ARGUMENT IN FAVOR OF PROPOSITION 26

YES ON PROPOSITION 26: STOP POLITICIANS FROM ENACTING HIDDEN TAXES

State and local politicians are using a loophole to impose Hidden Taxes on many products and services by calling them "fees" instead of taxes. Here's how it works:

At the State Level:

- California's Constitution requires a two-thirds vote of the Legislature for new or increased taxes, but the politicians use a gimmick to get around this by calling their taxes "fees" so they can pass them with only a *bare majority vote*.

At the Local Level:

- Most tax increases at the local level require voter approval. Local politicians have been calling taxes "fees" so they can bypass voters and raise taxes without voter permission - taking away your right to stop these Hidden Taxes at the ballot.

PROPOSITION 26 CLOSES THIS LOOPHOLE

Proposition 26 requires politicians to meet the same vote requirements to pass these Hidden Taxes as they must to raise other taxes, protecting California taxpayers and consumers by requiring these Hidden Taxes to be passed by a two-thirds vote of the Legislature and, at the local level, by public vote.

PROPOSITION 26 PROTECTS ENVIRONMENTAL AND CONSUMER REGULATIONS AND FEES

Don't be misled by opponents of Proposition 26. California has some of the strongest environmental and consumer protection laws in the country. Proposition 26 preserves those laws and PROTECTS LEGITIMATE FEES SUCH AS THOSE TO CLEAN UP ENVIRONMENTAL OR OCEAN DAMAGE, FUND NECESSARY CONSUMER REGULATIONS, OR PUNISH WRONGDOING, and for licenses for professional certification or driving.

SUBJECT TO COURT ORDERED CHANGES

DON'T LET THE POLITICIANS CIRCUMVENT OUR CONSTITUTION TO TAKE EVEN MORE MONEY FROM US

Politicians have proposed more than *$10 billion* in Hidden Taxes. Here are a few examples of things they could apply Hidden Taxes to unless we stop them:

- Food
- Gas
- Toys
- Water
- Cell Phones
- Electricity
- Insurance
- Beverages
- Emergency Services
- Entertainment

PROPOSITION 26: HOLD POLITICIANS ACCOUNTABLE

"State politicians already raised taxes by $18 billion. Now, instead of controlling spending to address the budget deficit, they're using this gimmick to increase taxes even more! It's time for voters to STOP the politicians by passing Proposition 26."

- Teresa Casazza, California Taxpayers' Association

Local politicians play tricks on voters by disguising taxes as "fees" so they don't have to ask voters for approval. They need to control spending, not use loopholes to raise taxes! It's time to hold them accountable for runaway spending and to stop Hidden Taxes at the local level.

SUBJECT TO COURT ORDERED CHANGES

YES ON PROPOSITION 26: PROTECT CALIFORNIA FAMILIES

California families and small businesses can't afford new and higher Hidden Taxes that will kill jobs and hurt families. When government increases Hidden Taxes, consumers and taxpayers pay increased costs on everyday items.

"The best way out of this recession is to grow the economy and create jobs, not increase taxes. Proposition 26 will send a message to politicians that it's time to clean up wasteful spending in Sacramento."

- John Kabateck, National Federation of Independent Business/California

VOTE YES ON PROPOSITION 26 TO STOP HIDDEN TAXES - www.No25Yes26.com

TERESA CASAZZA

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ALLAN ZAREMBERG

PRESIDENT, CALIFORNIA CHAMBER OF COMMERCE

JOEL FOX

PRESIDENT, SMALL BUSINESS ACTION COMMITTEE

SUBJECT TO COURT ORDERED CHANGES