August 26, 2020

The Honorable Mike McGuire

Chair, Senate Governance and Finance Committee

State Capitol, Room 408

Sacramento, CA 95814

**Re: SB 1253 (Santiago): Personal income taxes: additional tax – OPPOSE**

Dear Senator McGuire:

On behalf of the above business organizations in the Inland Empire, we write in opposition to AB 1253, which would retroactively increase taxes on small businesses and high-income earners by imposing an income tax surcharge on individuals making more than $1 million per year.

Currently, the highest state tax rate for individuals and sole proprietors is 13.3%. If AB 1253 were enacted, the 13.3% rate would rise to 14.3% for incomes above $1 million and the state’s highest rate would be raised to 16.8% for incomes above $5 million. This is an estimated $6.8 billion tax increase for Californians who already pay the highest state income taxes in the country, while Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming do not impose any income tax. In 2016, the top 1% of California income earners paid 46% of the total PIT revenue, and the top 5% accounted for 66.6% of the total revenue. The taxpayers who makeup this bracket will likely have a long, thoughtful pause as to where they intend to reside and operate business should AB 1253 become the law. Losing any of these taxpayers and the revenue they contribute to the State could further harm California’s general fund.

AB 1253 would also degrade California’s economic competitiveness against other states who notoriously compete to attract California’s companies by providing tax benefits and other incentives to support businesses. At a time when the state and country are in an economic free-fall, AB 1253 would hurt California businesses, employees and consumers and encourage residents to leave this state, along with their tax revenue. The bill will depress business growth and state revenue in California and amplify an already historic crisis.

For the reasons stated above, we urge you to oppose AB 1253. If you have any questions or would like to discuss our position in greater detail, please contact Luis Portillo at 909-944-2201 or by email at lportillo@ieep.com. Thank you.

Sincerely,

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| Janice Moore Apple Valley Chamber of Commerce |  Bette RaderBeaumont Chamber of Commerce | Zeb Welborn Chino Valley Chamber of Commerce |
|  Bobby SpiegelCorona Chamber of Commerce |  Gloria MartinezFontana Chamber of Commerce | Joshua BonnerGreater Coachella Valley Chamber of Commerce |
| Peggi HazlettGreater Ontario Business Council | Cyndi LemkeHemet San Jacinto Chamber of Commerce | Shannon ShannonHesperia Chamber of Commerce |
| Andrea De Leon Highland Chamber of Commerce | Paul GranilloInland Empire Economic Partnership | Oscar ValdepeñaMoreno Valley Chamber of Commerce |
| Patrick EllisMurrieta/Wildomar Chamber of Commerce | Ignacio ValdiviaPerris Valley Chamber of Commerce | Monique ManzanaresPomona Chamber of Commerce |
| Robert HufnagelRancho Cucamonga Chamber of Commerce | John MillsRedlands Chamber of Commerce | Emily FalappinoTemecula Valley Chamber of Commerce |
| Peggy Robertson Upland Chamber of Commerce | Mark CreffieldVictor Valley Chamber of Commerce |  |

cc: Assembly Member Miguel Santiago