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Gov. Schwarzenegger Proposes Sales Tax Increase *Latest Tax Hike Proposal a Non-Starter for GOP Lawmakers*

WASHINGTON D.C.– Well over a month into the new fiscal year, California lawmakers have yet to reach a budget agreement. This week Governor Schwarzenegger announced his plan to address \$15.2 billion in state overspending and it does not include budget or spending cuts. Schwarzenegger is proposing a 16 percent increase in the state sales tax for the next three years.

The initial package passed out of joint budget committee by Democrats in early July included \$9.7 billion in tax increases. Key provisions of that plan were two new top income tax brackets, an increase in the franchise tax, elimination of the net operating loss deduction for employers, and a reduction in child income tax credits. This proposal met with staunch opposition from Republicans who contend that the state does not have a revenue problem, it has a spending problem.

“Far too many Golden State legislators have a spending addiction and are unwilling to address it,” said Grover Norquist, president of Americans for Tax Reform. “Lawmakers who are only looking to raise taxes are akin to a drug addict who begs for money so he can score *just* one more hit. Legislators that give in to tax increases are simply enablers that allow the problem to continue.

State spending has risen over 42 percent in the last 5 years while population has only increased approximately 8 percent during that same time period. Any tax increase requires approval from 2/3rds of the legislature. Over 1/3 of the CA lawmakers have made a promise to their constituents to oppose any and all efforts to raise taxes.

“California legislators can end this yearly budget showdown by simply putting all state expenditures online and in a searchable format, just as 11 others states have done or are in the process of doing.” added Grover Norquist. “Only then will we be able to have an honest and educated discussion about how to best prioritize spending and trim fat from the budget. What’s more, taxpayers have the right to know where their money goes.”

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact John Kartch at (202) 785-0266 or by email at jkartch@atr.org

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