September 11, 2009

Commission on 21st Century Economy
Office of the Governor
Sacramento, State of California

Respectable Commissioners:

My name is Hugo W. Mérida, and I’m the president of the Los Angeles Metropolitan Hispanic Chambers of Commerce. Our chamber represents the Latino business community in the great metropolitan area of Los Angeles. 80% of our membership is comprised of small and medium Hispanic-owned businesses.

On Sept 10th, 2009 we attended the meeting of Commission on 21st Century Economy held at the UCLA Campus. We waited all morning for the opportunity to publicly comment on the Fuel Excise Tax proposal, and unfortunately we are unable to express our concerns due to the lack of set time made available for public comments.

We are extremely worried that you are looking at new taxes as a means of solving California’s “boom and bust” revenue cycles. Our members have been on the “bust” end of the economy for a long time and new taxes will only make it worse.

We’ve looked at Commissioner Keeley’s proposal to double the excise tax on gasoline and diesel fuel. High prices are among the biggest problems small businesses have to contend with. They drive up the cost of most goods and services we use, and make it harder to stay competitive.

An analysis of Mr. Keeley’s fuel tax increase projects a loss of as much as $350 billion in economic activity and almost 300,000 jobs. It’s a good bet a lot of those losses will occur among our membership since many of those businesses are operating on razor-thin margins to begin with.

We’re worried about the impact of the fuel tax and other proposals on the very viability of Hispanic-owned businesses, and on jobs in our community. If businesses suffer, jobs suffer. Increases in taxes mean increases in that suffering.

Unemployment among California Latinos is up 127% over the last two years. We find it hard to believe that this Commission would intentionally recommend tax increases that would drive that number even higher.
Bottom-line is that for small businesses in California this proposal is bad news for their survival.

Look to answers other than tax increases to solve California’s economic problems.

Thank You.

Respectfully,

Hugo W. Mérida.
President