



August 18, 2020

Mark Zuckerberg
1 Hacker Way
Menlo Park, CA 94025

Re: Your Efforts to Raise Taxes on Minority-Owned Businesses by Spending Millions to Support Proposition 15

Dear Mr. Zuckerberg:

As leaders of California's social justice communities and with a deep understanding of the challenges facing the populations that now constitute a majority of the state's population, we are disappointed to see you committing millions of dollars of your vast wealth to help pass a measure to substantially raise taxes on small, minority-owned small businesses throughout California. Unlike Facebook, restaurants, dry cleaners, nail salons and other small businesses can't operate right now and many may never open again. The last thing they need is a billionaire pushing higher taxes on them under the false flag of social justice.

Your most recent media statement highlighting yet another contribution to the Yes on Prop 15 campaign indicates:

"Proposition 15 is the only statewide measure on the November ballot designed to generate and stabilize funding for vulnerable communities...and would put funding directly into the hands of cities and counties across California who are on the frontlines of the pandemic response."

Sadly, you have repeated, almost verbatim, talking points from the Yes on Prop 15 campaign that distort and mislead about the true impact of the initiative on communities of color. Since you have not asked to meet with us prior to pouring millions into the Yes on 15 campaign, we will take this opportunity now to inform you about why a diverse coalition has come together to defeat this measure.

Prop 15 won't solve the immediate crisis and will make the long-term crisis worse for many rural counties. First, Prop 15 will not be fully implemented until 2025, according to the nonpartisan Legislative Analyst's Office (LAO). The measure does not provide immediate relief for government budgets affected by COVID-19. Additionally, the LAO clearly stated, "Not all governments would be guaranteed new money. Some in rural areas may end up losing money..." (emphasis added). To state or imply that communities hurting from COVID-19 now will benefit now if Prop 15 passes in November is not only misleading, but it's also just plain wrong. If you would like to assist our communities now, we would gladly make some recommendations where your vast wealth could have an immediate impact.

Prop 15 will disproportionately hurt vulnerable communities. Second, Prop 15 would have a significant and negative impact on the very "vulnerable communities" that the Chan Zuckerberg Initiative claims it wants to protect. Minority small businesses are already struggling. They were prior to the COVID-19 pandemic and even more so since it shut down California's economy.

Data analyzed by the [Stanford Institute for Economic Policy Research](#) found a 41 percent drop nationwide in the number of Black business owners between February and April 2020. Latino-owned businesses sunk by 32 percent and Asian-owned businesses decreased by 26 percent. Despite these staggering numbers, Prop 15 will raise rents on the surviving businesses during an unprecedented economic crisis.

Unlike Facebook or the Chan Zuckerberg Initiative, most small businesses do not own their property; they rent their space through a triple-net lease agreement. The property tax increases, maintenance and insurance costs are passed on directly to these small business tenants as a condition of their lease. Nothing in Prop 15 prevents higher rents for small businesses.

Increasing property taxes on small businesses by up to \$11.5 billion a year will hurt female- and minority-owned businesses the most and, according to studies by the [California State Conference of the NAACP](#) and [Berkeley Research Group](#). One study even concludes 120,000 private-sector jobs will be lost – and that was before the pandemic. You're funding a campaign that is asking voters to approve a tax increase that will cost real people their jobs at a time when millions of Californians are unemployed.

Prop 15 will also increase gentrification in vulnerable communities. Lastly, Prop 15 will provide a huge financial incentive for local governments to approve business projects to replace existing housing so they can receive higher property tax revenue. Perhaps that's your rationale for supporting the initiative. Gentrification may seem like "progress" to you, but for our

communities throughout California, gentrification is real and a growing problem. Prop 15 will push small minority- and immigrant-owned businesses out of our communities when they can't afford Prop 15's higher property taxes. This unintended consequence will intensify the gentrification already occurring in much of the Bay Area and Southern California coastal counties.

Ultimately, Prop 15 will increase the cost of living for everyone and makes the homeless crisis even worse. We realize that you have not been negatively impacted economically by COVID-19 but millions of Californians, including a disproportionate number in our communities, have. So, for one of the world's wealthiest individuals to support the largest property tax increase in California history – a proposed tax increase that will be passed on by small businesses to consumers throughout the state in everything they buy – is deeply troubling.

We strongly encourage you to instead focus your energies and money on eliminating hate speech that permeates Facebook. Many of us reached out earlier this year to ask you to do more to stop the spread of lies and hate speech that spreads across Facebook and puts our families, communities and our businesses in danger. We never received a response and saw you took no action to support us.

While you have the right to spend your vast Facebook wealth as you see fit, using it to punish small businesses fighting for a fraction of the success you've had is just wrong. If you're ever interested in speaking with leaders of our respective communities, we would be more than happy to recommend better, more effective uses of your vast wealth to truly make a difference and have a real impact on vulnerable people. We are ready to meet and speak with you at any time.

Sincerely,



Alice Huffman
President
California State Conference of the NAACP



Pat Fong Kushida
President and CEO
California Asian Pacific Chamber of
Commerce



Edwin Lombard
President and CEO
California Black Chamber of Commerce



Joe Coto
Former Assembly Member and President
United Latinos Vote

Jonathan Mosley

Rev. Jonathan Mosley
President and Western Regional Director
National Action Network, Los Angeles and
the California State National Action
Network

Dr. Tecoy Porter

Dr. Tecoy Porter
President
California State National Action Network
and National Action Network, Sacramento

Full list of signers:

California Asian Pacific Chamber of Commerce
California Black Chamber of Commerce
California Hispanic Chambers of Commerce
California State Conference of the NAACP
California State National Action Network
United Latinos Vote
National Action Network, Sacramento
National Action Network, Los Angeles
Sacramento Asian Pacific Chamber of Commerce