



**Citizens
for
Fiscal Responsibility**

Sensible or Profligate Spending: Sales Tax Hike Justification?

Citizens for Fiscal Responsibility



www.cfr-sj.org

Agenda

- About Us
- Core Service Needs
- Sales Tax: Impact & Revenue
- Sales Tax Comparison & Alternative
- Wrap Up

Core Services: Direction & Priorities?

Unmet services – how much do we need?

- Public Safety
- Roads
- Infrastructure
- Quality of Life



>= add'l \$115.1M/yr?

Source: CSJ General Fund Shortfall 2011-12

Add'l Salary Hike Costs
+ \$20M: SJPD
+ \$80M: Remainder

AS SEEN ON
TV
But Wait...
**THERE'S
MORE!**

(c) Citizens for Fiscal Responsibility



Sales Tax Hike Impact



No Plan – What Will Voters Accept?

Speculation: ¼ Cent = \$34M, ½ Cent = \$68M

- “Consumers can and do leave high-tax areas to make major purchases in low-tax areas, such as from cities to suburbs”
 - ➔ And more Internet buying too.
- \$156 increase: extra ½ cent sales tax on typical new car
- Job & personal income loss
- Hurts “border businesses”, big ticket, & low income workers hardest

* Tax Foundation Research

(c) Citizens for Fiscal Responsibility



Free Money Alternatives*

(millions / year)



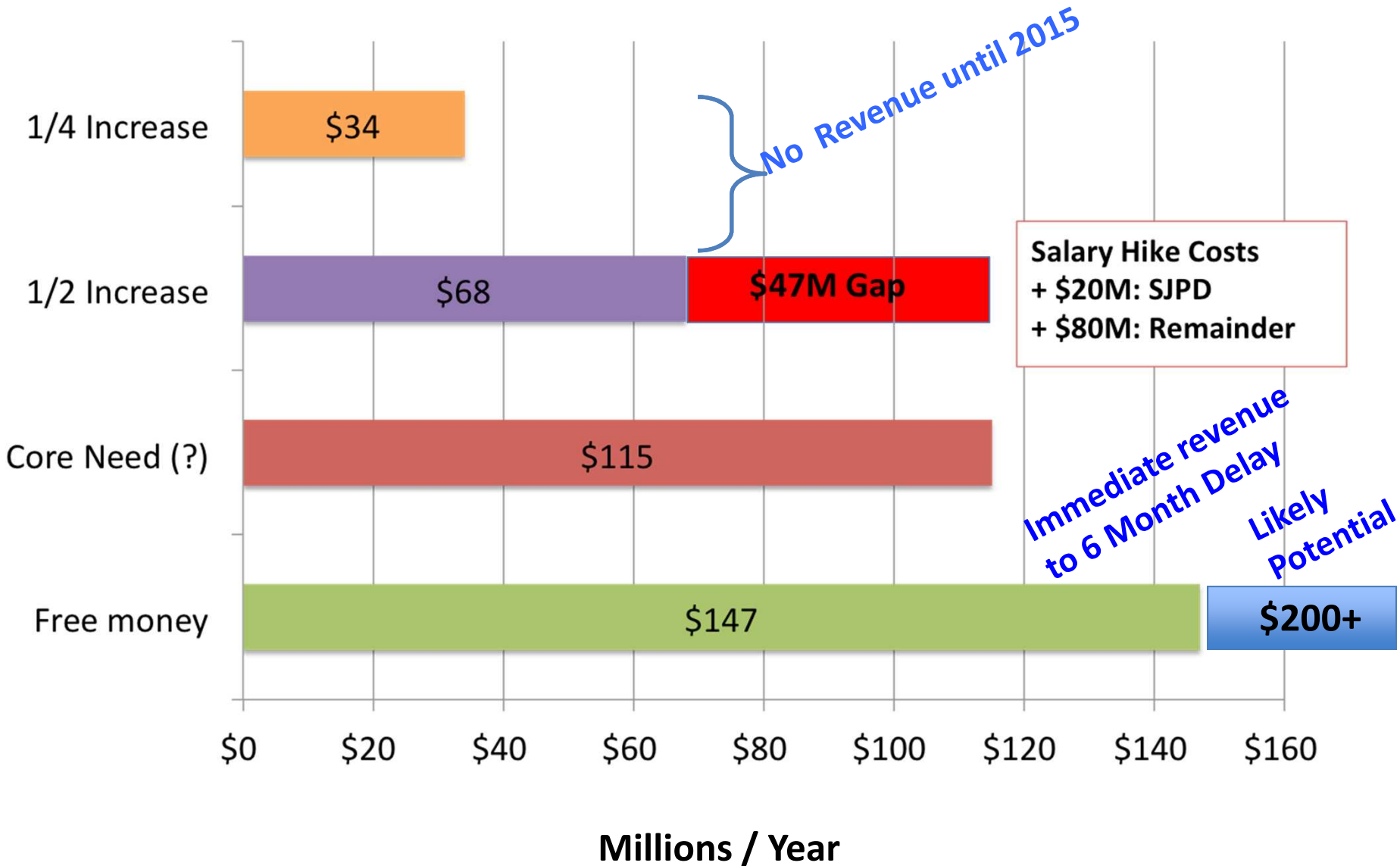
- **\$79M** – Nurture Public-Private competition
- **\$50M** – Halt SJFD EMS (SCC responsibility >> \$50M)
- **\$15M** – (re)Start Employee Suggestion Program
- **\$2M** – Impose DUI emergency response fee
- **\$1M** – Halt SCC & school subsidies

Total: \$147M v. \$68M (max hike)

* Source: CFR, CSJ Auditor, Civil Grand Jury, IBM Study, Mayor



Sales Tax Increase Comparison



Take-Aways



- Exploit free money first
- Tax hike as last resort



Let's make San Jose better

We're eager to partner

