THE COALITION OF LABOR, AGRICULTURE, AND BUSINESS

COLAB

San Luis Obispo County

VOTE NO ON PROPOSED MEASURE J SALES TAX INCREASE

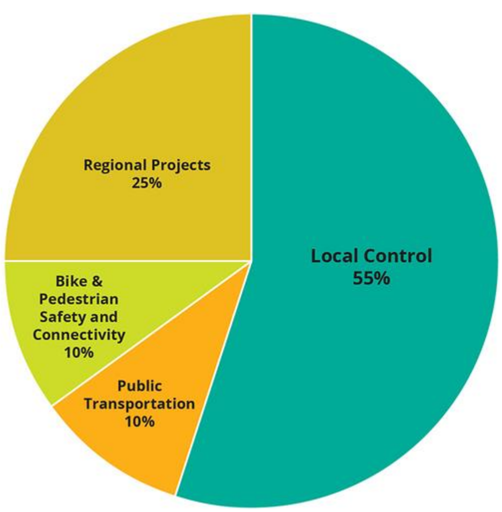
1. Maintenance of Effort: COLAB encouraged SLOCOG to include a strong maintenance of effort requirement which insures that the cities and the County not substitute the new tax money for their current general level of expenditures for road, bridge, and other transportation system maintenance. This text is listed under a section entitled “Transparency and Accountability.” The problem is that the provision adopted in the tax ordinance is weak and impossible to enforce. It allows the several jurisdictions too much interpretation. Actual review of each jurisdiction’s compliance will take place only in years 3, 6, and 9. Since this is only a 9-year program, it is unlikely that any enforcement will actually take place if a dispute occurs and the matter is thrashed out over time.

2. Increase Commitment to Maintenance and Capital Investment (True Self Help): As a good faith measure in support of the roads**,** we formally requested that SLOCOG require each city and the County to guarantee to commit an increasing percentage of their general revenue growth each year. This step would have demonstrated their sincerity and thus would have made the tax more palatable. General revenue would be defined as general discretionary revenue, which is not bound by categorical restrictions. Subject revenues would include general property tax, general sales tax, transient occupancy tax, and redevelopment phase-out shifts (taxes that used to support redevelopment must now go to the general funds of the cities and school districts). For example the measure could have required that 25% of the new growth of general revenue in each year be committed to transportation related infrastructure. Earlier this year the County Administrator projected that the County would experience a $9 to $12 million growth of general revenue in FY 2016-17. There is now a rumor that this could be even higher. It would be better to use 25% of this amount for physical improvements rather than to allow it to be slushed into the recurring operating budget base to build salaries and more County or city jobs.

Our request in this regard was totally ignored.

3. Regional Allocation Portion Insufficient: The charts below on the next page depict the proposed allocation of the tax over the nine-year life of the program. Note that only 25% is earmarked for regional projects such improving Highway 101in the Shell Beach back-down crash corridor, the Highway 101/Highway 46 interchange, and the Highway 227 escape route from SLO City (the infamous evening commute back-up). Ironically the tax is promoted as the self-help program designed to generate local match on State incentive grants (self-help). The problem is that 55% of the funding is going to cities and the County for local road maintenance because they have not used enough of their local general revenue each year to keep the local streets and roads in good condition (a pavement condition index of 70 or above).

9-YEAR PLAN TOTALING $225 MILLION		Percent of Funds	Fund Allocation ($ millions)
Local Control	Funds controlled by local jurisdictions with at least 4% for Safe Routes to School	55%	$123.8
Local Control distributed by formula of $150k base per jurisdiction, plus share of regional population *Note: Dollar amounts shown in millions reflect amount from a ½ cent sales tax generating $25M/year for 9 years; while percent per category would not change, actual amount generated by a local sales tax per year would fluctuate based on local retail sales.*	*Arroyo Grande*	6.9%	$8.5
	Atascadero	10.8%	$13.4
	Grover Beach	5.5%	$6.8
	Morro Bay	4.5%	$5.6
	Paso Robles	11.2%	$13.9
	Pismo Beach	3.7%	$4.5
	San Luis Obispo	16.3%	$20.2
	SLO County	41.1%	$50.9
Regional Projects	• Shell Beach/Pismo Beach congestion relief on US 101 South • Safety and congestion relief in south SLO City area (Prado & Hwy 227) • North County 101 and 46E congestion relief • North Coast Highway 1 improvements	25%	$56.2
Bike & Pedestrian Safety and Connectivity	Regional connectors including: • City-to-the-Sea/Bob Jones • Atascadero/Templeton Connector • Morro Bay/Cayucos Connector • Plus local bike/ped improvement program	10%	$22.5
Public Transportation	Transit (6%); Improved mobility for Senior, Veterans, Persons w/Disabilities (3%); Transportation Demand Management (1%)	10%	$22.5
TOTAL		100%	$225



The fact that only 25% will be available for the self-help bonus match (regional projects in the chart to the left) on State funds is really an admission that the program is not what it claims to be. The large percentage promised to the cities and County local roads is simply a bribe necessary to secure the cities' support.

In effect the public is being asked to approve a new tax to fund local road maintenance which should have already been a priority for each city council and the Board of Supervisors.

Residents of the cities should remember that, in many instances, they have already approved extra taxes for infrastructure and in some cases basic city operational services.

