



## Sales tax hike would sideline reform

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The declining economy has hit everyone hard these past few years, and the last thing most people want to see now is a tax increase.

Programs have been cut, infrastructure repairs have been deferred, projects have been postponed and access to libraries has been reduced.

If taxpayers truly believed government had eliminated all wasteful spending and streamlined and consolidated operations, they might be willing to consider revenue increases such as the half-cent sales tax increase currently being discussed at San Diego City Hall.

This is where the problem lies with any proposal to increase taxes. In the city of San Diego, the most glaring reform that hasn't been accomplished is managed competition, which allows qualified private companies to compete with city departments for the most cost-effective delivery of service. Nearly four years after voters overwhelmingly approved this much-needed reform, the city has yet to see any implementation of this mandate. The city and its labor unions have been unable to agree on how managed competition should be achieved. Even if new guidelines are adopted this summer, it will be at least two years before we see any real results.

Other local governments have demonstrated that competitive bidding can result in significant savings for taxpayers. Why should public labor unions have a monopoly on service delivery that can be provided more efficiently by local businesses? The county of San Diego has saved more than \$78 million over a 10-year period through managed competition.

The other elephant in the room is pension reform. This tax increase would likely do little or nothing to lower the city's outstanding pension and retiree health care obligations, which stand at a combined \$3 billion.

Many cities in the region and the state of California have come to the realization that pension costs must be brought under control or government budgets will eventually be drained completely dry.

The city of San Diego achieved some pension reform for employees hired after July 1, 2005, and additional reforms cover employees hired after July 1, 2009. But the job is not done. More must be done before asking citizens to contribute more in taxes, especially when we are experiencing double-digit unemployment rates. Modest measures make a huge difference.

These savings can be applied to services such as improved public safety protection, infrastructure repairs and maintenance, and keeping our libraries open longer – all without raising taxes to do so.

The city of San Diego's elected officials can lead by example on several fronts. City Council members must be willing to make their own real sacrifices before they can get labor unions to take them seriously. City Council members, who receive a more generous pension benefit than public safety personnel, should permanently reduce their own office budgets. Simple, sensible steps are needed to reinforce the point that we're on the path to reform.

Supporting a sales tax increase takes the pressure off. Doing so would deplete all incentive for effective managed competition and additional pension and retiree health care reforms.

A general purpose sales tax increase proposal does not guarantee any funding for improved city services. The promises of increased public safety services or longer library hours are by no means a guarantee. In fact, the funds could just as easily pay for salary increases. Furthermore, a sales tax increase is extremely regressive, placing the greatest burden on those already struggling to make ends meet, including low-income and middle-class families and senior citizens on fixed incomes.

Numerous families and businesses throughout San Diego are just starting to bounce back from the effects of the economic recession. These individuals are learning to live within new budgets, and working hard to make ends meet. Raising taxes would hurt numerous San Diego businesses and households by adding an additional burden to budgets, eliminating the progress many residents and businesses have achieved.

Without additional reforms that put the city of San Diego's financial house in order and cut costs, the taxpayers are allowing our elected officials to put off making the tough decisions they were elected to make. Now is not the time to ask taxpayers to send more money to City Hall.

It's time to finish what we've started regarding pension reform, managed competition and other efforts to streamline and consolidate government. These reforms must be achieved and confidence restored in city government before increases are considered. A clear picture of costs and revenues will emerge once the city has reformed services and finished reforming benefits. In the meantime, we urge you to join a growing coalition of organizations and individuals opposing a sales tax increase in the city of San Diego.

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