



August 12, 2020

The Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

Dear Governor Newsom,

On behalf of the California Manufacturers & Technology Association, I am writing to urge your opposition to Proposition 15 - one of the most critical issues on the November 2020 ballot.

Without a doubt, California is facing a daunting and uncertain fiscal future as a result of the COVID-19 crisis. Efforts to increase state revenues through increased taxation likely will lead to much more economic strain on businesses that at this moment are in "survival mode." Instead, efforts should be pursued to ensure that California manufacturers and other high wage employers are able to compete, grow and expand opportunities to meet the present and future unknown challenges.

Just by virtue of its being on the ballot, Proposition 15 already sends the signal to the manufacturing and business communities that California continues to be a very costly place - thereby limiting the desire to make long term investments for production growth. Your opposition to Proposition 15 would create more stability and provide a beacon of hope for the State's manufacturing industry and its 1.3 million workers, particularly at this most bleak time in California's recent history.

Proposition 15 will impose the largest property tax increase in state history at more than \$11 billion per year by raising taxes on commercial and industrial property with the elimination of long-standing Proposition 13 (1978) protections - the same taxpayer protections that have kept property taxes predictable for manufacturers and small businesses in California for more than 40 years.

Like so many sectors, California's manufacturing industry has lost a portion of its base recently. Seven percent of manufacturing jobs have been lost since February and Proposition 15 stands to make things worse. One study from [Berkeley Research Group](#) predicts the split roll tax would cause up to 120,000 private-sector job losses.

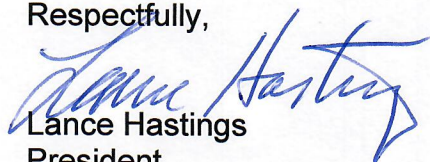
The COVID-19 pandemic has highlighted the critical importance of manufacturing, as essential items like personal protective equipment (PPE) and testing materials have been in short supply. Your recent promotion of California-made PPE products is greatly appreciated and your signaling a cautious approach to burdening the business community with new and excessive taxes also would be well-received.

Manufacturing in California is already expensive and more costly than neighboring states. We understand it will always cost more to produce in this great State, but Proposition 15 will impose higher property taxes or higher rents, which will make California manufacturing even less competitive in global markets with razor thin operational margins.

Our state's future and increased revenues rely on a robust economic recovery that will provide job opportunities for every Californian. Proposition 15 stands squarely in the way of that critical goal.

We are asking that you join us and stand in opposition to Proposition 15.

Respectfully,



Lance Hastings

President

California Manufacturers and Technology Association