



# NEWS

## AMERICANS FOR TAX REFORM

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## California Phone Tax Initiative Will Stifle Small Businesses and Job Creation

### Additional 3% tax increase on phone use is detrimental for businesses

Washington D.C. -- The initiative to raise taxes on phone use by 3% will hurt small businesses and the employees that work for them. While residential phone lines are capped at 50 cents per month, cell phone and business lines are not.

With small businesses in America employing 36% of the workforce, keeping taxes low on California's small businesses is essential for job creation. Roughly, half of American workers are employed by companies with fewer than 500 employees. These workers, will not only be taxed for their personal phone use, but also could be negatively affected by the tax on the business they work for by experiencing job loss or reduced income.

**“Penalizing businesses for doing business is not beneficial for stimulating job growth,”** commented Grover Norquist, President of Americans for Tax Reform. **“California’s economy does not need any more taxes, it needs tax cuts.”**

Supporters of the initiative say the tax is necessary for emergency health care spending. The initiative has been certified to be on the ballot for the November 2<sup>nd</sup> general election.

**“This is another example of using a cozy topic like health care to masquerade the real motivation, which is to spend more,”** said Grover Norquist. **“The way to encourage job growth is *not* to tax away capital that could be used for expansion and thus new jobs.”**

Americans for Tax Reform (ATR) is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal, state and local tax increases. For more information or to arrange an interview, please contact Jonathan Collegio at (202) 785-0266 or at [jcollegio@atr.org](mailto:jcollegio@atr.org).