

FLOOR ALERT

May 29, 2012

To: Honorable Members, California State Assembly

From:

Alliance of Automobile Manufacturers
California Asian Pacific Chamber of Commerce
California Chamber of Commerce
California Manufacturers & Technology Assoc.
California Taxpayers Association

Chrysler
General Motors
International Paper
Kimberly-Clark Corporation

Re: AB 1500 (Pérez) OPPOSE

We oppose AB 1500 (Pérez) which calls for the single sales apportionment factor (SSF) to be used by all qualified taxpayers.

The bill would raise taxes on employers operating in the state in order to fund college tuition and fees. The laudable goal of increasing access to college should not be achieved by selectively imposing higher taxes on manufacturers, retailers and other employers who already bear one of the highest tax burdens in the nation and are struggling to maintain operations in the state.

Maintaining the ability to choose either the traditional apportionment formula or the recently adopted SSF will encourage new investment and employment in California while protecting taxpayers who opt for the traditional formula.

AB 1500 fails to recognize the importance of all taxpayers' contributions to the state's economic health. Many companies have significant investments of property, equipment, facilities and payroll in California, but have sales into the state that are relatively large in comparison. Forcing them to use SSF would be a tax increase even though they would be operating as they have for many years. Nothing justifies this increase - they are imposing no additional burden on government services, nor will they be able to avoid the tax increase through reasonable in-state investments and/or hiring.

The bi-partisan agreement in February 2009 allowed use of SSF to help stimulate investment and hiring in the state for the companies who might otherwise invest elsewhere. At that time the Legislature rightfully allowed for the method to be elective in nature, allowing the traditional method to be used by employers for which SSF makes no sense. By moving to mandatory SSF, this bill punishes taxpayers who neither supported SSF nor ever planned to use it. This approach adds new uncertainty and unpredictability to the tax climate in the state. The message to investors is that no change in corporate tax law can be depended upon to last longer than it takes for the ink to dry. This will further erode California's ability to attract and compete with other states for business investment and hiring.

For these reasons above, we **OPPOSE AB 1500**.

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cc: Ms. Ivy Castro, Democratic Legislative Unit
Mr. Curtis Vandermolen, Assembly Republican Caucus