

Sharing is Good

The Capital Region shares common blessings and challenges. We should share resources.

by Joe Genshlea

Between the Sacramento River Delta and the foothills of the Sierra Nevada nearly two million people live. This is a place of beauty. We share common enterprises, root for the Kings, worship together and share a common culture. We also share the same water, endure the same floods, breath the same air (dirty though it may be in the summer) and sit in the same traffic jams.

Our community generates one large vibrant economy. Our gross metropolitan product is measured by Standard & Poor's at over \$50 billion. Comparatively, we are much larger than New Orleans, Salt Lake City, or the State of Delaware; roughly the same size as Cincinnati, Kansas City, the Czech Republic and the United Arab Emirates. We are largely unaware of our economic strength. And while it is anticipated that our population will grow by nearly 50 percent in the next two decades, we

have no common design to ensure our quality of life. We have no architect for our future.

Through circumstance, happenstance, and an occasional choice, our community has chosen to govern itself through roughly 30 independent political jurisdictions, none of which need agree with, cooperate with, or even speak to one another; moreover, many of our residents live in one city, work in another, and spend much of their income in yet a third. A driving need of each of these independent municipalities is to fund its annual budget, i.e., levy taxes. And one of the taxes which has become increasingly important since the passage of Proposition 13 is the sales tax. Due to some arcane tax laws, sales tax revenues stay at the point of sale.

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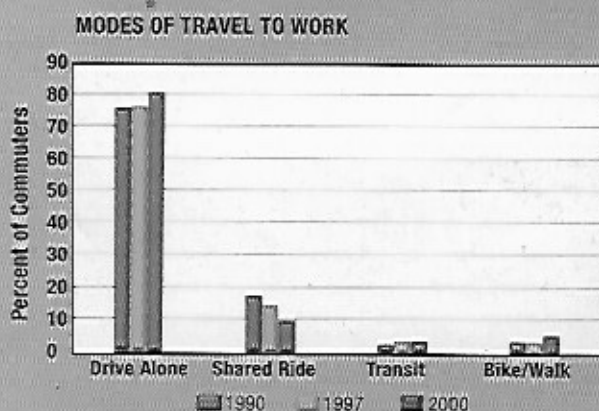
This legal novelty causes the 30 independent political jurisdictions to compete with each other in creating points of sale. Land use decisions are then based on policies which have nothing to do with the long-term health of our community. Farmland is rezoned into shopping malls for the sole purpose of generating sales tax revenue with no eye to the impact of the loss of more farmland, the creation of more traffic, the impact on air pollution, the impact on open space or on older shopping malls which become abandoned slums and eyesores.

Choices have to be made about how we are to proceed into our future. One choice is to do nothing — that will have the consequence of unplanned growth, random development and myopic planning — or we can choose to put in place agreements and/or laws which will rationally direct growth to preserve open space, cut down on traffic congestion, reduce air pollution and plan for some maintenance of our quality of life.

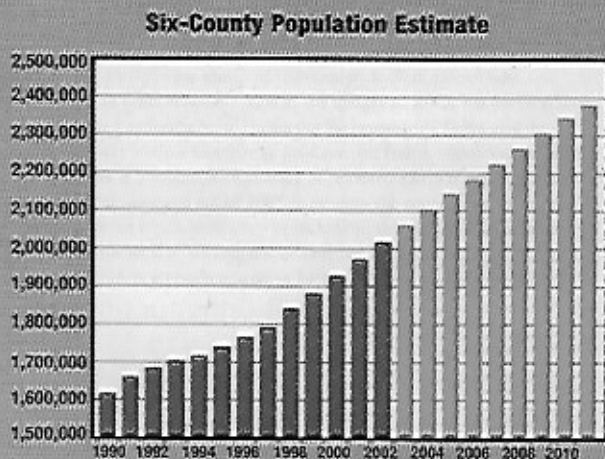
AB680 is a modest attempt to address this problem by requiring that some sales tax revenues be shared regionally. The cry is heard that this will adversely impact the municipalities which capture more than their proportional share of the sales tax. In the short term, this may be true enough; on the other hand, without some short-term adverse impact, whatever is being proposed probably isn't worth doing. No pain, no gain; change is always difficult. Or, look at it this way: take a hypothetical resident who lives in El Dorado County, draws a paycheck from Yolo County and spends much of his income in Sacramento County. What kind of an analysis would lead one to conclude that 100 percent of the sales tax so generated should remain in Sacramento County?

Maybe Steinberg's bill is not the silver bullet. But at least it has gotten people talking. And my response to the complainers? If you don't like AB680, what is your proposal?

Joe Genshlea is a native Sacramentan, who practices law for a living.



Source: Sacramento Area Council of Governments



Regional population estimate
Source: California Department of Finance