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RESIDENTS THINK STATE'S BUDGET SITUATION IS SERIOUS, LEAN TOWARDS RAISING TAXES, BAY AREA COUNCIL POLL SHOWS

BAY AREA, April 12, 2008 — According to new poll results, Bay Area residents think the state's budget situation is serious and the plurality believe that taxes will have to be raised, but are only willing to pay for certain programs. Ninety-two percent of respondents believe California's budget deficit is serious and 64 percent consider it very serious, according to the 2008 *Bay Area Council Poll* of 601 residents released today. Residents were more divided when asked if they thought the state's budget could be balanced without raising taxes. Forty-four percent thought the budget situation could be resolved without a tax increase, while a slightly more (48 percent) felt taxes would have to increased.

"The Bay Area Council intends to support the Governor's long term budget reform proposals so we can avoid this kind of crisis in the future," said Jim Wunderman, president and CEO of the Bay Area Council. "In the meantime, both residents and the business community face tough decisions about either supporting tax increases or cuts to important state services. There is no easy way out."

Residents strongly favor a rainy day fund, as proposed by Governor Schwarzenegger, according to the survey. Seventy-six percent of those surveyed would support a proposal that calls for the transfer of surplus tax revenues generated during prosperous years into a saving account, which could be used in less prosperous years when the state faces a budget deficit, while only 18 percent opposed such a measure.

When asked about specific programs that could benefit from increased taxes, Bay Area residents were the most generous towards education. Sixty-eight percent supported increased taxes to support public schools, while 29 percent were against it. Also receiving favor from residents was healthcare with 58 percent of respondents supporting increased taxes, while 37 percent did not. Surprisingly, while residents consistently reference transportation as one of the top three problems in the region, only a slim majority of residents support increased spending for this cause. Forty-eight percent favored more funding for transportation while 47 percent did not. Prison funding was the least popular with only 19 percent of residents favoring increased spending while a large majority of 75 percent was against it.

Despite their belief that taxes will have to be raised to balance the state's budget, most residents feel that taxes paid by individuals and businesses are already too high. Fifty-seven percent feel that state and local taxes are too high on individuals while 33 percent they are about right. A smaller 31 percent think the taxes on businesses are too high, 24 percent they are about right and 22 percent think them too low. Alameda respondents really feel the pinch when it comes to both individual and business taxes. Sixty-eight percent of Alameda residents feel that taxes on individuals are too high while in San Francisco, only 46 percent feel that way.

Most residents would be more inclined to support a tax increase if it came with the stipulation of increased accountability. Fifty-two percent were more inclined to favor a tax increase if it was

accompanied by reforms that would require a strict accounting of where and how the new tax revenues would be spent, 10 percent were less inclined and 34 percent felt it would have no effect on their disposition.

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About the Bay Area Poll

A total of 601 residents of the nine-county Bay Area were surveyed in English and Spanish by Field Research Corporation during the period of March 4-14, 2008. Survey respondents were selected using a random probability sampling technique that gives all residents with telephones (listed or not) an equal chance of being selected for the survey. The sample was stratified to obtain representative samples in each of six Bay Area regions: Alameda County, Contra Costa County, San Francisco County, San Mateo County, Santa Clara County and the North Bay counties of Marin, Napa, Solano and Sonoma. After the completion of interviewing, the sample was weighted to conform to actual population estimates of the nine-county Bay Area. Findings are subject to a sampling error of plus or minus 4 percentage points at the 95 percent confidence level.

About the Bay Area Council

Founded in 1945, the Bay Area Council (www.bayareacouncil.org) develops and drives regional public policy initiatives and researches critical infrastructure issues. Led by CEOs, the Bay Area Council presents a strong, united voice for hundreds of major employers throughout the Bay Area region whom employ more than 501,000 workers, or 1 of every six private sector employees in the Bay Area..