



March 11, 2005

The Honorable Sid Leiken, Mayor  
The Honorable Christine Lundberg, Tammy Fitch, Anne Ballew, Dave Ralston, and John Woodrow, City Council Members  
City of Springfield  
225 Fifth Street  
Springfield, OR 97477

Dear Mayor Leiken and Members of the City Council:

On behalf of the 7,500 members of the National Taxpayers Union in Oregon and our members in Springfield, I urge the City Council to reject a proposed five percent local "utility tax," which will especially impact telecommunications services. At the very least, however, the City Council should suspend implementation of the proposal pending a public referendum. This is little more than a stealth sales tax, something that Oregonians have rejected statewide.

Springfield residents already pay plenty in taxes of all kinds. In 2004 Oregonians typically had to work until April 6 just to pay all of their federal, state, and local tax burdens. Although this "Tax Freedom Day" came five days earlier than the national average, "nuisance taxes" like Springfield's proposal will take their toll and soon erase this small margin.

Wireless phones and Internet connections are now common tools of everyday life, and taxing them even more heavily (as this proposal would do) will only make it harder for consumers and businesses to stay in Springfield. This will in turn make Springfield less economically attractive compared to neighboring cities. Statewide, Oregon's unemployment rate has recently been falling, but still remains above the national average.

Some supporters of this tax argue that competitiveness would be less of an issue if communities across the state simply follow Springfield's lead and adopt similar schemes. Putting aside the fact that this would do nothing to help Oregon's position with other states, forcing Oregonians to pay higher local taxes regardless of where they live would take overall tax burdens in precisely the opposite direction that they should now be headed. For this reason, our members throughout Oregon are hoping you will not allow Springfield to become a catalyst for spreading such dangerous policies. States and cities should be competing to lower, not raise, taxes.

We believe the City Council should reject this tax outright, based on the economic and political arguments we have outlined. Nonetheless, if the Council cannot agree upon this course of action, the next best option is to allow the citizens who will be forced to bear this new burden an opportunity to debate and vote on the tax through the electoral process. Springfield voters deserve the chance to decide directly on such an important matter.

Sincerely,

Pete Sepp  
Vice President for Communications