

Alcala, Abigail

From: Sara Catalan <sara@octax.org>
Sent: Thursday, May 30, 2024 8:33 PM
To: eComment
Subject: Santa Ana proposed tax increase
Attachments: Santa Ana Sales Tax Cig Letter.pdf

Attention: This email originated from outside of City of Santa Ana. Use caution when opening attachments or links.

Attached please find our letter on the proposed tax increase.

Sincerely,
Sara

Sara Catalán
Orange County Taxpayers Association
PO Box 5881
Orange, CA 92863



Fighting to make taxes fair, understandable, cost-effective, and good for the economy!



Mayor Amezcua
City Councilmembers
Santa Ana City Hall
20 Civic Center Plaza
Santa Ana, CA 92701

Re: Item 41. Discuss and Consider Providing Direction to the City Manager, City Clerk, and City Attorney to Prepare Necessary Documents to Propose a Cigarette Litter Abatement Tax

I write to you today on behalf of OC Tax, to oppose new tax increases on businesses in the City of Santa Ana. Small business owners make up the heart of the business community in Santa Ana and many of those are minority-owned businesses.

Small business owners are struggling through a tough economy, seeing all their costs rising year over year. The average commercial energy costs in California are 84% higher than the national average, labor costs are up 4.5% this year, on top of a 4.7% increase last year, and the costs for materials/supplies are increasing again for the third straight year.

Everyone is feeling the pinch of inflation on the family budget as well as on the business budget. While we understand the need for increased revenue, raising taxes on small businesses and increasing their compliance burden is not the solution. In a recent study researchers found that Santa Ana is one of the most expensive places to live in the United States; with an overall cost of living index of 165/100, Santa Ana is 65% higher than the national average.

The City of San Francisco has a cigarette tax similar to this proposal on the books since 2009. Every cigarette retailer in the City and County of San Francisco is responsible for paying the Cigarette Litter Abatement Fee of \$1.50 per pack of cigarettes sold. These small businesses must then file quarterly reports with the city treasurer, pay the tax, pay a late fee if they are delayed, and pay an additional administrative fee. These taxes and fees are in addition to current compliance requirements and to the already-increasing costs of running a small business.

Santa Ana is already tied for the highest sales tax rates in the county. The cost of implementing this new tax would far outweigh the economic benefits for the city. Instead of increasing this tax, we would respectfully request that the city encourage business growth by continuing to streamline the business application costs for and application processes for small businesses.

Thank you for your consideration.

Sincerely,

Sara Catalán

Alcala, Abigail

From: George Boutros <gboutros@ocbc.org>
Sent: Monday, June 3, 2024 6:46 PM
To: Hall, Jennifer
Cc: !City Clerk
Subject: OCBC: Letter of Opposition - Cigarette Litter Abatement Tax
Attachments: SantaAna_AbatementTax_Oppose.pdf

Attention: This email originated from outside of City of Santa Ana. Use caution when opening attachments or links.

Dear City Clerk J. Hall:

This is George Boutros, Government Affairs Manager with Orange County Business Council. I hope this email finds you well.

I am contacting you this evening, ahead of tomorrow's city council meeting, to submit our letter of opposition against the city's consideration of implementing a cigarette litter abatement tax. Please let me know if the Office of the City Clerk is the appropriate channel to submit our letter through. If not, I would be happy to send this letter to the appropriate city staff. I have attached the letter to this email. Thank you.

Regards,

GEORGE BOUTROS

Government Affairs Manager
Orange County Business Council

gboutros@ocbc.org

Cell Phone: [REDACTED]



2 Park Plaza, Suite 100, Irvine, CA 92614
ocbc.org | locationoc.com

June 3, 2024

Mayor Valerie Amezcuca, City of Santa Ana
Members of the City Council
20 Civic Center Plaza
Santa Ana, CA 92701

Re: Opposition to Cigarette Litter Abatement Tax Proposal

Dear Mayor and City Council:

Orange County Business Council (OCBC), the leading voice of business in Orange County, is writing to share our concern and opposition to the recent proposal coming before the city council to implement a cigarette litter abatement tax.

OCBC is opposed to taxes that place California or Orange County at a competitive disadvantage.¹ We urge you to reject any proposal that would increase the taxes and regulations on businesses. Although proponents claim that the Cigarette Litter Abatement Tax is good public policy, the reality is that such taxes disproportionately burden the poor and are unreliable and declining sources of revenue.

In researching this tax, we have discovered that San Francisco has a similar tax. In San Francisco, every cigarette retailer (i.e. small businesses) in the city is responsible for paying the Cigarette Litter Abatement Fee of \$1.50 per pack of cigarettes sold. They have to file quarterly reports with the city treasurer, pay the tax, pay a late fee if late and pay an administrative fee. These taxes and fees are in addition to completing the form and sending it in while small businesses are just trying to make ends meet.

Raising an unreliable tax that heavily burdens small businesses makes little economic sense. Instead of pursuing such an imprudent course, the City Council should continue its admirable effort of streamlining business filings and foster economic expansion through making it easier to do business in Santa Ana. By doing so, Santa Ana will be able to avoid massive deficits and grow the tax base by attracting jobs, people, and more economic activity. This process can and should begin by ruling out any new taxes.

Based on these considerations, we kindly ask your consideration to withdraw this proposal to implement a cigarette litter abatement tax. Thank you for your time and consideration in this matter.

Sincerely,



Amanda Walsh
Vice President of Government Affairs
Orange County Business Council

¹ OCBC 2023-24 Legislative Action Guide, p. 18, Position 1.87