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## California's Recent History of Manipulative Taxation

BY KERRY JACKSON

The rest of the country wasn't surprised when California recently considered becoming the first state in the country to tax text messages. It almost seems as if there is a group of unelected bureaucrats that does nothing but cloister itself behind closed doors and dream up new ways to tax the people.

We know of no such board, committee, or council. But given how California is preoccupied with taxing as often and as punitively as possible, it would be easy to spin out conspiracy theories that would "prove" such a cabal existed.

We do know, though, that elected and unelected officials do act in bad faith, particularly when taxation is the subject. Certainly, it was not an act of good faith when members of the California Public Utilities Commission, an unelected regulatory board of five, proposed last month that "text messaging services revenue should be subject to Public Purpose Program surcharges."

The new tax, we were told, was needed to make up for the diminishing collections from levies on other intrastate telecommunications services that consumers are abandoning in favor of wireless service. Dollars are needed to "preserve and advance universal service." But with nearly every Californian owning a cell phone, it seems the mission has been essentially accomplished. So, why a new tax? A desperate bureaucratic authority was aiming to perpetuate its existence, to continue expanding its scope.

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The proposed tax was mercifully withdrawn, partly because of immediate public outrage, and partly because of a decision made in Washington. But we can't always count on "The Swamp" to step in. Nor can we safely assume a similar text tax won't be dragged out in the future. It was a singular moment unlikely to be repeated in the near, or distant, future. Senseless taxation is, after all, the new normal in California.

At their most benign, taxes are a necessary mechanism to fund government operations. Yet for California's political class, they are a means to forward political agendas, to amass ever greater authority, to punish behavior that doesn't fit the popular narrative, to reward behavior that does.

In fact, recent history is filled with examples of taxes, some enacted, others just proposed, driven by politics rather than operational need:

**2017's \$52 billion motor fuel tax increase.** This was supposed to fund repairs to our ramshackle roads. But officials have already siphoned off part of the additional \$1.2 billion in revenue generated by the tax hike in 2018, sending it off to the California Department of Food and Agriculture, the state Department of Parks and Recreation, the General Fund, and local law enforcement.

**The Building Homes and Jobs Act.** This legislation, which was signed into law in 2017, collects a \$75 fee on real estate transactions. The revenue is supposed to raise \$250 million a year to promote affordable housing programs. Yet it makes housing less affordable by adding costs to home buying. It also allows lawmakers to continue to run from their obligation to solve the housing crisis while pretending to do something.

**Cap-and-trade.** All this program—extended in 2017 for 10 years—has ever done, and all it will ever do, is squeeze California's taxpayers, and force more than a few car owners into public transportation, which is a feature rather than a bug to most of the state's political bosses.

**Soda tax.** Political maneuvering bizarre even by California standards killed this one. Yet some lawmakers still dream of restricting consumers' right to choose their beverages, and advocates are pushing a 2020 ballot measure imposing a new state-wide soda tax.

**Cannabis tax.** Did lawmakers legalize recreational marijuana to increase personal freedom, or were they greedily eyeing another tax revenue stream? If it's the latter, they failed. The state excise tax rate of 15 percent, as well as steep state and local sales taxes, have in part limited revenue to less than half of the projected first-year totals.

**Single-payer health care.** Some believe it's a fine idea to hike sales taxes across the board by 2.3 percent and levy a 2.3 percent tax on gross business receipts to fund a socialist health care regime that could cost as much as \$400 billion a year, roughly twice the size of the General Fund.

During the 2018 session alone, the Legislature passed, and Gov. Brown signed, bills increasing taxes on professional licensing, mobile home registration, cattle brand inspections, ridesharing companies, experimental fishing gear, and life insurance brokers. Money-hungry lawmakers even tried to tax drinking water in 2017. Apparently, it doesn't embarrass them that many across the nation mockingly call this state "Taxifornia."

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