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BOARD OF SUPERVISORS



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August 19, 2022

The Honorable Tim Grayson
California State Assembly
1021 O Street, Suite 5510
Sacramento, CA 95814

RE: – OPPOSE, AB 1951 (Grayson) Sales and Use Tax: Exemptions: Manufacturing

Dear Assemblymember Grayson,

On behalf of the Solano County Board of Supervisors, I write in strong opposition to your bill AB 1951, which over its proposed five-year lifespan, would reduce County (and city) revenues by a combined \$2 billion dollars by exempting the local share of sales tax for manufacturing companies that purchase equipment. While we support California's manufacturing industry, AB 1951 would impose a one-size-fits-all approach, an approach that would have devastating consequences for local governments by eroding the sales and use tax base – including Solano County.

Furthermore, the proposed reductions in sales and use tax revenues from the implementation of AB 1951 would negatively impact the statewide formulas used for determining and distributing realignment funds to Counties, including Solano County. We use these funding streams to provide critical programs and services in health, human, and behavioral health services. Additionally, while the proposed sales tax exemption may result in increased economic activity, the tax benefits would largely be enjoyed by state revenues, including through increased personal income and corporation tax collections – and not by Counties and Cities – who would ultimately bear the responsibility of absorbing these cuts.

Other AB 1951 impacts to Counties include:

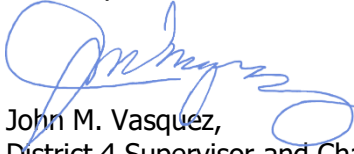
- \$274 million *less* in 1991 Realignment funding for social services, family support services and child poverty programs, including families that are already hurting due to the high cost of living / inflation
- \$289 million *less* in Prop 172 funding for Sheriffs, District Attorneys and Probation departments
- \$672 million *less* in funding that funds core County programming and services
- \$750 million *less* in funding that supports public safety, roads, youth services and unhoused residents through a reduction in revenue for voter-approved taxes for local communities

AB 1951, which is opposed by the California State Association of Counties and the League of California Cities, is currently on the Senate Floor and could be taken up for a vote any day now. It is important to note that while it only takes a majority vote to pass and become law, it requires a two-thirds vote to undo once in place – even if a recession starts tomorrow.

For these reasons and more, the Solano County Board of Supervisors strongly opposes AB 1951. We will continue to work to ensure that our County's critical funding streams remain in place to provide the programs and services that our residents need in order to live safer, healthier, more productive lives.

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Sincerely,



John M. Vasquez,
District 4 Supervisor and Chair
Solano County Board of Supervisors

CC:

Honorable Bill Dodd, Member, California State Senate
Honorable Cecilia Aguiar-Curry, Member, California State Assembly
Honorable Lori Wilson, Member, California State Assembly
Honorable Solano County Board of Supervisors
Solano County Department Heads and Assistant Department Heads
Karen Lange, Legislative Advocate, SYASL Partners