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 Rader  Beaumont Chamber of Commerce | Zeb Welborn  Chino Valley Chamber of Commerce |
| Bobby Spiegel  Corona Chamber of Commerce | Gloria Martinez  Fontana Chamber of Commerce | Joshua Bonner  Greater Coachella Valley Chamber of Commerce |
| Peggi Hazlett  Greater Ontario Business Council | Cyndi Lemke  Hemet San Jacinto Chamber of Commerce | Shannon Shannon  Hesperia Chamber of Commerce |
| Andrea De Leon  Highland Chamber of Commerce | Paul Granillo  Inland Empire Economic Partnership | Oscar Valdepeña  Moreno Valley Chamber of Commerce |
| Patrick Ellis  Murrieta/Wildomar Chamber of Commerce | Ignacio Valdivia  Perris Valley Chamber of Commerce | Monique Manzanares  Pomona Chamber of Commerce |
| Robert Hufnagel  Rancho Cucamonga Chamber of Commerce | John Mills  Redlands Chamber of Commerce | Emily Falappino  Temecula Valley Chamber of Commerce |
| Peggy Robertson  Upland Chamber of Commerce | Mark Creffield  Victor Valley Chamber of Commerce |  |

cc: Assembly Member Miguel Santiago