to \$450 a week.

With one of the nation's highest unemployment rates for several years, the state has had to borrow money from the feds to keep the program going. Now that the jobless rate has fallen to 8.5%, Brown would like to start paying down a \$10-billion debt.

His administration is circulating a draft bill that would put the system on an even keel by raising payroll taxes paid by employers. The goal is to win approval before the Legislature finishes work for the year Sept. 13.

In his 21½ years in office, Democrat Brown has shown an ability to persuade business and labor to agree on several major economic measures. "The governor has the ability like no one else in the state to bring people together and help parties make a deal," said Gary Toeppen, chief executive of the Los Angeles Area Chamber of Commerce.

Talks still are preliminary; a close Brown advisor, Marty Morgenstern, secretary of the Labor and Workforce Development Agency, is meeting separately with business

groups led by the California Chamber of Commerce and labor unions represented by

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## A bid to raise cigarette tax

Smokers pay \$1.01 in federal taxes — and another 87 cents to the state — for a pack of 20 smokes.

Tobacco companies and smokers think they already are paying too much. But anti-smoking groups are still pushing a stalled cigarette tax bill, SB 768, by Sen. Kevin de Leon (D-Los Angeles), that would raise the state tax \$2.

“We’ve not given up hope of moving a bill this year,” said Jim Knox, a Sacramento lobbyist with the American Cancer Society.

## Audits on the way

You may be hearing from the state tax collector if you filed as a “head of household” on your 2012 California income taxes.

The status is only for unmarried people who pay for more than half the household costs when they live with qualifying dependents, the Franchise Tax Board says. It just sent out audit letters to about 100,000 such taxpayers. Last year, similar audits collected an additional \$26 million from 38,000 people who incorrectly filed as heads of household.

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