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# Chico chamber misses revenue discussion, but pleased with focus on streets

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CHICO — While the Chico City Council decided Tuesday not to discuss a tax increase proposal, the councilman who brought the issue forward said he'll try again.

Nevertheless, the Chico Chamber is encouraged that one part of its proposal — more funding for streets — will be discussed.

Earlier this month, Councilor Karl Ory asked the council to schedule a discussion about the chamber's recommendation for the city to "seriously consider" a ballot measure to boost funding for policing and roads. The council Tuesday decided not to hear the proposal on a 4-3 vote. However, in another motion, a unanimous vote will start a discussion about street maintenance funding.

In Chico Chamber CEO Katie Simmons' eyes, that's a win.

In a memo to the council Wednesday morning and shared with the Enterprise-Record, Simmons wrote, "Last night's decision is precisely the kind of council action we were seeking with our Call for Action and this week's memo: Movement on priority topics. We agree that a larger conversation is necessary, however your decision to focus on roads at this stage allows our task force to continue working alongside the city researching long-term financial solutions for sustaining and improving services in other critically important areas."

## Chamber suggestion

In January, the chamber had floated the idea of a tax to increase funding for police, fire and roads. A chamber task force suggested the idea after exploring the city's gloomy five-year budget forecast, with a \$4 million to \$8 million gap projected in revenue.

Suggesting the community be further taxed isn't a common move for a business organization.

Simmons said the chamber wasn't going to recommend a specific tax measure for the ballot, but just wanted to get a funding discussion going. However, there have been several mentions of a sales tax increase.

On Monday, in a letter to the council, Simmons said the chamber thought the timing on a tax measure wasn't right.

## Ory's position

On Tuesday's council meeting, Ory said, "It's very preliminary discussion. We can talk about all our needs."

Ory said he also wanted input from council members whose terms were ending. Councilor Mark Sorensen, a heavy hitter in earlier budget repair strategies, is among those not seeking re-election.

Councilors Randall Stone and Ann Schwab supported having the discussion, with Schwab saying she wanted to see the conversation include needs at the fire and parks departments as well. Stone said he wasn't a fan of tax measures, but wanted the discussion.

The motion to agendaize was rejected by councilors Sean Morgan, Reanette Fillmer, Andrew Coolidge and Sorensen. After the motion failed, the council approved a motion by Sorensen to talk about street maintenance funding at the Finance Committee.

Ory told fellow councilors Tuesday that he planned to bring back an item based on the chamber's recommendation and regarding long-term debt. He later emailed this publication to say he wasn't sure on the timing.

Sorensen said he wouldn't support a sales tax because there was no control on where the revenue is spent since it goes in the general fund. That also was why the chamber didn't recommend it, Simmons said.

Originally, the chamber looked at revenue for the Fire Department and unfunded pension liability as other areas to review, but changed direction. With a new fire chief, the chamber said the new leadership would be investigating options, and felt pensions gaps were not an area that should be supported by new tax dollars, Simmons said.

## Council nos

Regarding his no vote to agendize the matter, Mayor Sean Morgan said Wednesday that the city's revenue situation in light of CalPERS' constant changes is so uncertain that he didn't want new money that could possibly be jeopardized. Additionally the council would have to discuss where to use revenues from a measure, which could be a long, volatile discussion.

Morgan pointed to the California gas tax increase, the downtown Chico Property-Based Improvement District tax approved by downtown property owners, the potential for a Downtown Chico Business Association assessment increase, and a potential tax item from the Chico Area Recreation and Park District.

Looking at all those, Morgan said, "You couldn't get a tax passed" in the community.

In addition to that, it's an City Council election year, Morgan noted.

On Wednesday, Sorensen said he didn't support sales taxes because they are regressive, "hitting low-income households the hardest because a greater share of household income goes to purchase taxable items."

Additionally, he said a sales tax measure could push Chico shoppers into other markets, such as Oroville.

Sorensen also said he feared the new tax revenue would be dedicated to police but supplant the currently dedicated revenue, which could be diverted elsewhere.

"There is no guarantee that the money will go to where it is promised. This is the biggest issue in my mind," said Sorensen, recalling past city management and spending issues.

Even with the glum outlook, the current city budget picture can't reflect the worst-case scenario: Further revenue declines because of consumer online purchasing, which isn't taxed, or even the prospect of another economic downturn suggested by some economists.

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