

Tax freedom – enjoy it while you can

By Andrea Seastrand

Happy Tax Freedom Day! – a day that should be a national holiday. Coined by the Tax Foundation, it's the day when we've finally earned enough to pay our federal, state and local taxes, and begin working for ourselves and our families. Nationally it fell on April 23 this year. But in California we've had to wait until May 1 to unshackle the yoke of government.

Perhaps Tax Freedom Day should be celebrated with a bottle of Two Buck Chuck, given how little we're left after the politicians are done rifling through our wallets. Mark Twain wasn't just being funny when he said, "What is the difference between a taxidermist and a tax collector? The taxidermist takes only your skin."

Americans pay more than \$5.1 trillion in state and local taxes, according to the Tax Foundation – more than we spend on food, clothing and housing combined. As bad as that is, it doesn't take into account federal borrowing, which pushes the actual Tax Freedom Day back another two weeks to May 15 for Californians. Our state is 46th in the nation in the lateness of Tax Freedom Day, surpassed only by Massachusetts, New York, New Jersey and Connecticut.

The Sacramento politicians are ensuring it's only going to get worse. They recently passed Senate Bill 1, which will raise gas taxes and vehicle fees more than \$52 billion over the next 10 years. It's just one bill in a mass of legislation introduced in the last five months that would increase California taxes and fees more than \$155 billion annually, according to the California Tax Foundation's "Tax Watch" report.

The biggest tax grab in California history, \$122.6 billion annually, is embodied in Senate Bill 640, which would impose a retail sales tax on services. That's right, every time someone cuts your hair, mows your lawn or cleans your teeth, the taxman will be lurking around the corner to collect his cut. SB640 has yet to be voted on, but awaits consideration by the Senate Committee on Governance and Finance.

Robert Gutierrez, director of the California Tax Foundation, called these proposed tax and fee hikes "a staggering amount that will give pause to every business owner when considering expansion, and cause families to reflect on California's affordability.... Many of the proposals identified in Tax Watch may never become law, but even an empty threat of gutting Proposition 13 protections, taxing foreign income, expanding regulatory fees, etc., is enough to stifle investment and expansion by creating uncertainty, and promoting the perception that California is hostile to business."

Many of us know that Prop. 13, which was passed by nearly two-thirds of voters in 1978, has been effective in limiting property taxes. But another vital component of that landmark measure is the requirement of two-thirds voter approval for tax hikes. But this is under assault by tax-happy Sacramento politicians. Local school districts are already able to pass bond measures with just 55 percent voter approval.

Now two bills, Senate Constitutional Amendments 3 and 6, seek to extend that lower vote threshold for libraries and transportation. Both were passed 5-2 (Democrats in favor, Republicans opposed) by the Senate Governance and Finance Committee and are making their way through the Legislature. David Wolfe, legislative director for the Howard Jarvis Taxpayers Association, argued against SCA6 before the committee approved it April 5, the day before SB1 was passed in the Assembly and Senate.

“In the words of Ronald Reagan, there you go again,” Wolfe said. “Not only are we considering a permanent \$5 billion [annual] gas and car tax averaging \$300 for an average middle class family, but that’s clearly not enough. This bill exposes the true agenda here in Sacramento. You will not stop with this gas tax, and you must go after Prop 13. When is enough enough?”

“Let me tell you the story of Prop. 13. There were individuals on fixed incomes, primarily seniors, getting kicked out of their homes, despite having paid off their mortgages, because they couldn’t afford the property tax. That was the genesis of Prop. 13. Even with Prop. 13, today we are 19th in combined local and state property taxes, according to the Tax Foundation. So it’s not as if Prop. 13 is draconian and unfair when it comes to property taxes.”

“When is enough enough?” is a good question. Unfortunately, for most Democratic politicians in Sacramento, the answer is “never.” Enjoy your tax freedom while you can.

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