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# Long Beach Taxpayer's Association

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Citizens for Fiscal Responsibility

## NO on Measures I and G

### NO on Measure I

**Close to \$1.3 Billion in Taxpayer Dollars over 35 years.**

*The taxpayers of Long Beach are being asked to pay more taxes for the next 35 years to pay a parcel tax to fund a \$571 Million Infrastructure Bond. Along with the bond money, over the next 10 years, will be an additional \$265 Million of federal and state money earmarked for infrastructure. Collectively, the bond money, taxes, cost of issuing the bonds and interest on the bonds will amount to over \$1 Billion without any guarantees that basic infrastructure repair will be a priority.*

Based on City Hall's track record, they should not be trusted with your tax dollars.

**Reality:** There is no set list of priorities; individual project cost or timetable set for their completion in Measure I. This is a wish list created by the backers of Measure I to garner support.

**Reality:** The bond money is replacing the money the city doesn't have to fund infrastructure through a 'pay as you go'. The city has over committed our tax dollars for salaries and pensions. They currently spend **84% of every dollar that is generated for the general fund on salaries, benefits and pensions.** The \$265 million of taxes earmarked towards infrastructure could find its way into the general fund for use by the city for whatever they wish.

**Reality:** Who will set priorities for infrastructure repair? The Citizens Oversight Board will consist of 11 people, all chosen by the Mayor. Each city council member will nominate 3 people from their district; the Mayor chooses one person from each council district plus 2 additional members of the board. *The Citizen's Oversight Committee's job is solely to audit the progress of the projects and their costs, not to set project priorities.*

**Reality:** Certain people being exempt from the parcel tax. The Mayor is using it as a tactic to pass Measure I. Mayor Foster says the reason for the Exemption is because of state law. **There is no state law mandating exemptions from a parcel tax.** The Mayor and City Staff are using it as a tool to, again, garner votes. *Long Beach is a Charter City and as such, it has priority over state law on policies regulating city finances.*

**Reality:** The groups vocally supporting Measure I have a vested interest in seeing it pass. They will be lobbying City Hall for completion of their projects first. *Because of their support for Measure I, these groups will have direct access to the decision makers that the individual citizen, will not have.*

**Reality:** This \$120.00 yearly Parcel Tax will increase a minimum of 3% a year (depending on the Cost of Living Index.) It doesn't matter whether your home is worth ½ Million or \$5Million, you will pay the same parcel tax.

### **Missing from Measure I:**

- A long term maintenance program
- Specificity on priority of projects
- Reform measures to guarantee a 'pay as you go program' for the future
- Allowances for cost over-runs
- Fairness in the application of the parcel tax

**Before you vote, ask yourself if City Hall has judiciously spent your tax dollars in the past on special measures. We are already paying enough taxes. Measure I is not good for Long Beach Taxpayers and Homeowners.**

**VOTE NO on MEASURE I**

Co-Founders: Kathy Ryan / Tom Stout  
[www.longbeachtaxpayers.org](http://www.longbeachtaxpayers.org)

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## **NO on Measure G**

Do not be fooled, Measure G will be a net tax increase, but it is being touted by the City as a re-affirmation of the present User Utility Tax (UUT). UUT taxes on cell phones and other services have been thrown out by Federal courts. Long Beach has been forced through a lawsuit to go to the voters for approval to apply a UUT on cell phone usage, text messaging, VOIP and any new technologies that come on line in the future. This is your last chance to stop the City of Long Beach from taxing wireless communication services. If Measure G passes, the City is not required to get voter approval to tax new wireless technologies that come on line in the future. A **NO** vote will retain your current UUTax and send a message to City Hall to be upfront and honest about new taxes, and not call Measure G a reaffirmation of the present UUT. **Even if the tax rate does not change, taxing new technologies will result in a net tax increase.**

### **Background**

**Reality:** Residents voted in 2000 to reduce their UUT from 10% to 5% through a ballot measure.

**Reality:** In 2005 the IRS won two separate Appellate Court rulings to eliminate the FET (Federal Excise Tax) from cell phone usage. It was determined that calls, not based on time and distance are not taxable under the FET.

**Reality:** The California State Constitution, as amended by Proposition 218, and authored by the Howard Jarvis Association, requires voter approval for any new tax or the extension of any existing tax to new circumstances. The City of Long Beach made an attempt in 2006 to comply with the Federal guidelines by updating their UUT Ordinance; so they circumvented the guidelines and chose to eliminate any reference to the FET, and redefined telephone services to include cell phones. They were required to get voter approval before applying taxes to wireless communication services; however, they failed to do so and violated the State Constitution and Proposition 218.

