

A Penta White Paper

Penta Policy Insiders

California Insights Review Series

Taxation

January 2024
policyinsiders.pentagroup.co

Executive summary

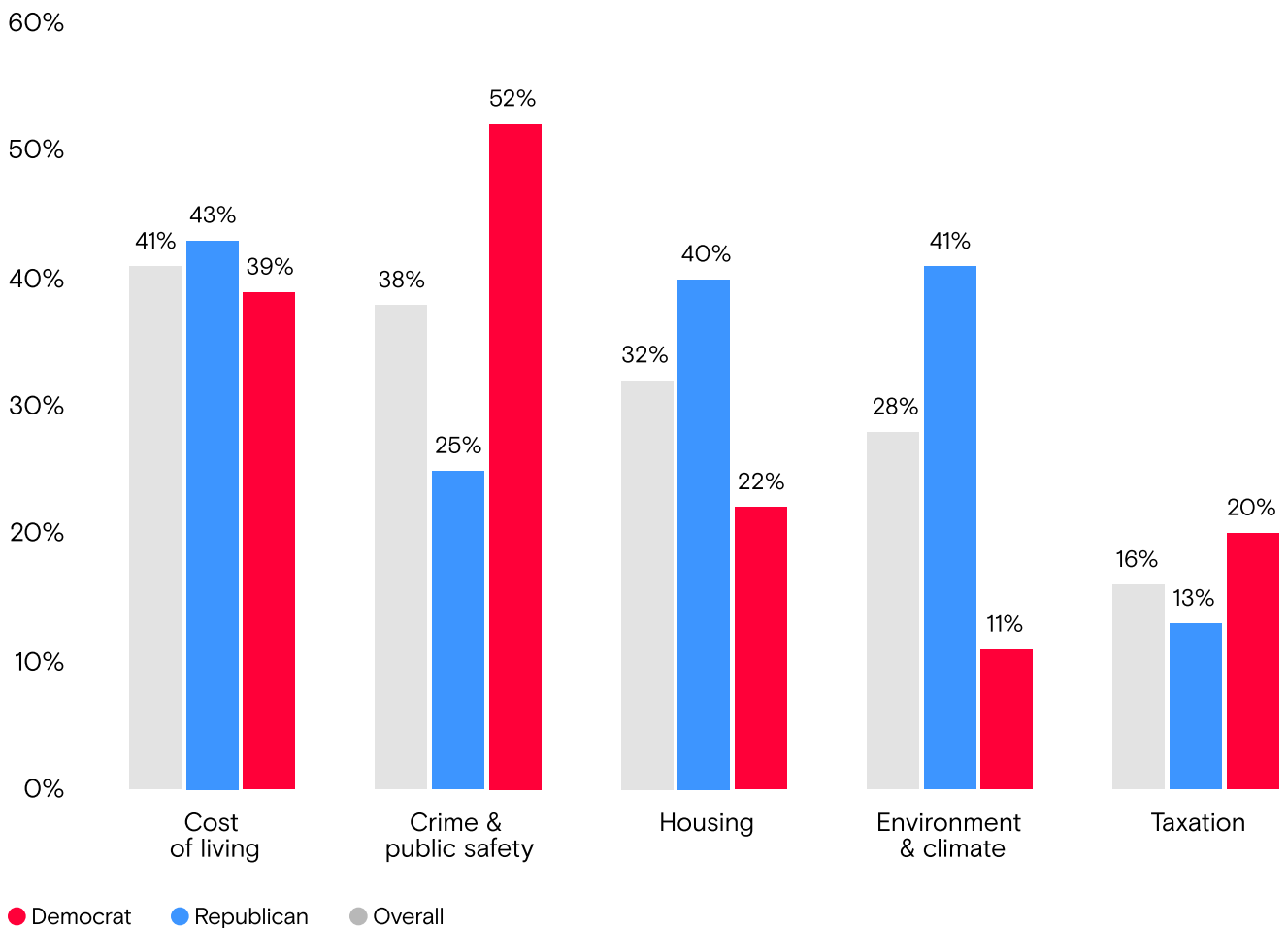
We are pleased to share our findings in the California Insights Review for 2023. From July to October 2023, we surveyed over 300 policymakers in the state about their policy priorities and the top issues facing their communities.

