

GOP blocks ending tax loophole for yachts

by UPI

SACRAMENTO - Republican lawmakers in the California Assembly have blocked an effort to close a loophole allowing people who purchase yachts to avoid state sales tax. Saying the move would do little to solve the state's multibillion-dollar deficit, Republicans charged ending the tax break would drive jobs out of California, the Los Angeles Times reported Wednesday. Democrats needed some Republican votes to achieve the necessary two-thirds majority to end the tax break. Instead, the vote was 47-18 Tuesday -- meaning the loophole will continue despite the support of Gov. Arnold Schwarzenegger for ending it, the Times reports. "It is unconscionable to cut education and welfare while not closing this loophole," said John Laird, chairman of the Assembly's budget committee. Just hours before the vote, the governor asked state agencies to consider a hiring freeze for non-essential workers and reductions in travel and outreach budgets to save \$100 million. Schwarzenegger has asked lawmakers to close the budget gap in the next month instead of waiting until the July deadline.

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