



## Sacramento County Taxpayer's League Monthly Newsletter

# “ P E R S P E C T I V E ”



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## PRESIDENT'S MESSAGE

Can you believe it? Another year's gone by! In the midst of Hanukkah, let me wish everyone happy and joyous Holidays and a New Year filled with new and un-anticipated Blessings!

This past year has been a "turn around" for the League, in two significant ways. First, we "turned the corner" on our financial "bleeding." Our budget now seems to have stabilized, due to cutting expenses (including a 25% reduction in rent, thanks to our Landlord), and gaining some new members. Secondly, the League is organizing in committees for the purpose of taking on specific tasks. So far, we have committees for redevelopment, bond oversight, water, transportation, City and County budgets, utility rates, Business Council, and membership—did I forget one? We will be able to form committees as needed to meet

particular goals—we'll call them "ad hoc," because that gives us more flexibility. Choose a committee that interests you, and get involved. Soon, the Board meetings will consist of reports from committees and the respective Board action needed to proceed—it's really getting exciting to see the growth!

Anyway, most of our Redevelopment Committee (4 of the 6 of us) attended the semi-annual meeting of MORR—Municipal Officials for Redevelopment Reform, recently in San Jose. As usual, this is an eye-opening meeting. One of the topics this year, as I stated in the last newsletter, was the "Sports Stadium Boondoggles." What an interesting topic, as we looked at stadium projects in other parts of the United States, and their resultant employment and economic effect on the surrounding



Ken Payne, President

communities and the whole region. As the committee members learn about the "pros and cons" of redevelopment, we'll be more able to participate locally in projects like the Union Pacific Railyard re-development and the proposed "new" sports arena.

Here's Praying for a warm and relaxed Holiday Season for all of you. And, may your travels be safe and uneventful and your Family time be enjoyable and enriching.

Merry Christmas

## WHAT IS THE TAXPAYERS' LEAGUE?

**In 1961, the Sacramento County Taxpayers' League was formed by you, the local citizens and your businesses and professional organizations.**

**The Goal, to monitor tax issues, utility rates, bond measures and City and County budgets.**

**When concerns arise, the league is there writing to your elected officials, testifying at public meetings and making certain that Taxpayers' concerns are represented.**

## EXECUTIVE DIRECTOR'S MESSAGE



**Bob Blymyer**  
Executive Director

**New Board Committees** - The League has recently set up a formal committee structure to deal with taxpayer issues requiring a specific level of expertise. The new groups will research local issues, then bring recommendations for action back to the full Board. Committees will typically meet 2-3 times over a three month period, then present a report to the Board every three to four months. Listed below are the committee names, a brief description of their purpose, and some issues to begin dealing with.

**Dues/Membership** - Evaluate new ways to increase membership, analysis of member dues categories. Group has begun meeting, and is looking at a potential new dues rate to attract younger members. (Jeff Allen - Chair, Katy Grimes, Larry Carli)

**Redevelopment** - Evaluate how and why City/County spend funds, what is payback to jurisdictions, is process transparent. Group has had kickoff meeting, has established near term

goals, will be inviting local expert to address committee. (Jeff Atteberry, Bob Blymyer, Karen Klinger, Ken Payne, Craig Powell, Karl Dambacher - Chair)

**Transportation** - Evaluate overall transportation spending programs and projects; airports, highways, public transit, ports. This includes not only movement of people, but movement of freight within the region. (Bob Blymyer, Carl Burton, Katy Grimes, David Sander)

**Bond Oversight (Schools)** - Evaluate effectiveness and legality of school districts spending of local bond funds. Currently three Board members serve on four formal Bond Oversight Committees. (Mike Day - Chair, Bob Blymyer, Troy Dinin)

**Political Action** - Evaluate methods to increase the Leagues presence, and effectiveness in the community. Meet with leaders, speak at events, get community feedback. (Ken Payne -Chair, Craig Powell, Karl Dambacher)

**Utilities** - Evaluate city and county utility programs; long range needs, cost containment programs, salary/pension impacts. (Craig Powell, Chair, Bill Hirschfelt, Larry Carli, Carl Burton)

**Water** - Evaluate local and state-wide water programs, including water storage, water distribution, water quality. This is a key concern for the Sacramento community now and in the future. (Jeff Atteberry, Chair, Bob Blymyer, Ken Payne, Jim Price, Diane Schachterle)

League members are also encouraged to participate in the new

committee process. You don't have to be a Board member.

