

Date: January 2, 2008
Initiative No. 07-0082
Amdt. No. 1-NS

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

WEALTH TAX. CONSTITUTIONAL AMENDMENT AND STATUTE. Imposes one-time 45% tax on value of property exceeding \$40 million of a California resident or held in California by nonresident. Imposes one-time tax (between 26.5% - 44.3%) on property exceeding \$5 million when resident dies or leaves California. Imposes additional 17.5% tax on total incomes of taxpayers with income exceeding \$150,000 if single, \$250,000 if married, increasing to 35% if incomes exceed \$350,000 if single, \$500,000 if married. Creates tax credits. Requires State to acquire majority shares of specified corporations to influence environmental practices. May exempt new revenues from education funding requirements. Summary of estimate by

Legislative Analyst and Director of Finance of fiscal impact on state and local government:

One-time increase in state revenues potentially in the low hundreds of billions of dollars from imposition of a wealth tax, and ongoing increase in state revenues potentially in the billions of dollars from imposition of the tax on certain people dying or leaving the state. This revenue would be allocated to accomplish various goals related to environmental protection. Potential annual net increase in personal income tax revenues in the tens of billions of dollars annually from tax rate increases and new tax credits. The first \$7.5 billion annually would be allocated to the state General Fund with additional revenue allocated for environmental protection.

Unknown state and local revenue reductions – potentially in the tens of billions of dollars annually – due to changes in taxpayer behavior. (Initiative 07-0082.)