



Why Does It Matter?

Adapted from the newsletter of the Association of Bay Area Governments

The morning news details another mugging; it is news because, this time, it is in a “good” neighborhood. Pouring your morning coffee, you wonder why the police are not more vigilant. Later you hear that the mugger has been caught and this is not his first offense. You wonder what his probation officer has been doing.

Driving your grandson to school, there is additional graffiti on the overpass near the school, and last week’s swear words have not yet been erased. As you leave your grandson at the school, you think about how large his class has grown, that the building needs paint, and that he has complained that there is no orange construction paper (and it’s October!).

On the way to the grocery store you drive over another pothole. It is getting harder to avoid the corners where homeless folks stand with signs such as, “Will work for food.”

You want to stop at the library on your way home, but realize that the library has cut back its hours and will not open until noon. You wonder why the city is not acting more quickly to solve the problems that are affecting your quality of life.

A cogent argument can be made that there IS a connection between the above thoughts and the fact that your community has fewer and fewer resources, and many of those resources have strings attached. The state’s authority to allocate resources strikes at the very heart of a local government’s ability to meet public demands and expectations. Although not “sexy,” state and local finances matters more than we may have realized!



Something to Think About— Doing the Math

Assume a neighbor earns \$1 million annually and you earn \$30,000. You buy a used Ford Escort for \$10,000. With a sales tax of 7% you pay \$700 in sales tax; this is 2.3 percent of your yearly income. Your neighbor buys a new BMW for \$40,000; he pays \$2,800 in sales tax or 3/10 of 1 percent (0.3%) of his income for the tax on his car purchase.

You each need a new refrigerator and purchase the same model for \$900. About \$63 in sales tax is almost 11 percent of your weekly paycheck. Your richer neighbor pays 1/3 of 1 percent of his weekly paycheck in sales tax for the same item.

You are contributing 12 times as much of your income in sales tax to support your state government as your neighbor, despite the fact that his income far exceeds yours.

It quickly becomes apparent that the sales tax has a far greater impact on the middle class and working poor than on the wealthy.

From Dick Seeley, LWV Glendale/Burbank