# Opinion: Independence from taxes worth celebrating

**By Ted Gaines**

As Californians celebrated our nation's independence and the freedom that we all cherish, we also celebrated another gift of freedom over the holiday weekend – taxes went down. Gov. Jerry Brown at least temporarily abandoned his crusade for increased taxes and agreed to a budget that, while far from perfect, respects the hard-working families of our state.

Two years ago, despite my loud objections, the Legislature crafted a budget deal that attacked taxpayers from every side, raising the sales and personal income taxes, nearly doubling the state's already high vehicle license fee, and lowering the dependent credit allowed on state income taxes. These increases were to expire after two years unless the voters agreed to extend them in a special election.

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In May 2009, when voters had the opportunity to weigh in with their opinion, every single county – even the vastly left-leaning Bay Area counties – said "no," sending what should have been a clear signal to every California politician and pundit.

With that overwhelming electoral loss still close in the rearview mirror and unemployment running close to 12 percent, it’s unfathomable that anyone would think that extending the higher taxes is an acceptable answer to the state’s budget crisis. Unfortunately, the governor and legislative Democrats offered the same unimaginative solution they offer to every challenge faced by the state – more taxes. In this case, $58 billion more in taxes over five years.

I did not support the initial tax increase and I did not support any budget proposal that depended on tax extensions. With the remaining tax extensions that expired July 1, we will start to undo some of the damage done to families and employers over the past two years.

The dependent tax credit returned to $309 per child, up from the punitive $99 of the past two years. The state sales tax went down 1 percentage point. The vehicle license fee dropped from 1.15 percent of a car’s value to 0.65 percent. The personal income tax increase had already temporarily expired after two tax cycles.

All told, this reduction in tax rates will save California taxpayers almost $6 billion a year or approximately $1,000 per family.

Lower taxes are expected to stimulate consumer demand for big-ticket items such as automobiles, which in turn, will help businesses profit and expand in our state.

If California is ever to escape the budget crisis cycle, we will not do it through higher taxes. We will not do it by making it harder to raise a family in our state or by making it more difficult to start and run a business. We will only grow our way out of our problems. And as Winston Churchill once said, trying to tax your way to prosperity is like standing in a bucket and trying to lift yourself up by the handle. It is self-defeating.

We should celebrate this victory, but it’s not a time to rest. California’s tax picture began to improve a little on July 1, but we are improving on what is still the 49th worst tax climate in the country. We still have work to do if we are going to provide the incentives for entrepreneurs to start their businesses here and create private sector jobs. I am going to continue to push for lower taxes and simpler, less burdensome regulations to let employers know that California is open for business.

I hope you were able to enjoy the Independence Day weekend, and enjoy the fact that for once, California taxes are heading in the right direction.

*Ted Gaines represents the 1st Senate District, which includes all or parts of Alpine, Amador, Calaveras, El Dorado, Lassen, Modoc, Mono, Nevada, Placer, Plumas, Sacramento and Sierra counties.*