Cost of living is the top concern for California policymakers in 2023, with over 40 percent of policy staff identifying the lack of affordability in the state as a major issue. Additionally, this concern is cited as an underlying contributor to several of the other main priorities for California’s policy leaders - housing, crime and public safety, and taxation. Both parties highlight the inability of many working families to afford rent or purchase a home. This, in turn, can exacerbate homelessness and its perceived connection to increased criminal activity. These themes, according to policymakers, all tie back to Californians struggling with the rising cost of living and needs to be addressed urgently.

This report is the fourth in a series that examines four of California policymakers’ top priorities, which include (i) cost of living and housing (ii) crime and public safety (iii) taxation and (iv) environment and climate.

Top policy priorities in California

Multiple selections permitted



California deep dive

Taxation

In 2023, California saw one of the largest budget deficits in the history of the state.¹ After months of lower-than-average tax revenues, the shortfall has forced lawmakers to consider enacting substantial spending cuts to balance the state's budget.² At the same time, California policy leaders – 16 percent – emphasized that taxation is a top policy concern.

Policymakers cite specific concerns about high taxes in the state and highlight the need to find solutions that allow California businesses and communities to prosper. Some policy leaders say that taxation in the state is so much of an issue that they are concerned it is driving opportunities away.

Policymakers are concerned about high taxes

Policy leaders highlight that high taxes are a prominent issue in California.



I do believe that **we live in a state that is extremely taxed on everything that we do, whether it's gas or whether it's anything at the store.** I mean, when I started working, I was making \$8 an hour as a minimum wage. And now hearing that the minimum wage is \$15. And fast food workers are going up to \$20 an hour and healthcare workers are at 25. Well, **those bills aren't seen as a tax but it's going to make things more expensive.**

Legislative Director, Legislative , R



Why is California paying so much more than other states where the price didn't go up? I know we have our own special blends required of gasoline, but I think overall the view was, everybody's districts were hammered. And we feel that profits were oversized this time. It's incumbent on the legislature to attempt to enact a solution.

Legislative Director, California State Assembly, D



We're losing a lot of opportunities to places like Nevada, Texas and Florida, which don't have taxes... So we have to be competitive and advocate for tax exemptions for mega events, not for the promoter or the sports itself, but for the business, the economy that it drives.

Legislative Director, California State Assembly, R

Republicans are concerned with how tax dollars are allocated

Republican policymakers say there are issues with the way tax dollars are allocated in the state.



Our tax dollars are paying for methadone clinics that are keeping people walking around looking like zombies. Instead, what we need to do is help these people get free from addiction so they can be productive citizens of society because then everybody wins at that point.

Councilmember, California Municipality, R

Conclusion

Policymakers in the Golden State emphasize taxation as a top priority. Leaders are particularly concerned with high taxes, especially when it comes to gas prices. Policy leaders also express concerns about the possibility that the state's high taxes are driving businesses to other states with lower tax rates.



About Penta Policy Insiders

Penta Policy Insiders provides direct feedback from policymakers to government relations professionals, improving advocates' ability to understand, validate, and improve the efficiency and effectiveness of their engagement.

Credits

Senior Content Associate
Maddie Markenson

Senior Content Associate
Kinda Ahmed

**Associate Director, Government
Insights & Research Products**
Natalie Bahmanyar

Director, Research
Sehare Hemani

Chief Research Officer
Michael Griffin

Vice President, Policy Insiders
Scott Luginbill

President
Michael Gottlieb

Qualitative n: 43 | Quantitative n: 297

A Note on Use of These Materials

This document has been prepared by and comprises valuable proprietary information belonging to Penta. It is intended for educational purposes only.

Except as permitted under the United States Copyright Act of 1976, no part of this publication may be reproduced or distributed in any form or by any means, or stored in a database retrieval system without the prior written permission of Penta. The use of copyrighted materials and/or images belonging to unrelated parties and reproduced herein is permitted pursuant to license and/or 17 USC § 107.

Citations

1. <https://calmatters.org/politics/2023/12/budget-deficit-california/>
2. <https://www.politico.com/news/2023/12/07/californias-budget-deficit-balloons-to-68b-00130624>

Legal Caveat

Penta has worked to ensure the accuracy of the information it provides in this report. This report relies upon data obtained from many sources, however, and Penta is not able to guarantee the accuracy of the information or analysis contained in these materials. Furthermore, Penta is not engaged in rendering legal, accounting, or any other professional services. Penta specifically disclaims liability for any damages, claims or losses that may arise from a) any errors or omissions in these materials, whether caused by Penta or its sources, or b) reliance upon any recommendation made by Penta.

Confidentiality: All participation in our research is confidential and not for attribution.
