

Vote "No" On Prop S

Don't Get Tricked Into Higher Taxes For Wasteful Spending On Special Interests

By **Walter Moore** - Lawyer, Real Estate Broker, and Candidate For Mayor Of Los Angeles

Please join me and the other opponents of Prop S -- the Howard Jarvis Taxpayers Association, VICA, the *Daily News*, various Neighborhood Councils, the United Chambers of Commerce, and other taxpayers -- in voting "no" on Prop S.

1. Prop S Is A Tax Hike, Not A Tax Cut

If Prop S were really a tax cut, Villaraigosa and the City Council could have adopted it on their own, without spending \$5.1 million of your tax money to hold this special election. City Hall does not need voters' approval to reduce a tax. California's Constitution (Prop 218) requires voters' approval only to "impose, extend or increase any general tax."

Villaraigosa and the City Council hiked your phone taxes in the past illegally, without your approval. They hiked your cell phone taxes in 2003, and land-line taxes in January 2007. The courts threw out the cell phone tax hike in July 2005, and are about to throw out the land-line tax hike, too. Now City Hall wants to trick you into approving a tax *hike* by calling it a tax *cut*.

If Prop S passes, you will pay more taxes, not less, for all forms of telecommunications: cell phones, land lines, DSL, text-messaging, instant-messaging, wireless services, T-1 lines, internet phones (VoIP), PCS, *etc.* (Read the key language yourself on the other side of this flyer.) Voting "no" is the only way to guarantee your taxes will go down, not up.

2. Prop S Is Unfair: You Would Pay More Tax Than Telemarketers

Prop S would impose a 9% tax on you, but only 5% on telemarketers, and would exempt the *L.A. Times* from any tax on cell, internet and wireless.

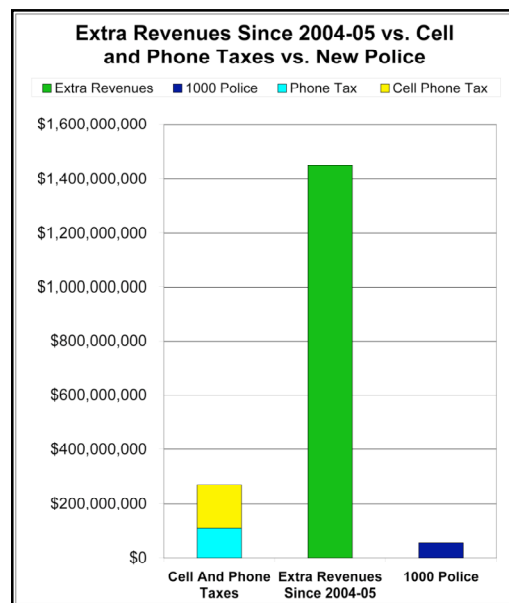
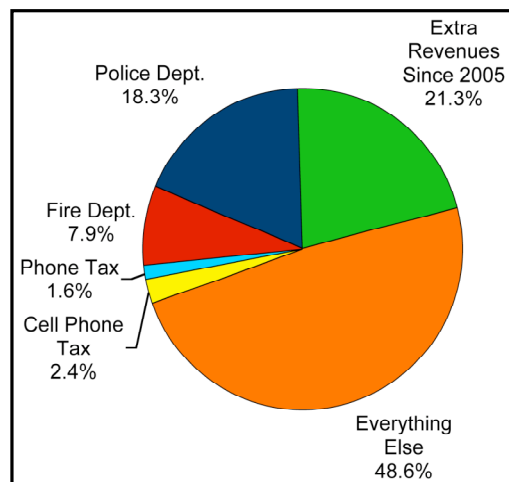
3. Prop S Is For Special Interests, Not Police Or Fire Fighters

Prop S does not require City Hall to increase -- *or even maintain* -- spending on police and fire fighters. Instead, Villaraigosa and the City Council could keep spending your money rewarding the special interests who finance their campaigns. Guess who contributed over \$1 million for the "Yes on S" campaign? The main contributors are downtown developers, who have received at least \$290 million in subsidies and tax breaks for their L.A. Live project so far, and city unions, who, in December 2007, got a new, five-year contract with a \$255 million raise -- 25% for employees with five years on the job.

4. Prop S Is Unnecessary: Tax Revenues Are At An All-Time High

The City's annual tax revenues climbed 27% from 2004-05 to 2006-07, to an all-time high of \$6.7 billion per year. Even if we repealed all phone taxes (\$270 million per year), and hired 1000 new police (\$55 million per year), revenues would still be 21% higher. City Hall can afford 1000 new police -- or 10,000 -- right now. Where does all the money go? City Hall squanders your money on wasteful programs (*e.g.*, sphincter-control classes for civil servants), "pork" for special interests, and plain old mismanagement (*e.g.*, over \$1 million embezzled from the housing agency). The City Controller recently stated, "we shouldn't think of asking taxpayers for more money until we get our house in order."

Bottom Line: We don't need a new tax. We need a new mayor. Taxes in L.A. are too high as it is. Raising taxes on the eve of a recession is a terrible idea. Tell your friends to vote no Prop S now, and help elect me Mayor in March 2009.



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Prop S Would Tax Internet And Wireless Services

Set forth below is the actual text of provisions Prop S would add to the Municipal Code. As you can see for yourself, Prop S specifically applies to internet and wireless services, including but not limited to your DSL (*i.e.*, "digital subscriber line"), text messaging, instant messaging, and VoIP. The text also shows Prop S would tax you at 9%, but telemarketers at just 5%.

SEC. 21.1.1. DEFINITIONS.

The following words and phrases whenever used in this article shall be construed as defined in this section:

* * *

(b) **"Communications Services" shall mean the transmission**, conveyance, or routing **of** voice, audio, video communications, **data** or any other communications information or signals to a point, or between or among points, **whatever the technology used**, and whether or not that information is transmitted through interconnected service with the public switched network, or through fiber optic, coaxial cable, power line transmission, **broadband, digital subscriber line or other wireless transmission**.

The term **"Communications Services" includes** transmission, conveyance, or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether those services are referred to as **voice over internet protocol (VoIP)** services or are classified by the Federal Communications Commission as enhanced or value added, and includes video and/or data services that are functionally integrated with "Communications Services."

"Communications Services" include, but are not limited to the following services, regardless of the manner or basis on which those services are calculated or billed: central office and custom calling features (including but not limited to call waiting, call forwarding, caller identification and three-way calling); local number portability; **text messaging; instant messaging**; Ancillary Telecommunications Services; prepaid and post-paid telecommunications services (including but not limited to **prepaid calling cards**); **mobile telecommunications services; Private Communications Services**; paging services; and 800 services (or any other toll-free numbers designated by the Federal Communications Commission).

"Communications Services" does not include either digital downloads, such as downloads of books, **music**, ringtones, games and similar digital products, **or** that portion of **cable or video television services subject to a cable or video television franchise fee**.

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SEC. 21.1.3. COMMUNICATIONS USERS TAX.

(a) **There is hereby imposed a tax upon every Person with a billing or service address in the City of Los Angeles who uses Communications Services**, including services for intrastate, interstate or international Communications Services, to the extent permitted by state and federal law.

The tax imposed by this section shall be at the rate of nine percent of the charges made for those Communications Services and shall be paid by the Person paying for those services. **However**, as to the charges made for services to any independent **telemarketing agency**, as defined in Section 21.47(b) of this Code, incurred solely in performing the functions of an independent telemarketing agency, **the tax** imposed by this section **shall be at the rate of five percent** of the charges made for those services.

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