



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.

Date: May 26, 2020

To: Members, Senate Appropriations Committee

From: Dustin Weatherby, Policy & Communications Associate

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

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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

cc: The Honorable Hannah-Beth Jackson, California State Senate