

**From:** Fred Keeley  
**To:** Gerald L. Parsky  
**Cc:** Commissioners Edley, Ito, Pomp, Hauck, Halvorson and various  
**Sent:** Mon Sep 21 14:10:51 2009  
**Subject:** RE: Commissioners on Final Report Documents - Recommendations Chapter

Gerry,

Thank you very much for the opportunity to sign.

I appreciate the work that you and all commissioners and staff have put into this plan. I believe that everyone, on all sides, is well motivated and sincere. It is my thinking that strong belief systems are at odds, and much remains irreconcilable.

The final package, as presented, is not one that I can sign. I believe that it shifts too much of the current tax burden from upper income folks to moderate and low income folks. The Personal Income Tax proposed changes are far from fair, in my view. The Bank and Corporation Tax elimination is a tax break that seems very far out of line, especially for the banks that have been given a free pass from responsibility for the last few years and been recapitalized by taxpayers through the actions of the federal government (to which I do not object, but think that they hardly need more breaks). The elimination of the state portion of the Sales and Use Tax would be better if it were simply reduced in rate and expanded in terms of application to increasingly large groups of services over three to five years. The BNRT is, in my view, not well enough vetted to even merit consideration by the Legislature and the Governor. Other elements that could have made the package better, such as some form of pollution tax, split-roll property tax, different treatment of the capital gains tax, and others are sadly missing from the larger package.

This is much of what I stated at the Commission's last scheduled meeting, and I stand by that. As you know, pursuant to the request of the President pro Tempore of the state Senate, I will be writing a document to him that contains: 1) reasons that I am not signing (see above); 2) what I think would have been a better plan (change treatment of capital gains, include some form of a pollution tax, reduce SUT rate and expand to services over time, split-roll concerning property taxes, ability of local governments to control their revenue through a reduction in the vote-threshold for approving local taxes, and other similar changes-See other elements of the Blue Plan); and, 3) an expression of my willingness to assist the pro Tem going forward as the Legislature considers tax matters in the context of COTCE report and other input. The pro Tem would like this to be a document sent to him and the Speaker, signed by those legislative appointees to COTCE who are not, for what ever reasons, able to sign the COTCE document.

Again, thank you for your fine work and the work of other commissioners and staff.

Fred Keeley  
Treasurer  
County of Santa Cruz