### We Could Use Some Help

Like many non-profit agencies over the last two years, the Taxpayers' League has lost several members, and the annual dues revenues that go with them. The League has significantly cut expenses over the last couple of years, but since we are primarily a volunteer organization (only the clerical staff is paid), we can only cut so far.

If you can provide gift donations, that would be greatly appreciated. Or even upgrading an existing membership; like moving from an 'Individual' to a 'Family' membership would help. Thanks for your consideration, and the support provided over the years.



### Cheers

To Martin L. Gross, for publishing the book called NATIONAL SUICIDE: How Washington is Destroying the American Dream from A to Z. Mr Gross focuses on all the areas that have gone way out of control, costing the taxpayers \$ billions. This is a must read for anyone wanting a real understanding of the financial realities that America faces today.

To the County Tax assessors Office - for reducing tax rates for properties that have declined in value. It's nice when part of the system works the way it is supposed to.

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## PLUNDER: NEW BOOK EXPOSES POWER OF UNIONS

By Jon Coupal

Last month, the Legislative Analyst Office predicted a budget shortfall for California's next fiscal year so large it shocked even seasoned observers. The projected \$20 billion shortfall is larger than the entire state budgets of all but a handful of other states. The LAO also excoriated the continued use of budget gimmicks, including unrealistic assumptions of new revenue and accounting tricks employed to effectively borrow from future years.

But it is not as though we didn't see this coming. Try as they might, our state political leaders simply cannot reduce spending to a level equal with revenue. Instead, with the help of a few Republicans, last February the state enacted the largest tax increase ever imposed by any statehouse in the history of America. The results were predictable: Like the tax increase of 1991, California plunged deeper into recession and produced less revenue. The inability of politicians to restrain their spending of taxpayer dollars is the direct result of the forceful application of political power. And, in California, there are no greater political influences than the public employee unions. Between the most powerful unions – reflected in the alphabet soup of acronyms CTA, SEIU, CCPOA & AFSCME – they are able to force the legislators whom they placed into power

(many union leaders themselves) to maintain a high level of government largess. Even liberal Democratic leader Bill Lockyer, now state Treasurer, publicly scolded a legislative committee saying they were incapable of reforms because of who put them in power.

It is in this context that Steven Greenhut has just released his book, aptly titled Plunder! How Public Employee Unions Are Raiding Treasuries Controlling Our Lives and Bankrupting the Nation. Readers who have high blood pressure are advised to take a double dose of medication before opening this book. For the vast majority of ordinary citizens who toil in the private sector, this book will produce more than outrage – it is likely to spur many to take up the cause of stopping these corrupting influences on our systems of governance.

The real outrage will kick in at Chapter Two, entitled Unbelievable Pay and Benefits. It is here that Greenhut catalogs the shocking abuses of public employee compensation. While the book is national in scope, much of it focuses on California because it is in the aptly named Golden State that produces great treasures for those on the public payroll.

