

September 2, 2022

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

RE: Opposition to AB 1951 (Grayson)—Manufacturing Sales Tax Exemption

Dear Governor Newsom,

On behalf of the City of Long Beach (City), I write to respectfully request you veto AB 1951 (Grayson). The City is committed to preserving local control over finances and decisionmaking. This legislation undermines local budgets and public services by providing manufacturing companies a full sales tax exemption on new equipment for the next five years, including any local voter-approved transaction and use taxes. This measure cuts local budgets statewide by over \$2 billion in the middle of a public health emergency.

While the City supports California's manufacturing industry, including through local efforts to attract and retain manufacturing companies, the City cannot afford additional erosion of its sales and use tax revenues in the short- or long-term. AB 1951 is a setback to funding local solutions for health, housing, homelessness, community services, and public safety.

The City opposes legislation that undermines local control and diverts City revenue sources. This bill provides less autonomy for local decisionmaking and would have direct impacts on the City's ability to fund local programming.

Given these reasons, the City opposes AB 1951 and urges your veto.

Sincerely,



THOMAS B. MODICA
City Manager

cc: The Honorable Speaker Anthony Rendon, State Assembly
The Honorable Lena Gonzalez, State Senate, 33rd District
The Honorable Tom Umberg, State Senate, 34th District
The Honorable Steven Bradford, State Senate, 35th District
The Honorable Mike Gipson, State Assembly, 64th District
The Honorable Patrick O'Donnell, State Assembly, 70th District

