

EYE ON SACRAMENTO

KEEPING WATCH ON LOCAL GOVERNMENT FOR SACRAMENTO'S FUTURE

July 30, 2018

The Honorable Darrell Steinberg
901 H Street
City Hall, Fifth Floor
City of Sacramento
Sacramento, CA 95814

Re: Measure U and the November Ballot

Dear Mayor,

We are writing to express our concerns with the possible direction that you and the council may be headed with regard to Measure U.

Measure U was solemnly sold to city voters by city officials as a temporary six-year tax hike that would raise \$25 million annually to restore core city jobs that were cut during the recession. Instead, Measure U has been raising *\$45 million annually*. Based on the city's CAFRs and last year's city budget, we calculate that Measure U has vacuumed up from the pocket books of city residents and businesses a total of \$223,974,000 to date, a sum that's well over *\$100 million more* than was represented to voters when it was approved in 2012.

In essence, the Measure U tax bite was "doubled" from its inception by virtue of the city's false representations of how much money the city would stand to collect under it. We understand that you now wish to double the Measure U tax rate to a full one percent, which would nearly *quadruple* the Measure U tax burden (to approximately \$95 million annually) originally promised to voters under Measure U, constituting close to a 20% increase in the city's general fund revenues.

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Impact of Sales Tax Hike on Working Families and the Poor

We implore you not to lose sight of the fact that the burden of regressive sales tax hikes falls most heavily and always disproportionately on Sacramento's 100,000+ working families, the poor (including the homeless) and the residents of Sacramento's minority communities who lack the discretionary incomes to absorb sales tax hikes. For affluent residents, sales tax hikes can be fairly easily absorbed without having to sacrifice the necessities of life. Not so for the great majority of Sacramentans. Your proposed doubling of the Measure U tax rate and quadrupling of Measure U tax collections would force most Sacramentans to buy less food and clothing for their families, drive fewer miles, use less heat in their homes in winter (and cooling in the summer) and buy fewer of the prescription medications they need to protect their health and their lives.

These are the real world human consequences of regressive tax hikes. When did political progressives, like you, stop caring about the impact of regressive tax hikes on the lives of working families and the poor? It's tragically ironic that you are promoting a major regressive tax hike that will do demonstrable harm to Sacramento's working families and the poor in order to raise money to launch a wholly untested, new anti-poverty program.

To borrow from the very wise admonition found in every medical doctor's Hippocratic Oath, we urge you to "*first, do no harm.*" Mayor, the tax hike that you're proposing will do real, enduring harm to the most vulnerable members of our community.

EOS's Position

Your proposal to impose a full one percent sales tax hike *without giving city voters the option* to renew the expiring Measure U one-half percent tax is exploitive. It's designed to keep city voters in fear of city budget cuts without giving them the opportunity to address their fears through a ballot option to extend the one-half percent tax. Your only possible justification for denying voters the option of extending the half-percent tax is to try to coerce them into approving a full one percent tax hike to avoid budget cuts. You've made the ruthless and cynical political calculation that providing voters a ballot option to extend the half-percent tax will draw votes away from your effort to enact a full one-percent tax.

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In short, you are keeping such city voters hostage under the threat of cuts to city services if they don't go along with your push for a one-percent sales tax hike. Frankly, we find your strategy to be shameful.

EOS volunteers will do everything within their power to defeat your proposal at the ballot box. EOS is in the process of forming a 501(c)(4) sister organization that will, in turn, organize a broad-based, funded initiative campaign committee to defeat any council-approved ballot measure that seeks to increase the expiring Measure U tax above one-half percent.

If, on the other hand, the city council chooses to place a measure on the November ballot that seeks to extend the expiring one-half percent tax, EOS volunteers will not actively campaign against it. While we strongly believe that any extension of Measure U is not in the public interest, we are willing to abstain from actively campaigning against such an extension for the sake of keeping a much more harmful one percent sales tax hike measure from being imposed.

If you would like to discuss any of these matters, please don't hesitate to call me at (916) 718-3030 or e-mail me at craig@eyeonsacramento.org.

Sincerely,

_____/S/_____
Craig Powell, President

cc: Sacramento City Council

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