Public employee pensions, Greenhut explains, are fundamentally different from the retirement plans in the private sector. Unlike 401(k) accounts, the public sector offers “defined

benefit” retirement – meaning that the amount of the retirement benefit is guaranteed (by the taxpayers, of course) even if the retirement account itself is too small to cover the obligations. Thus, we poor saps who may have a 401(k) or a modest IRA have the “privilege” of seeing our own retirement benefits shrink with the recession but, at the same time, must shell out larger amounts of taxpayer dollars to ensure that public employees are given their gold

“The inability of politicians to restrain their spending of taxpayer dollars is the direct result of the forceful application of political power.”

plated retirements. Greenhut also dedicates a full chapter to discussing our dys-

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## CALIFORNIA: THE BUSINESS KILLER

by Katy Grimes

An old, small manufacturing business in Sacramento is just one of many businesses that the City, County and State of California, are slowly, and very painfully killing.

The “Acme Commercial Printing” company was founded in 1956. It perked along for a decade printing specialty items for up-scale clients like Neiman Marcus and Macy’s. In 1970, with a new owner and finding their market changing, they began to expand their clientele and business base. They bought larger commercial presses and began a stunning growth from 8 employees in 1970 to 250 full-time employees by 1992.

However, in the mid 1990’s with the Silicon Valley [dot.com](#) meltdown, the economy began to decline and “Acme Commercial Printing” began a slow but steady, decade-long downsize. In 2008 the company still had 150 employees, but it now rests at about 55 employees – nearly 200 employees out of jobs in 10 years.

The owner is not atypical; he is like so many good small business owners who downsized in order to keep the company alive. He has made more than 1,000 payrolls in 40 years of ownership. He has paid for health insurance for employees, started a profit sharing plan, a pension plan and a 401 (k) plan. He gave the last Worker’s Compensation refund to the employees.

It sounds like a success story. But, commensurate with their growth, the Acme Commercial Printing found itself increasingly highly regulated by the city, the county, the state and the federal government, slowly eroding away the already small profit margins typical in manufacturing.

“When a small manufacturer loses employees to state agencies because of better benefits and guarantees of higher pay, something is really wrong ”

A small business study recently published by CSUS Professors Sanjay Varshney, Ph.D. and Dennis H. Tootelian, Ph.D., found that the total cost of regulation to the State of California is \$492,994 billion which is almost five times the State’s general fund budget, and almost a third of the State’s gross product, and results in an employment loss of 3.8 million jobs which is a tenth of the State’s

population. Since small business constitute 99.2% of all employer businesses in California, and all of non-employer business, the regulatory cost is borne almost completely by small business.

In the study, Varshney and Tootelian found that small firms in the manufacturing sector pay 60% more than their larger counterparts; they pay 364% more for environmental regulations, and 67% more for tax compliance than larger firms, and small firms bear a disproportional cost of the federal regulatory burden – almost 45% more per employee.

What does this mean to small and medium sized business owners and their employees? Lost employee jobs, loss of business income and declining revenue.

Regulations come about when lawmakers see a “problem,” and then create a law to fix it. New laws rarely “fix” a problem but appear to address the issue, when in fact, the purpose of new regulatory laws is to impose a fine, a tax, or some other fee on businesses to “compensate” for the problem. And each new regulatory issue comes with the threat of enormous fines for non-compliance. Even the office-paper recycling program regulated by Sacramento County comes with stiff fines for non-compliance, yet most small businesses have been recycling for many years.

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## PLUNDER

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functional public education system. While most Americans take public education as a given, Greenhut asks some pointed questions about our assumptions. Why should we, for example, hand society's most important function – the education of our children – over to a monolithic and monopolistic institution? Indeed, is it not because schools have no competition that is the source of much of the dysfunction? Why is it that private schools frequently educate our young more effectively and cheaper than the public schools? Again, the resistance

to any competition, meaning charter schools and especially against school vouchers, is driven not by the interests of the students, but by the interests of the powerful teachers unions. In sum, Plunder! is a powerful indictment against the most corrupting influences on our political system. The unions are expert at gaming this system and, unless those of us on the private side of the ledger wake up and realize the extent of these distortions, we will never be masters of our own fate. Quoting Bess Myerson, Greenhut states “the accomplice to the crime of corruption is frequently our own

indifference.”

