



# Memorandum

**TO: RULES & OPEN GOVERNMENT  
COMMITTEE**

**FROM: Councilmember Sam  
Liccardo**

**SUBJECT: CITY POSITION ON  
PROPOSITION 39**

**DATE: September 27, 2012**

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**APPROVED**

9-27-12

**RECOMMENDATION**

Agendize for the October 16, 2012 city council meeting a city position to support Proposition 39, with direction to staff to prepare a report advising Council of their recommendation.

**DISCUSSION**

In 2009 a budget deal was struck in Sacramento which allows out-of-state corporations to pay lower taxes in California, putting California businesses at a disadvantage and costing our state a billion dollars a year. It allowed multistate businesses an option to choose a tax liability formula that provides favorable tax treatment for businesses with property and payroll outside California. Proposition 39, according to the Legislative Analyst's Office, would remedy this loop-hole and result in an additional \$1 billion annually for California schools and clean energy development.

Of the \$1 billion generated by this measure in each of the next five years, about half would be dedicated to "energy efficiency and alternative energy projects" via the Clean Energy Job Creation Fund. Local governments like San Jose would be eligible for financial and technical assistance on construction projects, workforce development, and public-private partnerships. The remaining \$500 million would be spent on public schools and community colleges.

This measure would place San Jose based companies like Adobe, Ebay, and SunPower on a level playing field with their out-of-state counterparts. Out-of-state companies would no longer be rewarded for locating facilities and jobs outside of California. They would pay the same tax rate as those companies based in San Jose. Instead of encouraging companies to leave the state, companies will be rewarded for creating and retaining jobs in California—a proposition which would clearly benefit San Jose.