



July 13, 2018

Mayor Terry Tornek and Pasadena City Council
100 North Garfield Avenue
Pasadena, CA 91109
VIA EMAIL

RE: Potential sales tax increase on November ballot

Dear Mayor Tornek and City Council Members,

The Pasadena Chamber of Commerce and Civic Association Board of Directors has not yet taken a position on the proposed \$0.0075 sales tax measure proposed for November's ballot. The Chamber Legislative and Government Affairs Committee and Board of Directors will likely take this up in August. I will inform the Mayor, City Manager and City Council of meeting schedules so you can participate, if you choose to.

There are some concerns I would like to share with you as you consider the measure moving forward.

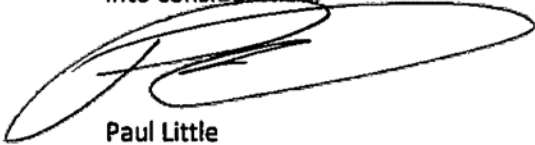
1. Those who sell high-end and expensive items may be priced out of a very competitive market, especially for automobiles, computers and appliances. If you tax these items to a point where our sellers are not competitive, you may also reduce tax revenues to the City. If it appears that I can save a few hundred dollars or more by purchasing a car twenty miles away, why wouldn't I do that? Most people are not aware that auto sales are taxed based on the residence of the buyer, so would assume the car bought outside Pasadena would be less expensive.
2. Voters are going to want to know what has been done already to deal with the City's financial situation with specificity. What services have been impacted by these reductions, if any?
3. What more could be done to reduce costs before relying on a sales tax increase to balance the budget? I know many of our members would like to see fewer levels of bureaucracy in inspection, regulatory and permitting departments, as that could result in much quicker approval and inspection processes, for example. Are there operational items that could be outsourced to save money? Are work schedules for all Pasadena City employees done to maximize efficiency and cost reductions?
4. If 1/3 of the revenue is proposed to go to the PUSD, why not let the PUSD handle its own financial situation and reduce the City increase to ½¢? Or, why not let voters absolutely decide whether to fund the Pasadena Unified School District by placing a ½¢ sales tax increase for the City of Pasadena and a separate ½¢ sales tax increase for the PUSD?
5. Also, if the sales tax increase doesn't pass, what specifically are you going to do to balance the budget? Perhaps voters would prefer that to an increase in sales tax that could jeopardize local employers and local jobs.
6. In any case, language in any ballot measure should spell out clearly what every dollar is being spent on and how it benefits the Pasadena community.
7. What form of oversight will there be to ensure the funds collected are spent as promised? There should be some form of expenditure oversight committee to see that the money is not absorbed into the City budget and not spent as promised.

As you know, the Pasadena Chamber has supported tax increases in the past, specifically those that would have a positive impact on our City and economy, such as Measure R and Measure H. One of the reasons those were supported was because there was specificity related to the expenditure of funds and that expenditure would clearly have a positive impact on our community and our economy.

For a local sales tax measure that could have a negative impact on significant contributors to our economy and employment, and impact many already negatively impacted by previous decisions of the City Council, support from the Pasadena Chamber of Commerce may be difficult to obtain, though we will certainly be prepared to discuss the measure with proponents and opponents prior to taking a position.

I am sure there will be a lot more questions and a long discussion of this matter, should you vote to include a sales tax increase on the November ballot.

Thank you for your service to Pasadena and our community. We appreciate your taking our comments into consideration.

A handwritten signature in black ink, appearing to be 'Paul Little', enclosed within a large, loopy oval shape.

Paul Little
President and Chief Executive Officer

cc: M. Jomsky, S. Mermell, M. Hawkesworth, B. Malone, S. Mulheim, G. Tleel