



ABOLISH GASOLINE SALES TAX

11436 OLD RIVER SCHOOL ROAD, DOWNEY, CALIFORNIA 90241

(213) 928-2541

replied?

March 14, 1980

Honorable Dominic Cortese
Santa Clara County
Board of Supervisors
70 West Hedding Street
San Jose, Calif. 95110

Dear Dom:

Please find enclosed copies of our Abolish Gasoline
Sales Tax petitions and other related information.

We would be grateful for your support and endorse-
ment for this cause.

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Very Truly Yours,

Paul R. Hay
Co-Chairman
Abolish Gasoline Sales Tax Committee

PRH:pw

MAR 18 1980



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FACT SHEET

Why Abolish Gasoline Sales Tax?

Regressive Tax. Because sales tax is based on a percentage, it is regressive and hurts most of those who can least afford to pay it. It is unrelated in any way to the ability to pay.

Inflationary Tax. Because of OPEC price increases, gasoline sales tax has increased at a rate 3 times that of the national inflation rate. 1979 inflation was 13.3%. Gasoline sales tax increased nearly 40%.

Tax on Tax. Because federal (4¢) and state (7¢) excise taxes are added to the cost before sales tax is collected, consumers are paying tax on tax.

Undisclosed Tax. While sales tax on all other taxable products is shown separately from the product cost, California law requires gasoline sales tax to be buried in the retail price. Many motorists have been unaware they are paying sales tax on gasoline.

Essential Commodity Tax. Gasoline is an essential commodity just as is food. Sales tax is not charged on other essential commodities, so why is it charged on gasoline?

Windfall Tax. In 1972 the approximate tax on gasoline was 2¢ per gallon. In January of 1980, that tax amounted to an average of 7.5¢ per gallon. By November of this year, the gasoline sales tax is expected to be 10-12¢ per gallon.

General Purpose Tax. Unlike the 7¢ per gallon state excise tax, sales tax on gasoline goes primarily into state, county and city general funds for general purposes. Very little is used for transportation or rapid transit.

Non-Competitive Tax. There are only 8 states we know of that have a gasoline sales tax. California has the highest rate. When compared to retail gasoline prices in the other western states, California gasoline prices are substantially higher.

What Would Elimination of Gasoline Sales Tax Do?

- Reduce inflation
- Eliminate a tax on tax
- Reduce taxes and gasoline prices
- Reduce Government interference in our lives and businesses
- Put government on notice we will not be misled by their "temporary taxes."
- Help gasoline retailers reclaim their white hats by forming a mutually beneficial coalition between dealers and their customers.

IMMEDIATE RELEASE

Contact: Keith Curry (213) 928-2541 or
Gary Ellis (213) 435-4873

Despite record rains and unfavorable motoring conditions, about 30,000 California drivers already have signed petitions to support the Abolish Gasoline Sales Tax initiative within the first three weeks of the campaign.

Spearheaded by a Downey gasoline station owner, Bill Pasley, and supported by California service station owners, the Association of California Car Clubs and trucking groups, the initiative would abolish the Six Percent Sales Tax added by the State of California to all gasoline and diesel fuel sales. With gasoline prices predicted to reach \$2 by this summer, according to petroleum expert Dan Lundberg, a motorist would save about 12 cents per gallon by abolishing the current Sales Tax. The Gasoline Sales Tax already is a double tax burden carried by California motorists. Eleven cents of tax (seven cents per gallon to the state) already is included with each gallon of fuel purchased.

The Assembly recently defeated legislation which would have eliminated a major portion of the Gasoline Sales Tax. Because of this action the Gasoline Sales Tax continues to be added to the general fund surplus.

The Abolish Gasoline Sales Tax initiative would eliminate the Six Percent Sales Tax thereby ending the Tax Upon A Tax which Californians currently must endure--the State Excise Tax and the Six Percent Sales Tax. This measure also would halt among the fastest growing taxes in the state--currently appreciating at a 40 percent inflation figure. The state estimates a 120 percent increase next year. As OPEC continues to increase charges, the sales tax also escalates. This measure also would aid independent gasoline station owners in becoming more competitive with neighboring states. California is among only eight states subjected to a gasoline sales tax.