



July 1, 2009

The Honorable Arnold Schwarzenegger
State Capitol Building
Sacramento, CA 95814

Re: A Flat Tax for California

Dear Governor Schwarzenegger:

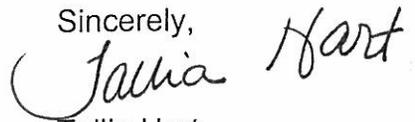
The Irvine Chamber of Commerce, representing nearly 1000 businesses with 60,000 employees, supports serious consideration of a flat state income tax to supplement or replace the existing income-tax system.

To this end, we applaud the Governor for recently raising the possibility of a flat tax, and the Legislature for considering Senate Bill 328 (Dutton & Harman). While these proposals are in the conceptual stage and need to be fleshed out, they are a major step in the right direction.

Our current tax system is an ad hoc jumble of hundreds of pages of deductions, rates, credits, exceptions, special-interest provisions, and other opacities and complexities accumulated over decades and understandable only to experts. The paperwork, recordkeeping and reporting requirements alone place an extreme, and unnecessary, burden in time and expense on both individuals and businesses. The tax code's Byzantine nature invites manipulation. A flat tax, in contrast, can be simple, transparent and fair. A flat tax can be designed to be much easier and much less costly to administer and enforce than our current system. A flat tax, perhaps most important, can end the current system's built-in bias against investment and savings. As a result, a flat tax can be a boon to economic growth.

For these reasons, more and more states, both high and low tax states as well as numerous foreign countries, are adopting a flat tax. If California which, after all, is where the modern idea of a flat tax originated is to be competitive in the global marketplace, we cannot continue under the growth-inhibiting, economically stifling tax system that we now have.

Accordingly, the Irvine Chamber strongly encourages our Governor and Legislature to press forward in preparing a detailed flat tax proposal as soon as practicable.

Sincerely,

Tallia Hart
President /CEO

TH:wk/jw

- Cc: The Honorable Robert Dutton, California State Senate
The Honorable Tom Harman, California State Senate
The Honorable Mimi Walters, California State Senate
The Honorable Darrell Steinberg, Senate President Pro Tempore
The Honorable Dennis Hollingsworth, Senate Minority Leader
The Honorable Karen Bass, Assembly Speaker
The Honorable Sam Blakeslee, Assembly Minority Leader
The Honorable Chuck DeVore, California State Assembly
The Honorable John Chiang, State Controller and Chair, Franchise Tax Board
Mark Ibele, Ph.D., Director, Commission on the 21st Century Economy
Cathy Mesch, Associate, Public Affairs Grassroots Coordinator, California Chamber of Commerce