



For Immediate Release

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**ACEC California Applauds Governor's Calls for Key State Reforms but Sees New Taxes and Tax Swaps as Damaging to State's Economy and Infrastructure**

SACRAMENTO, CALIF. – ACEC California applauds Governor Arnold Schwarzenegger's call for reforms in the state's public pensions system, performance-based budgeting for state agencies and streamlining of California's environmental permitting process. ACEC California is also pleased that the Governor's proposed 2010-11 state budget does not include new taxes.

However, the trade association, on behalf of its more than 1,000 member firms throughout the state, is disappointed that the Administration's proposed budget includes a complex tax swap that will have the net effect of eliminating hundreds of millions of dollars in funding for much-needed transportation improvements.

ACEC California is also disappointed that the Governor, in his State of the State speech, has called for enactment of a Business Net Receipts Tax (BNRT). The BNRT would be a new tax on services that would really be paid by consumers and would discourage business expansion.

"The state is in a tough fiscal position and we applaud Governor Schwarzenegger and his Administration for recognizing that much of

the financial problems faced by the state today are due to an out-of-control public employee pension system, a lack of performance accountability within state agencies and a damaged economy that would benefit greatly by speeding up environmental permitting while still protecting the environment,” said Paul Meyer, executive director of ACEC-California. “Reform in those areas is critical if California is to emerge from this financial crisis stronger and more able to compete for business with the rest of the country and world,” he added.

Unfortunately, Meyer said, the budget also proposes eliminating the sales tax on fuel and replacing it with a 10.8 percent increase in the gas tax. That switch has complex ramifications, which will greatly reduce funding for state transportation infrastructure. “Our transportation infrastructure has been woefully underfunded for decades and limiting funding now will only result in more job losses, further rapid deterioration of our roads and transit systems and increased stress for commuters,” he said.

Meyer said that what is needed is more funding for transportation, not less. “The Governor is on the right track in proposing to streamline the very complex environmental permitting process in California and we applaud that. He can help the state’s businesses to create jobs – especially more “green” jobs – and make everyday life less onerous for commuters, by restoring funding to the state’s vital transportation sector.”

Also, said Meyer, enactment of the BNRT would hamstring many businesses in the state, including ACEC members firms providing engineering and land surveying services. “These are generally small

firms, and these days they are struggling just to stay in business. Our average sized firm has only 20 employees. This new tax on services would increase the cost of their projects, discourage investment, and lead to a loss in business and reduced revenues. It could not come at a worse time," Meyer pointed out. "That, in turn, would mean less revenue for the state, not more."

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#### About ACEC California

ACEC California is a statewide association representing more than 1,000 private consulting engineering and land-surveying firms that average 20 employees each. ACEC California is dedicated to enhancing the consulting engineering and land surveying professions, protecting the general public and promoting the use of the private sector in the growth and development of our state. Our members provide services for all phases of planning, designing and constructing projects. For more information, visit [www.acec-ca.org](http://www.acec-ca.org).