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VICA OPPOSES L.A. CITY PHONE TAX (MEASURE S)

SHERMAN OAKS, Calif.—Citing concerns over new taxes on new technologies, the Valley Industry and Commerce Association (VICA) board voted on Thursday to oppose the proposed telephone tax on the February 2008 ballot, Measure S.

“VICA is concerned with the way Measure S has been presented as a tax reduction when it is really a new tax,” said VICA Chairman Bob Scott. “The city needs to seriously consider that another new tax makes L.A. less competitive and less desirable to the business community.”

The L.A. City Council voted unanimously last month to place the measure on the ballot along with the declaration of a fiscal emergency, which allows passage of only a simple majority of voters instead of the usual two-thirds majority under Prop. 218.

In 2000, VICA sponsored SB 165 (Alarcón), “The Truth in Bonding Act,” which was signed into law and requires clarity and accuracy in legislative language and ballot summaries of state bonds. The VICA board cited the spirit of SB 165 in its decision to oppose Measure S.

During the organization’s review process of Measure S in its Government Affairs Committee, VICA members had expressed discomfort that although the new percentage rate is slightly lower than the existing 10% rate, the new tax covers an expanded range of services, including new technologies like Voice over Internet Protocol (VoIP) and private communication services, such as T-1s, used by large companies. Plus, the prevailing rate—should the existing tax be overturned in court, as is expected— will be 0%, far shy of the proposed new 9% tax rate.

“For years, VICA has contended that new tax revenues could easily be generated if the city council will work on improving L.A.’s business climate, not chasing employers into other cities,” added Scott.

“VICA has taken a very careful deliberation on this complicated issue, noting arguments on both sides, and ultimately voted to oppose the phone tax”, said Brendan Huffman, President & CEO of VICA.

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Established in 1949, VICA’s mission is to encourage and enhance the economic vitality of the greater San Fernando Valley region by advocating on behalf of its business community. Visit www.vica.com for more information.