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# Teresa Casazza: Let's face it: Raising taxes hurts California

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For years, our elected representatives have been spending more than the state has been taking in. Rather than do what the rest of us would do in this situation – trim spending, economize and live within our means – the state has persistently raised taxes on a populace that is less and less able to pay.

Just this February, the Legislature hit businesses and consumers with \$12.5 billion a year in new taxes – and still fell short of closing a multibillion-dollar budget deficit. Voters overwhelmingly rejected ballot measures to try to close the gap, which has since grown to more than \$26 billion, and they stated loud and clear, "Enough is enough – no new taxes!"

Undaunted, the Senate and Assembly have still pushed for higher taxes and new levies and fees. Each house recently approved bills calling for billions in tax increases. The bills were approved on simple majority votes, in clear violation of the state's constitutional requirement that such hikes must earn a two-thirds vote for passage.

What's perplexing is that some of our elected officials seemingly fail to grasp the harsh economic realities the rest of us have had to live with for quite some time.

California's unemployment rate rose to 11.5 percent in May. Our state's credit rating is the lowest in the country. We've lost hundreds of thousands of manufacturing jobs in recent years, and California ranks among the worst states in the nation in which to do business – thanks, in no small part, to its oppressive tax structure. Why stay in business or open a new business here if the government takes so much off the top that you can't make a reasonable return on your investment? When tax collectors and regulatory officials pose a bigger threat than your competitors in the marketplace, you know there is a problem.

There are plenty of other states that offer more business-friendly environments. They are actively courting California businesses, and California companies are responding. Every time a company shuts down, moves to another state or country, or refuses to consider California as a new location because of the tax situation here, it makes our deficit less manageable and our prospects for economic recovery more remote.

Raising taxes will only accelerate the decline.

The state's fiscal problem has been worsened by the Legislature's failure to control spending when it was clear that major economic problems were on the horizon. If lawmakers don't make the tough cuts now, the budget problem will only become more difficult to solve. It's time to draw the line.

California's business community hasn't given up on the Golden State, but it is getting harder and harder to keep the doors open, maintain a work force and pay the taxes that underwrite our schools, police departments, firefighters, medical programs for the poor and other essential services. And it's getting harder and harder to attract and retain workers when many of them can keep more of what they earn – and enjoy a higher quality of life – outside our state.

Healthy businesses equal healthy job creation, a healthy tax base and a healthy economy. Higher taxes are a negative in the equation. They lead to ever more struggling households, businesses, continued job losses, lower revenues and a prolonged recession.

It's that simple.

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