



For Immediate Release: January 18, 2006
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CAL-TAX OPPOSES LATHROP IRRIGATION DISTRICT'S PROPOSED RETAIL ELECTRIC SERVICE

The Lathrop Irrigation District's proposed annexation that includes retail electric service is a risky step that could expose district taxpayers to significant liability, according to the California Taxpayers' Association.

The San Joaquin Local Agency Formation Commission (LAFCO) is scheduled to consider the annexation issue on Friday morning in Stockton.

Larry McCarthy, Cal-Tax president, who has expressed strong opposition in a letter to LAFCO, said:

"Entering the electric distribution business is a risky move for the district and a significant liability for district taxpayers. Contrary to lofty financial projections, the development of a new distribution system could expose district taxpayers to millions of dollars in liability.

"There must be a thorough public debate and conclusion about the magnitude of that exposure and debt. Once this liability is incurred, it will be difficult to un-ring the bell."

McCarthy continued: "In addition to the debt required to construct and/or acquire the electric facilities in the annexed area, there should be a real concern about the lost property taxes that would have been generated from the private utility. Furthermore, private companies like PG&E contribute franchise fees and state and federal income taxes. When new government agencies enter the electric business, the tax base shrinks and other government agencies, such as the county and school districts, lose."

He concluded: "Taking business away from the private sector, so the district can try its hand at making a profit, or rally behind some vague concept of local control, is misguided. California's government agencies, such as the LID, need to focus on core competencies – in this case the delivery of reliable irrigation water to farmers and drinking water to residents."

Cal-Tax, based in Sacramento, has operated in this state for 80 years with the primary mission of protecting taxpayers from unnecessary taxes and to promote efficient, quality government services.