

November 21, 2008

To Governor Schwarzenegger and
Members of the California Legislature

Re: Proposed Tax Increases

Dear Governor Schwarzenegger and Members of the California Legislature:

We, the undersigned representatives of taxpayer organizations representing millions of California citizens, oppose the recent proposals to address our current \$27 billion structural budget deficit by increasing taxes. A one and a half cent increase in the state sales tax would only drive our economy further into recession. For Californians stuck in the grip of a declining housing market, an 8.2% unemployment rate, lower 401(k) values and record foreclosures, such a punitive measure would be the equivalent of kicking taxpayers while they are down. Such tax increases could permanently damage California's economy.

Tragically, our elected leaders appear to have forgotten the old adage, "those who forget history are doomed to repeat it." In the early 1990's, former Republican Governor Pete Wilson approved a one percent state sales tax increase. In the first fiscal year following the hike, revenue forecasts were off by \$800 million. There is little doubt that such action served to prolong that recession, a fact that Wilson himself readily admits today. In addition, there is no such thing as a "temporary" sales tax increase, as the last one is still on the books. The increase in General Fund spending over the last five years is an indication that government does not have the foresight to be able to save for more difficult economic times.

A number of cuts and government reforms could be made to substantially reduce the FY2008-09 deficit and put California back on the road to fiscal responsibility. These include: contracting with other states to send prison inmates out of California, outsourcing non-instructional jobs in our schools (janitorial, food service, etc.) and allowing low-bid, non-prevailing wage sources for public works construction.

We urge state officials to adopt fiscally sound, business-and-taxpayer friendly steps to restore and grow a prosperous economy, which in turn will increase long-term revenue to government.

Please see below for a list of 21 national, state, and local taxpayer groups who oppose any and all tax increases proposed for California.

Jon Coupal, President
Howard Jarvis Taxpayers'
Association

Mike Stoker, President
Santa Barbara County Taxpayers
Association

Duane Parde, President
National Taxpayers Union

James Williams, President
Solano County Taxpayers
Association

Reed L. Royalty, President
Orange County Taxpayers
Association

Roland Boucher, Chairman
United Californian's for Tax Reform

Willie Preston, President
Shasta County Taxpayers'
Association

Ken Hambrick, Chairman
Alliance of Contra Costa Taxpayers

Kurt E. Hahn, President
Central Solano Citizen/Taxpayer
Group

Jack Dean, President
Fullerton Association of Concerned
Taxpayers (FACT)

John Munn, President
Yolo County Taxpayers Association

Basia Crane, President
Marin United Taxpayers Association

Richard Rider, Chairman
San Diego Tax Fighters

Fred Levin, Executive Director
Sonoma County Taxpayers'
Association

Kris Hunt, Executive Director
Contra Costa Taxpayers Association

Patricia Miller, President
Sutter County Taxpayers
Association

Jack Weir, President
Pleasant Hill Taxpayers Association

Clifford B. Chapman, Sr., Executive
Director,
Humboldt Taxpayer's League

Ernest Dynda, President
United Organization of Taxpayers,
Inc

Leon Brauning, President
Napa County Independent Taxpayer
Oversight Committee

Bob Blymyer, Executive Director
Sacramento County Taxpayers
League