



State Board of Equalization

News Release

George Runner, Member

2nd District – Lancaster

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Runner Urges Lawmakers to Reject "Jobs Tax"

Board of Equalization Member Senator George Runner today sent a letter to members of the Legislature urging them to reject the Governor's proposal to repeal enterprise zones, describing it as a \$1 billion "jobs tax" on California businesses this year alone.

In his letter, Runner points out that the Legislature's own lawyers have determined the Governor's proposal is a tax increase requiring a 2/3rds vote.

He writes: "Governor Brown's proposal to repeal Enterprise Zones will make this bad situation much worse. First, repealing Enterprise Zones is a JOBS TAX! It will retroactively increase taxes for California businesses by nearly \$1 billion this year, and increase those taxes for years to come. Further, Legislative Counsel has properly keyed this bill as a tax increase under Propositions 13 and 26, thereby requiring a 2/3 vote."

Runner notes that the Governor's proposal will only make California's high unemployment numbers and poor business climate worse.

He adds that Enterprise Zone tax credits have helped many "struggling businesses stay alive during these difficult times and keep their workers employed." He adds that "repealing the Enterprise Zone program will be a job-killer and a company killer."

Senator Runner is a leader in the fight to protect California jobs and enterprise zones. In a [recent op-ed](#) published by more than half a dozen newspapers through the state, Runner argued "it makes no sense to eliminate these vital economic development zones - we should instead be expanding them. Better yet, we should make all of California an enterprise zone."

A copy of Senator Runner's letter is available [online](#) and below.

Elected in November 2010, taxpayer advocate George Runner represents the 2nd District of the Board of Equalization. Runner was sworn in as Second District Board Member on January 3, 2011. Prior to his election to the Board, Runner served twelve years in the State Legislature. As a thoughtful conservative, his legislative priorities included improving the economy, business growth, education excellence, and family preservation for all Californians. As a member of the Senate Revenue and Taxation Committee, Runner consistently led the fight against tax increases and supported tax relief for families and businesses.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$48 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

February 7, 2011

Members of the Assembly Budget Sub 4 Committee and
Members of Assembly Revenue & Taxation Committee
Legislative leaders & Republican colleagues

RE: Oppose Governor Brown's repeal of Enterprise Zones

Dear Legislative Colleague:

Some Sacramento policy makers and academics just don't seem to get it that in order to generate revenues we need a healthy, vibrant economy that creates well-paying private-sector jobs. California ranks dead last in a survey of CEO's asking which state is the best for business. A growing number of businesses are fleeing the state or choosing to expand elsewhere. Our state's jobless rate continues to be one of the worst in the country.

Governor Brown's proposal to repeal Enterprise Zones will make this bad situation much worse. First, repealing Enterprise Zones is a JOBS TAX! It will retroactively increase taxes for California businesses by nearly \$1 billion this year, and increase those taxes for years to come. Further, Legislative Counsel has properly keyed this bill as a tax increase under Propositions 13 and 26, thereby requiring a 2/3 vote.

You know how difficult the past two years have been for small businesses with many of them forced into bankruptcy and layoffs. Enterprise Zone tax credits have helped many of these struggling businesses stay alive during these difficult times and keep their workers employed. The higher taxes that will result from repealing the Enterprise Zone program will be a job-killer and a company killer. This program also has encouraged employers to hire difficult to employ people who were on welfare, disability or are veterans and displaced workers. It's ironic and sad that repealing the Enterprise Program will likely force these people back on public assistance.

Finally, repealing the Enterprise Zone Program is clearly unconstitutional. It is bait and switch taxation which violates the Due Process and Contracts Clause of the United States Constitution. The Enterprise Zone Program specifically was designed by the Legislature to incentivize companies to make substantial investments and hire qualified workers in Enterprise Zones. Repeal would illegitimately revoke this promised tax benefit.

I understand that balancing the budget is a difficult task. However, imposing a new jobs tax on California businesses is clearly not the correct strategy.

Thank you for your consideration, and please feel free to give me a call if you would like to discuss this issue in more detail.

Sincerely,

Senator George Runner, Member
California State Board of Equalization

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