

California State Senate

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September 18, 2019

The Honorable Gavin Newsom
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

RE: Recommended Veto of AB 723 (Quirk)

Dear Governor Newsom:

I respectfully write to request your veto of Assembly Bill AB 723 (Quirk), which excludes certain local transportation taxes, from counting towards the 2% local district rate cap in Santa Cruz and Alameda Counties.

First, as I am sure you are aware, California has some of the highest sales and use tax rates in the nation. These types of consumption taxes are highly regressive and have the greatest impact on low-income individuals and families. By exempting transportation taxes from the local district rate cap, this measure increases the likelihood that local jurisdictions will try to increase these taxes even further, placing even greater financial burdens on our most vulnerable residents.

Moreover, this measure allows Santa Cruz County to retroactively exclude all existing transactions and use taxes imposed by the Santa Cruz Metropolitan Transit District from the local rate cap. This precedent-setting proposal will encourage other jurisdictions to seek similar exclusions, create greater administrative complexity, and will increase the number of local jurisdictions placing sales tax increase proposals on local ballots.

For these reasons, I respectfully request your veto.

Sincerely,

A handwritten signature in blue ink, appearing to read "Shannon Grove".

Shannon Grove
Senate Republican Leader