

HONORABLE CAROLE MIGDEN
CHAIRWOMAN
STATE BOARD OF EQUALIZATION
DISTRICT 1



ASSEMBLYMAN MARK RIDLEY-THOMAS
48TH ASSEMBLY DISTRICT

STATE OF CALIFORNIA

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CHAIRWOMAN CAROLE MIGDEN AND ASSEMBLYMAN MARK RIDLEY-THOMAS PUSH FOR ANNUAL REVIEW OF TAX BREAKS

Bill Would Ensure Tax Credits Stimulate California Economy

SACRAMENTO, CA – On the eve of the final Assembly Budget oversight committee hearing this Thursday, April 1st, Board of Equalization Chairwoman Carole Migden and Assemblyman Mark Ridley-Thomas (D-Los Angeles) are calling for passage of AB 990, a bill to provide accountability for the state's tax expenditure programs. Assembly Bill (AB) 990, which is currently in the Senate, would require a report on all state tax expenditures and benefits to be submitted to the legislature by January 10th of each year.

"Every year, the Governor and the legislature put together a budget without the benefit of a regular accounting of the effects of tax credits," said Chairwoman Migden. "The state needs an annual budget review of tax credit expenditures to ensure that the tax credits are effective in creating jobs and stimulating the economy. Tax expenditures, many of which are worthy and defensible, amount to \$30 billion in lost revenues to state and local governments every year."

"Given the State's continuing budget problems, it would be wise to review the efficacy of tax expenditures to ensure that they are achieving their desired end," said Assemblyman Ridley-Thomas. "As tax expenditures are not fundamentally different from spending programs, they should be scrutinized and evaluated to the same degree as other State programs. Simply asking Californians to bear the brunt of cuts to essential programs without taking a look at the various forms of corporate welfare that have been codified and left untested for decades is unfair, negligent and flat out irresponsible."

Throughout many years, California has had many tax credits on the books that may not have proved financially beneficial, including: the gold mining tax credit, the manufacturing investment tax credit, the racehorse breeding tax credit, and tax credits for dry ice and carbon dioxide to ship perishable food.

Specifically, AB 990 requires review of all tax expenditures during the annual state budget process. Under this bill, lawmakers would consider the following:

- the estimated state and local revenue loss for each tax expenditure
- a justification of the taxpayers claiming each tax expenditure
- the policy goals of each tax expenditure and the feasibility of repealing or continuing that expenditure.

“A substantial portion of California’s revenue and resources are at stake here, and they 100 percent escape public scrutiny,” said Chairwoman Migden. “It’s time to clean house and find a novel way to bring money into the economy without dramatic tax hikes.”

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