

Gavin Newsom says budget challenge goes beyond city hall

Gavin Newsom

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During budget season, politicians and activists work overtime to save important and popular programs. This year the challenge is not just with our city budget. It is with the budgets of virtually every small business and most San Francisco families. Our challenge is not just to save programs, but to save San Franciscans from losing their homes, losing their jobs and losing their small businesses. If we conduct business as usual, then we will not be able to act swiftly or boldly enough to confront the difficult challenges ahead.

That's why I oppose a special election that will cost \$3.5 million and will raise city taxes by tens of millions - without first making necessary reforms.

We need more revenue. Merely raising taxes does not necessarily raise more revenue. Consider the hurried proposal from the Board of Supervisors to raise the sales tax: If San Francisco raises the sales tax and South San Francisco does not, then we face the serious risk of large employers and tax generators, like auto dealers and major retailers, moving a few miles south. That would leave us charging residents more and collecting less revenue because our own policy had reduced economic vitality.

We need less spending. Many city employees are still accepting \$90 million in pay increases. President Obama has called on us all to accept a little less. We should heed that call, rather than push forward with a tax plan that asks many San Franciscans who have lost their jobs to pay more so city employees don't have to defer a raise.

Let's focus on protecting all San Franciscans in these tough economic times. That's why I am proposing:

- Using \$23 million in existing federal funds to create a revolving loan fund to ease the credit crisis so locally owned businesses can put people back to work.
- Using economic stimulus funds to make loans up to \$50,000 to small businesses.
- A two-year payroll tax exemption on new jobs.
- Eliminating the property tax for the next two years on new business equipment purchased in San Francisco.
- Raising the Working Families Credit, so families will have an incentive to file for the Federal Earned Income Tax Credit and receive even more tax relief.

But we also need to accelerate capital spending. I am pushing forward bond funds, such as the \$887 million General Hospital rebuild, as fast as possible. I am also preparing a jobs bond for the November

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ballot that would put San Franciscans to work repairing our aging infrastructure.

We need to spend more effectively. We have already consolidated several city departments this year. And we just launched a major effort to renegotiate city contracts to find lower costs from our vendors. Running a parking garage is not the core mission of our city, so I am exploring leasing our publicly owned garages, a move will bring in tens of millions in revenue.

The problems we face demand that we stop acting as if our only goal is to address the problems at City Hall without considering the very real problems facing the people of our city.

Gavin Newsom is the mayor of San Francisco.

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