To make a difference, lovers of liberty ought not only to buy Greenhut's book, but buy several copies to distribute to friends and family. To win the battle, we have to educate voters and Plunder! will not only educate, it will enrage. And in this case, a little rage is a good thing.

*Jon Coupal is president of the Howard Jarvis Taxpayers Association*

*– California's largest grass-roots taxpayer organization dedicated to the protection of Proposition 13 and the advancement of taxpayers' rights.*

## BUSINESS KILLER

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The total cost of regulation was \$134,122 per small business in California in 2007. Labor income not created or lost was \$57,260 per small business. Indirect business taxes not generated or lost were \$4,359 per small business. The total regulatory cost of \$492.994 billion translates into a total cost per household of \$38,446 per household, or \$13,052 per resident. The total cost per household comes close to the median household income for California! Despite the fact that the *Acme Commercial Printing* owner once had rich benefit plans, his employees have regularly been recruited over the years by the State of California. When a small manufacturer

loses employees to state agencies because of better benefits and guarantees of higher pay, something is really wrong. Additionally, the owner's sales reps find themselves competing with the state for business; the Office of State Printing is never competitive but still wins printing bids, while other state agencies only accept the lowest of three bids. Adding insult to injury in California, the state agencies the Acme printing company does business with have received directives from high up in California government that they are to send their printing needs to the cheapest bidder, even if it means leaving the state. California businesses are so over-regulated and pay such high labor costs, that the state has

even ordered its own agencies to do business out of state.

For the same reason that each General Motors car is \$2,000 more expensive than a comparable foreign car – over regulation, high labor costs and sky high benefits are built in to every car – California businesses cannot compete across state lines. California manufacturing has always operated with small profit margins, if any in some cases. With more regulations, fees, taxes and penalties coming, expect more job losses and business closures.

Welcome to California, the equal opportunity business killer state.

*Katy Grimes is a political columnist*

## Membership

YES! I am concerned about Sacramento. Please enroll me as a member the Sacramento County Taxpayers' League. I have checked my membership level below, and my check is enclosed.

Name: \_\_\_\_\_  
 Firm Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ Zip: \_\_\_\_\_  
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- \_\_\_\_ Individual - \$45
- \_\_\_\_ Family - \$60
- \_\_\_\_ Professional - \$75
- \_\_\_\_ Small Business - \$140
- \_\_\_\_ Medium Business - \$295
- \_\_\_\_ Large Business - \$600
- \_\_\_\_ Large Corporation - \$850
- \_\_\_\_ Student/Gift - \$20

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## Happy Holidays!

There will be no meeting of the Sacramento County Taxpayers' League during December but we look forward to seeing all of you in the new year.

## JEERS

(Continued from page 3)



### Jeers

To Congress - For proposing legislation to come up with a plan for a college football playoff system. Are you kidding me! The worst recession since the Thirties, and some of our legislators feel that they need to resolve this issue! If they can't run a federal budget, what do they think they can do for college football. Yikes! When's the next election?

K Street Mall - This is another "you must be kidding" issue. \$40 million spent over four years, and what do taxpayers have to

show for it? Let's see, the light rail station is being moved around a corner within half a block of another station, and we have a couple of big holes in the ground. I'd say the City of Sacramento has had a real lack of vision over the last decade, primarily from focusing on too many goals/projects at the same time, spreading resources too thin to accomplish anything of significance.

Federal Workers - The USA Today recently published a comparison of federal salaries to the private sector. Not surprising, federal

pay has grown nearly twice as much as private during the recession. Here are the figures: Fed \$71,206 (6.6%), State and local Gov \$54, 101 (3.9%), Private \$40,331 (3.9%). Plus the federal government is adding jobs at the rate of nearly 10,000 per month. Where do I sign up? Obama Health Care Plan - Does anyone really believe that the federal government can do better job than private industry, and for less money? Let's hope it doesn't happen.

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