

Legislative Alert

Continue to stand up for taxpayers- Reject AB x 11

As early as today you will be asked to vote on AB x 11, a package that contains at least two major tax increases. The healthcare funding proposal encompasses a \$2 per pack cigarette tax increase, which would raise the state tax rate to \$2.87 per pack. In addition, the plan includes state-mandated sliding-scale 'fees' to be paid by businesses.

As a signer of the Taxpayer Protection Pledge, you have vowed to all constituents that you will oppose and vote against all tax increases. In doing so, you have continually protected their best interests. Now is the time to remain steadfast and refuse to accept all tax hikes that may be put on the table.

A vote to place tax hikes on the ballot would simply be an abdication of fiscal leadership and a violation of the Taxpayer Protection Pledge.

Now is your chance to stand up for taxpayers and reject the healthcare funding plan.

Advocates for the tobacco tax increase assert that revenue from the tax will be used to provide healthcare coverage for the nearly 7 million uninsured Californians. There are many problems with this justification for cigarette taxation as a source of funding:

- Per capita cigarette consumption has been declining since the early 1980s
- Future costs for healthcare coverage will increase as cigarette tax revenue is decreasing

Raising taxes on a declining revenue source will open the door for further tax increases in the short term.

Forcing employers to pay additional healthcare 'fees' to be placed in a state-run health insurance pool places a new burden on small businesses, the driver of any state economy. Setting healthcare costs for employers at an artificially high rate will force employers to cut costs in other areas. Some employers may be forced to cut down on their number of employees or lower wages to compensate for the high cost of state-mandated health coverage.

In signing the Pledge, you have acknowledged that any tax increase is dangerous to the growth of the California economy and removes money from taxpayers' pockets. Since any tax increase drains money out of the private economy and productive use, it is a disservice to your constituents.

REMAIN STEADFAST-
REJECT THE HEALTHCARE FUNDING PLAN!