



FLOOR ALERT

To: Members of the California State Senate

Date: August 18, 2022

Re: **AB 1951 (Grayson) Sales and use tax: exemptions: manufacturing – NO VOTE REQUESTED**

Assembly Bill 1951 would exempt the local share of sales tax for manufacturing companies that buy equipment for the next five years. These companies enjoy an existing exemption for the state share of the sales tax, so they already pay less sales tax than other businesses and the bill provides them a full exemption for equipment that won't replace jobs and helps build California's green economy. AB 1951 cuts revenue for public safety, anti-poverty programs, behavioral health, transportation, and other critical local services — even when the manufacturer is hundreds of miles away.

- AB 1951 would **cut local budgets by over \$2 billion** so manufacturers can get bigger tax breaks than they already do when they buy equipment.
- AB 1951 would **directly cut millions of dollars from behavioral health programs** in the middle of a behavioral health and homelessness crisis and in the same year the state is putting huge new responsibilities on counties with CARE Courts.
- AB 1951 would **directly cut public safety funding by \$289 million**. Prop. 172, the local public safety sales tax, funds county sheriffs, city police, and district attorneys — and the cuts would hit every part of the state, no matter where the manufacturer getting the tax break is located.
- AB 1951 would **directly cut the safety net by over \$275 million on the edge of a recession**. Sales tax revenue directed to 1991 Realignment pays for social services, family supports, and child poverty programs.
- AB 1951 **undermines local voters and citizen initiatives** by cutting taxes they approved to fund local services. Voter-approved taxes to support public safety, roads, youth services, and services to unhoused residents would all be affected.
- Most counties and many cities **have less general fund revenue per resident now than they did before the Great Recession**, in real dollars. While the state has enjoyed year after year of record surpluses, many communities have been unable to sustain the services they had 15 years ago.
- AB 1951 could start making years of devastating cuts to local services **with a majority vote, but requires a 2/3 vote to undo once it's in place** – even if a recession starts tomorrow.

Vote NO on AB 1951.

For questions contact Sarah Dukett (RCRC) at sdukett@rcrcnet.org or Jean Hurst (UCC) at jkh@hbeadvocacy.com.