

ARGUMENT IN FAVOR OF MEASURE A

We urge you to approve the business license tax so that Palo Alto can preserve the level of community services we all enjoy.

The need is great. We are in the midst of a severe economic squeeze. This downturn has hit many of the City's revenue sources – sales taxes, property taxes, and real estate transfer fees. Each year under Prop 13, the share of property taxes paid by businesses in Palo Alto declines. The state continues to take away tax revenues targeted for cities. All these trends are likely to continue. Revenue from a business license tax can't be taken by the State; it will stay here to benefit us.

The stakes are high. The amount raised by this tax (about \$3 million per year) will provide greater diversity to the City's funding sources. It will help maintain our high level of services for libraries, parks and recreation, and city support for schools; while addressing the mounting infrastructure backlog.

It's time. Palo Alto is one of only two California cities that do not have a business license tax. After years of discussion, it's time to join our neighbors.

Everyone must pitch in. To maintain city services we all must pitch in – the City is working to deliver services more efficiently and continues to cut staff positions; City workers are being asked to accept reductions in total compensation; now we are looking to businesses for a relatively small revenue contribution.

The business impact is quite modest. The impact of this proposed tax on businesses will be modest – businesses will contribute from \$40 to \$90 per employee and the total tax is spread over some 9,000 businesses. Further, the initial payment will not be due until 2011.

We urge you to vote Yes on Measure A.

Peter Drekmeier
Mayor, City of Palo Alto

Roger Smith
Founder, Silicon Valley Bank

Stephen Levy
Director, Center for Continuing Study of the California Economy

Megan Swezey Fogarty
Co-Chair, Palo Alto Schools Parcel Tax Committee

Larry Klein
Council Member, City of Palo Alto