



The California Taxpayers Association is a nonpartisan, nonprofit association formed to support good tax policy, oppose unnecessary taxes and promote government efficiency. Established in 1926, CalTax is the oldest and largest group representing California taxpayers.

FLOOR ALERT

Date: June 19, 2020

To: Members, California State Senate

From: Dustin Weatherby, Policy & Communications Associate

Subject: OPPOSE UNLESS AMENDED, SB 956 (Jackson), as introduced on February 10, 2020

The listed organizations are writing in opposition to SB 956. SB 956 is a reintroduction of the recently vetoed SB 468 that does not address several major concerns previously raised by the listed organizations and the governor's veto message.

We are concerned that SB 956 would create an unnecessary new bureaucracy in state government to report findings related to "tax expenditures" based on subjective evaluation metrics that could prejudice the outcomes and recommendations submitted to the Legislature.

The creation of a new state body to act as an interpretive intermediary to communicate report findings to the Legislature is unnecessary and duplicative of functions currently performed by the Department of Finance (DOF), the Legislative Analyst's Office, the State Auditor, the Franchise Tax Board, the California Department of Tax and Fee Administration and others. Reports and findings commissioned by the Legislature ought to be submitted directly to the Legislature, without any intermediary.

In 1971, the Legislature required the DOF to evaluate and provide a biennial tax expenditure report to the Legislature (Chapter 1762, Statutes of 1971). Since 1971, the Legislature made the report annual (Chapter 268, Statutes of 1984) and required the DOF to include specific data relating to tax expenditures (Chapter 49, Statutes of 2006).

In the veto message on October 11, 2019, the governor echoed concerns regarding the duplicative nature of creating the tax expenditure review board.

While it is meritorious for the state to consider the effectiveness of tax policies and program expenditures, this measure would create significant uncertainty with respect to the future of the state's tax structure and would adversely affect California's ability to retain and attract investment. The threat of repeal of tax incentives, considering our state's already high cost of doing business, poses a significant barrier to jobs, investment and the state's long-term economy.

The bill's evaluation criteria would be improved if it was modified to include more comprehensive metrics that examine the "multiplier" effects on state revenue from business investment/jobs and the reduction in public assistance spending due to greater employment – critical components of similar evaluations conducted by other states. However, such changes have not been forthcoming, and the bill's seemingly one-sided emphasis on measuring revenue decreases will yield a report that does not fully nor accurately assess the economic impact of tax incentives.

For the foregoing reasons, the signatories below respectfully oppose this legislation.

Sincerely,

California Taxpayers Association
Advanced Medical Technology Association
(AdvaMed)
African American Farmers of California
Airlines for America
American Pistachio Growers
Association of California Life and Health
Insurance Companies
Bay Area Council
Biocom
Building Owners and Managers Association
of California
California Agricultural Aircraft Association
California Bankers Association
California Business Properties Association
California Business Roundtable
California Chamber of Commerce
California Cotton Ginners and Growers
Association
California Farm Bureau Federation
California Forestry Association
California Hotel & Lodging Association
California Independent Petroleum
Association
California League of Food Producers
California Life Sciences Association
California Manufacturers & Technology
Association
California Railroads
California Trucking Association
Camarillo Chamber of Commerce
Chambers of Commerce Alliance of Ventura
& Santa Barbara Counties
CompTIA
Contra Costa County Taxpayers
Association

Council on State Taxation
Family Business Association of California
Farwest Equipment Dealers Association
International Council of Shopping Centers
Kern County Taxpayers Association
Maersk Inc.
NAIOP of California
National Federation of Independent
Business
Nisei Farmers League
North Orange County Chamber
Orange County Business Council
Orange County Taxpayers Association
Oxnard Chamber of Commerce
Plant California Alliance
Qualcomm
San Gabriel Valley Economic Partnership
Santa Maria Valley Chamber of Commerce
Silicon Valley Leadership Group
Solano County Taxpayers Association
Southwest California Legislative Council
Sutter County Taxpayers Association
TechNet
Valley Industry and Commerce Association
West Coast Lumber & Building Material
Association
Western Agricultural Processors
Association
Western Growers Association
Western Manufactured Housing
Communities Association
Western Plant Health Association
Western States Petroleum Association
Wine Institute