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March 23, 2011

The Honorable Barbara Boxer
United States Senate
112 Hart Senate Office Building
Washington, DC 20510

RE: Oppose Legislation That Would Reduce Critical Local Government Revenue

Dear Senator Boxer:

On behalf of the League of California Cities (League), which represents California's 481 cities, I am writing to urge you to oppose recently introduced S 543 – the Wireless Tax Fairness Act of 2011 – which would impose a five-year moratorium on “new” state and local taxes on mobile services and the providers of mobile services.

Prior to the economic downturn California cities already faced limited options to generate revenue to provide city services. An increasing portion of the property taxes collected at the local level have been transferred to balance the state's budget in recent years, despite the fact that California cities are experiencing the same recessionary effects as the state. As the current national economic crisis expands a number of local governments are being forced to impose severe cuts on critical services, such as police, fire, parks and libraries as well as defer important local public infrastructure maintenance and upgrade projects. This situation is being exacerbated by the turmoil in the national financial markets, which has constrained debt financing as an alternative mechanism for local governments to utilize to maintain these important services, further limiting resources available to local governments.

In response to threats to their existing tax revenues, over one-half of the one hundred-fifty (150) California cities with local taxes on all telecommunications have successfully obtained voter approval, during the past five years, of the level and scope of their local telecommunication taxes. The local voters in California overwhelmingly voted to preserve their existing tax revenues for vital government services, and impose their local tax in a non-discriminatory, technology-neutral manner. Unless this bill is amended to specifically exclude “voter approved local taxes pursuant to state law”, this federal bill could deprive local voters of self-determining their local taxes to provide local services (especially public safety), and possibly jeopardize the existing

tax revenues of many California cities that may need to seek voter approval to protect their existing local tax revenues from the effect of adverse court rulings.

For these reasons we urge you to oppose this legislation. Please let me know if you have any questions or need any additional information, or contact the League's Washington advocates, Eve O'Toole and Dustin McDonald, at (202) 419-2505 and (202) 419-2511 respectively. We look forward to continuing to work with you on California's important local priority issues.

Sincerely,

A handwritten signature in cursive script that reads "Chris McKenzie".

Christopher McKenzie
Executive Director