**Reality:** The City has been quiet about collecting taxes on cell phone usage in violation of Proposition 218. It took a lawsuit against the City of Long Beach to force them to comply with Proposition 218 and allow the voters to approve taxing cellular services, hence Measure G.

**Reality:** The UUT Measure you will be voting on is to legitimize what the city has been doing wrong since 2006. Long Beach residents should not fall for the deceptive tactics used by City Hall to increase your UUT. The City of Sacramento is currently being sued by the Howard Jarvis Association as a test case, and if the lawsuit prevails, Long Beach could owe its' citizens thousands of dollars in taxes collected illegally.

**Reality:** Cities, like Long Beach, were forced though a lawsuit to get voter approval for their New and Revised UUT. Many cities, including Los Angeles, were disingenuous in passing their updated UUT. Los Angeles lowered the rate, but expanded the taxable wireless communication services. By doing so, Los Angeles collected an additional \$265 Million in taxes in one year. That is a tax increase!

### **Interesting taxes contained in this measure.**

You want voice mail, Long Beach will tax this.

You want caller I.D., Long Beach will tax this.

You want phone number or address information, Long Beach will tax this.

You want call waiting, Long Beach will tax this.

In fact, this is written so broadly that they can tax almost any wireless communication related service in the future without additional votes of the taxpayers.

**Particularly troubling is the City Auditor signing the Arguments for this measure. We elected the City Auditor to focus on City Hall accountability, not to find new ways to increase taxes.**

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## Citizens for Fiscal Responsibility

### **WHY THERE IS NO MONEY FOR INFRASTRUCTURE REPAIR**

There have been many developments in Long Beach that City Hall projected to be a success. These projects have not only lost money; many were mismanaged or wrongly promoted, resulting in losses. Their lack of success has been costly to the citizens and taxpayers of Long Beach. The project failures, along with the commitments the city made to public employees for enhanced pensions, have put the citizens of Long Beach on a precarious path.

#### **Costly Bailouts with Little Results:**

The Queen Mary	Millions lost to poorly written leases and oversight, and after several audits, the City has failed to recover its' loses.
Aquarium of the Pacific	Poor attendance has cost the taxpayers \$8 - \$10Million a year. Long Beach Taxpayers are subsidizing the Aquarium, including its expansion. We lost the naming rights (The Long Beach Aquarium is now called, The Aquarium of the Pacific), but we still get to pay.
Art Museum	Lack of Oversight causing Millions of dollars lost in unaccounted art pieces, and bond payments that will now be paid by the Taxpayers.
The Pike	After much anticipation, the Pike opened with less than expected enthusiasm. This costly project, like most dreams of City Hall was ill advised. The Pike and its' parking structure are bad aesthetically and has been a bad investment for Long Beach citizens.

#### **Costly Promises to City Employees:**

Public Employee Pensions	<p>In 1989, the City of Long Beach stopped requiring employees to pay their share of the pension obligation. Because the 8% contribution for miscellaneous employees and the 9% for public safety employees have been paid by the taxpayers, this gift to public employees has cost the taxpayers over \$200 Million.</p> <p>The City Council voted a <u>30% retroactive pension spike in 2002</u> for city employees. It took over \$100 Million in Pension Obligation Bonds to help finance this gift to public employees. During that same period, the City Council violated the City Charter by lowering the retirement age from 65 to 55 for miscellaneous employees and 55 to 50 for public safety employees, without a vote of the people as required by the Long Beach City Charter. Early retirements and upgraded pensions led to a mass and costly exodus by city employees.</p> <p>CalPERS pension cost for the City for 2007 was \$72 Million, SSI, was \$12 Million, totaling \$84 Million. Included in the pension cost are over \$20 Million yearly in pension subsidies paid for by the taxpayers.</p>
Public Employee Salaries	<p>In 2008, City Hall negotiated 5 year contracts with two public employee unions with salaries of 12% to 27%, knowing the City would be incurring a deficit for 2009. The budgeting process is conducted backwards. Employee contracts are negotiated before the budget is passed. This action impacts the city's pension obligation and will cause deficits for years to come.</p>

***Today, Long Beach spends \$84% of its' General Fund on Pensions, Salaries and Benefits! Another 3% is spent on the interest payments for the outstanding bonds.***

## **NO MONEY FOR INFRASTRUCTURE**

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