

To: The Honorable Christine Kehoe, Chair, Senate Committee on Appropriations

From: Reed Royalty, President, Orange County Taxpayers Association (OCTax)

Date: May 5, 2011

SB 653 (Steinberg): Local Taxation

OCTax Position: OPPOSE

The Legislature cannot impose taxes for local purposes, but it can authorize local governments to impose them. SB 653 would authorize the governing board of any county, city, or school district to levy, increase or extend a local personal income tax, transactions and use tax, vehicle license fee and excise taxes that may include, but are not limited to, an alcoholic beverages tax, a tobacco products tax, a sweetened beverage tax, and an oil severance tax. It also would require a county, city, or school district to reimburse the State for losses and expenses incurred by the General Fund for any tax deductions allowed by the local governing board.

OCTax analysis

Most taxpayers probably favor maximizing local control of taxation. If SB 653 went a step further and required the State to forego imposing all or some of the taxes listed above, thereby devolving more taxing and spending authority to local boards of supervisors, city councils and school districts, this just might be a good bill.

Unfortunately, governments exist to amass powers, not relinquish them. SB 653 would take no taxing authority away from state government. Instead, the bill would cause all the counties, cities, and school districts in the State to begin working like caffeinated beavers to impose eight new local taxes apiece. That's about 1,000 new local taxing authorities.

Anyone want to guess how much taxpayers' total tax burden would increase under SB 653?

cc: The Honorable Darrell Steinberg
The Honorable Mimi Walters, Vice Chair, Senate Committee on Appropriations
Orange County Legislative Delegation