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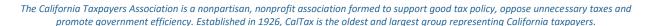












Date: May 26, 2020

To: Members, Senate Appropriations Committee

From: Dustin Weatherby, Policy & Communications Associate

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

2020

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, Statues 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