



SEN. GEORGE RUNNER (RET.)

MEMBER
STATE BOARD OF EQUALIZATION
CALIFORNIA'S TAX BOARD

April 20, 2012

Assembly Member Tim Donnelly
California State Capitol
Sacramento, CA 95814

RE: Support for Assembly Bill 1911 (Donnelly)

Dear Assembly Member Donnelly:

I am writing in support of Assembly Bill 1911. AB 1911 would provide sales and use tax exemptions for qualified manufacturing uses. California is one of the only states to impose this tax burden on the manufacturing process, and the imposition of this tax is driving manufacturing and manufacturing jobs out of our state.

Under current law, businesses that purchase equipment for use in manufacturing and software production are required to pay tax on their purchases. Ultimately this becomes a tax on a tax, as the cost of the equipment used in manufacturing the good is built into the product price which is again taxed.

I am in support of this bill because it decreases the tax burden faced by taxpayers. In addition, it will help promote manufacturing and job growth in California by creating an incentive to keep and establish business in the state.

For those reasons, I am in support of Assembly Bill 1911.

Sincerely,

GEORGE RUNNER