

# News Release



*Controller of the State of California - Kathleen Connell*

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FOR IMMEDIATE RELEASE

## **STATE CONTROLLER CONNELL SAYS SALES TAX CUT COULD BE LARGER**

SACRAMENTO, CALIF. (October 25, 2000)---California's chief financial officer, State Controller Kathleen Connell says the ¼-cent sales tax reduction is a nice first step.

"This is an automatic and symbolic tax cut based on requirements of the state law, nothing more," notes State Controller Connell. "With California's economy continuing to grow, we are in a position to make even deeper and more meaningful tax cuts," she adds.

The reduction goes into effect January 1, 2001 for one year. Whether it stays in effect depends upon the strength of the state economy in the future.

The amount each individual taxpayer will save next year depends upon their spending habits. . The Controller's economists, however, estimate the average Californian will save \$31 next year. An average family of four would pocket an estimated \$120.

"Hopefully, this tax cut will encourage additional spending, especially for high ticket items such as automobiles," State Controller Connell notes. A consumer purchasing a \$25,000 automobile next year will save approximately \$62.00. "This is not enough," State Controller Connell argues. "I have said for a couple of years now that the state is in a financial position to make much deeper tax cuts. I will continue to call for larger tax cuts for California consumers."

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