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CAL-TAX: HIGHER TAXES ILL-ADVISED WHILE ISSUES OF MISMANAGEMENT, POOR PERFORMANCE, AND SLOPPY BUDGETING ARE UNRESOLVED

In response to the steady drumbeat in Sacramento for higher taxes, Cal-Tax President Larry McCarthy issued the following statement:

It is remarkable that state legislators would propose raising additional taxes for schools and other programs when substantial evidence now available points to mismanagement, serious performance problems and sloppy budgeting of tax dollars. Legislators have the cart before the horse when talking about raising taxes without responding to festering problems with state and local spending.

Here is a [sampling of press reports](#) that sound an alarm about current state and local spending.

Before discussing additional revenue from whatever source, the first priority must be accountability for very serious financial mismanagement reported by news media around the state. Sacramento policy-makers lose credibility with voters if they fail to address spending problems first.

Californians value schools and want children to succeed with taxpayer investment in education. Public safety, higher education, public health programs and building needed highways, schools and water facilities are recognized as priorities. Unfortunately, state and local policy-makers fail to make schools and other programs accountable for the dollars they now receive.

In the past 10 years, state revenues alone have grown more than \$50 billion – an 85% increase. In addition, property taxes and other local taxes have grown dramatically. Yet state government and a growing number of cities and counties around the state are facing serious financial problems. The public deserves to see greater care in the spending of tax dollars.

Despite all the additional revenues, budget problems fester in city halls and counties' board chambers around the state. Here is a [sampling of current local government budget woes](#).

It is misguided to raise taxes that would damage the economy and stifle job growth in an attempt to overlay more funding on mismanaged public programs.

California history proves that the biggest revenue opportunity available to government is an economy that is growing. When the economy improves, state revenues surge. Imposing new taxes threatens the economy and the state revenues it would bring. Raising taxes that make California products and services more expensive and less competitive is a profound error for future economic growth and long-term revenue to fund schools.

Taxes cannot be the line of least resistance. Improving financial management and accountability for more than \$130 billion in state and local spending must be the Legislature's priority.