



August 11, 2020

The Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

Dear Governor Newsom,

Our organization represents all aspects of the retail industry, from large national brands to small independent retailers across California. Our industry has been hit hard by COVID-19 and the unprecedented downturn in the economy with the impacts most pronounced on small and independent retailers.

The situation is dire now, but a threat looms in November, which could make things much worse for both retailers and an economic recovery. **We are writing to you today to urge you to stand with our members and oppose Proposition 15.**

Prop 15 will enact an \$11.5-billion property tax increase—the largest in state history—while millions of Californians remain unemployed. For retailers, this means either higher property taxes or soaring rents when the state should be doing everything it can to help businesses get back on their feet. Prior to the COVID – 19 pandemic, one in four California workers are employed in retail. If we are to see a robust economic recovery, these millions of jobs hang in the balance and a tax increase of this magnitude will only hamper that and lead to more retailers to permanently close their doors.

Many of our members are small and independent retailers that make up the heart of Main Street economies. These businesses provide economic opportunities for women and minorities to take charge of their future, but now that future looks uncertain.

Retailers have shut down or severely curtailed their operations in compliance with your COVID-19 orders. Some closed their doors multiple times, doing what you asked of them. Now many are facing bankruptcy and are letting staff go. Other retailers have maxed out all available credit options, have asked family for loans and have done everything they can to keep their doors open, if passed Prop 15 will hit them at the worst time possible.

Despite false assurances from its proponents, Prop 15 fails to protect small businesses and California's independent retailers because most store owners rent the property they operate and utilize pass-through leases, which make them responsible for property taxes. Higher rents will negatively impact minority and female-owned independent retailers in particular. We

should be doing everything in our power to save these businesses—not adding another massive expense and making economic recovery even more difficult.

There is no doubt Prop 15 will result in more bankruptcies and job losses—worsening an already bad economic situation. And Prop 15's higher taxes imposed on businesses will also mean higher costs for consumers. California's cost of living is already high. Consumers cannot afford to pay for an \$11.5-billion tax hike with higher costs for milk, eggs, clothes, and everyday necessities.

California retailers have complied with your orders to keep our customers and employees safe and our doors open, but now we need your help to meet this moment and stop Prop 15.

Please give small and independent retailers a chance at a future in California. It's bad for retailers, bad for our employees and, ultimately, bad for California customers. This is not the time to put the extra burden on our small business owners and, more importantly, on consumers and taxpayers in California.

Please stand with us in opposition to Prop 15.

Respectfully,



President/CEO
California Retailers Association