4. Nine-Year Program Insufficient: The SLOCOG adopted a program with a 9-year expiration (sunset date) because its election consultant determined that a proper 20- or 25-year program would have much less chance of voter approval than a 9-year program. Even a 10-year program was rejected on the basis of the "Rite Aid" pricing theory that $9.99 for a product is psychologically more sellable than $10 dollars. This enticement patently illustrates cynicism, desperation, and willingness to manipulate the voters by the supporting elected officials and professional staffers. If a tax is really needed for long term capital investment needs, why not stand tall and let the voters decide (as many proponents said they were doing)? During one SLOCOG discussion it was even suggested that the nine-year program was just the foot in the door and that 2 to 4 years before it expires, the politicians will come back with a 20- or 25-year program in the future.

COLAB is not a fan of new taxes but does support infrastructure investment. A twenty- or twenty-five year program would allow much better planning, greater State and Federal matching, and the ability to front end some critical projects with bonds. Moreover such a program would provide a long continuum of work which would allow contractors to plan capital investments in equipment and achieve long term debt amortization. We are willing to work with officials in the future to help craft a strategically sound program that is robust enough to actually upgrade the road system in significant ways and which requires a shift in local priorities. As we noted above, and except for the SLOCOG Executive Director (an appointed official), elected officials ignored our written and publicly presented recommendations.

5. Proposed Taxpayer Oversight Committee Anemic and Powerless: Much is being made over the creation of an Oversight Committee to review the annual budget allocations and a process to insure that the program is being executed in accordance with the tax ordinance and peoples' vote. The problem is that this Committee is purely advisory and will have no actual ability to stop the program if problems are encountered. This, in combination with the weak maintenance of effort clause noted in item 1 above, demonstrates the lack of sincerity.

6. Supporting Measure J Simply Reinforces The Status Quo: There is a growing coalition of opponents to the ballot measure. Over the past several years SLOCOG has conducted 3 polls to ascertain the likelihood of the measure passing. The first 2 showed it would fail severely. The 3rd effort, which was characterized as a "poll," was really a promotional campaign in which the consultants and staffers on the public payroll traveled around the county (they report meeting with 75 groups) to "educate" people about the desperate state of the roads, a seeming restatement of the obvious. This effort cast hundreds of thousands of taxpayer dollars. The result of this "poll" indicated that the measure might obtain a 63% approval rate if there is no opposition. At this point the Central Coast Tax Payers Association, the San Luis Obispo County Republican Party, the San Luis Obispo County Cattlemen's Association, The San Luis Obispo Business and Property Association, and COLAB have all indicated opposition to the tax.

Government Extortion: Some non-governmental proponents have been lured into supporting the measure on the grounds that the road improvements are necessary to allow various jurisdictions to approve housing, which is in turn the underpinning of the growth of business and employment. It is clear that the lack of affordable housing is a major barrier to economic development and employment. This of course is simply a form of government extortion. The State, seven cities, and the County proponents have starved our road budgets over the years to the point that there is a crisis. The State has diverted most of its revenue into the enriching the salaries and benefits of public employees (a form of political patronage) and operating a program of wealth transfer through increased taxation and transfer payments to preferred groups (more patronage).

Finally, and most hypocritically, the County has concocted a scheme of land use regulation that renders the development of apartments and homes affordable to most of the workforce, including many professionals, impossible to finance and build. More appallingly, these same officials who created the problem tell us that we have to attempt to buy our way out of the problem they created by imposing a new tax on ourselves. Worse yet, they are smugly arrogant in their righteousness. Therefore, defeating the measure is not only important substantively, but even more importantly, rejection of the tax will serve to chastise its proponents' unwillingness to address the broader underlying public policy deficiencies. We know we need an infrastructure investment, but that investment should come from within the bounds of current revenues. We already have the highest State and local taxes, fees, and exactions in the country.

The bureaucrats and elected proponents continue to minimize the tax issue as a small one-half cent, which they dismiss as having little or no impact. Similarly, they insist that much of the tax will be paid by tourists who visit the county. What they fail to mention is the sales tax is already 7.5% in the unincorporated county area and 8% in most of the cities. Thus the new tax will jack up rates to 8.0% and 8.5% respectively, depending on where you make a purchase – mostly in cities because that is where the stores are. The tourists won't be paying the 8.5% tax on your new $40,000 pickup truck, your $1,200 refrigerator, or $100,000 for building materials for a home.

The point is that it's not just ½ cent in isolation. As one public commentator pointed out: What's next? How about ½ cent for the homeless or fighting the gangs or veterans programs or any other worthy cause? Remember, all this is now under the cloud of the closure of the Diablo Power Plant and the loss of about $1 billion in annual economic benefit.

Don't Be Deceived: Remember, capital investment in infrastructure once helped make California a great State. But most general revenues are now consumed in annual budgets for salaries, pensions, health insurance, and related current consumption. **Until a balance is restored, approving new taxes and debt simply subsidizes and encourages the current destructive policy paradigm**.

The red arrow in the chart on the next page points to 1969, when the State of California started phasing in collective bargaining for government employees, including State, city, county, special districts, teachers, and university employees. The policy has resulted in debt, decay, lousy schools, and some of the highest taxes, fees, and exactions in the United States. The politicians want you to solve the problem with more taxes, more fees, and more exactions. Meanwhile, the legions of the new bureaucratic aristocratic class harass you at every step and continue to grow year by year.

The money that used to go for capital investment now supports the highest public sector salaries and pensions in the nation. Often apologists will blame Proposition 13 for the shift, but that was not approved until 1978.