

California Commentary

Angelides' Policies Would Imperil State's Economy

By Jon Coupal

Sir Winston Churchill once said that “for a nation to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle.” It appears Phil Angelides wants to put the entire state of California into that bucket, then fill the bucket with concrete just to make it a little more challenging.

Angelides, the Democratic nominee in the governor's race, has exactly the wrong philosophy for California's economy. His proposals to expand the size and scope of government are estimated to cost more than \$18 Billion — that's nearly 14 percent of the entire state budget. The only positive thing that can be said about his plan is that he hasn't been shy — up to now — about his intentions. But any intention to raise taxes — even disclosed — is still bad.

The California economy is currently rebounding from the economic crisis of three years ago, but it is still vulnerable. Higher taxes — any higher taxes — could derail this engine of prosperity.

Governor Arnold Schwarzenegger, in contrast, has a record that is decidedly taxpayer friendly. When he came into office, he immediately followed through on a campaign promise to reverse the tripling of the car tax. This saved California motorists about \$4 Billion per year.

Phil Angelides called that tax reduction “wrong-headed,” but this is no surprise. There are few taxes for which Angelides has yet to op-

pose an increase. The car tax, the sales tax, the income tax, the alcohol tax, farm taxes, taxes on services such as auto repair have all been targets of Angelides' efforts to increase state revenues at the expense of already heavily burdened taxpayers. He's even taken aim at dismantling the property tax protections of *Proposition 13*. His philosophy on taxes appears to be rather simple: More is better.

But more isn't better — unless we are talking about the growth in state revenues that has resulted from Schwarzenegger's holding the line on taxes. Let's be clear. Thanks to his fiscally sound approach, the economy has boomed. Personal income is growing at a rate of 6 percent a year. There are nearly 600,000 new jobs in the state. Revenues are up, allowing for record spending for education and other state programs that even some of the Governor's most vocal critics have applauded.

So what is a natural tax-and-spend liberal to do? Under pressure by supporters to resuscitate a comatose campaign with ten weeks to go before the election, Angelides has released his own tax plan that he claims would benefit the middle class.

His plan is troubling on two levels. First, it runs *contrary* to Angelides' career long philosophy on taxation. And second, he has given no indication that he will scale back on his spending plans to pay for \$1.4 Billion in tax breaks.

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Taxpayers have a right to be suspicious that if Angelides agrees to stop reaching into one of their pockets, he intends to reach into *another* pocket through *other* forms of taxation.

This is an unfortunate trend with Angelides. He has proposed a number of spending plans along the campaign trail but *never* answered the question, “How will you pay for it?”

He wants to dramatically increase school funding, supports state run single-payer health care, says he will close the budget deficit, and advocates immediate universal health care for California children, among other spending.

His only on-the-record plan to pay for these things: raising taxes on the “wealthy” and closing “corporate tax loopholes.” He has failed to detail these “loopholes” and how much he would bring in from them. And he claims all of his spending will only require \$5 Billion in higher taxes, which is akin to trying to buy a Ferrari at the 99 Cents Store.

When it comes to Angelides’ tax plans, taxpayers are forced to conclude that either he does not plan to follow through on his promises, or he plans a massive tax hike to pay for them all — a tax hike that will inflict great harm to California’s middle class.

It is fortunate that the media are not buying Angelides’ attempt to recast himself as a taxpayer champion. Indeed, the word “pandering” was heard more than once this week when reporters got together to compare notes.

By word and deed, Angelides has spent a political lifetime tattooing the word “tax raiser” on his forehead. Although he can cover it up with a hat that says “tax cutter,” everybody knows the tattoo is still there.

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