



# NEWS RELEASE

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CALIFORNIA SECRETARY OF STATE **BRUCE McPHERSON**

05:116

FOR IMMEDIATE RELEASE  
Friday, October 21, 2005

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## **Proposed Initiative Enters Circulation**

Wealth Tax. Tax Rates. Tax Credits. Initiative Constitutional Amendment and Statute.

Sacramento, CA --- Secretary of State Bruce McPherson announced today that the proponent of a new initiative may begin collecting petition signatures.

The Attorney General's official title and summary is as follows:

### **WEALTH TAX. TAX RATES. TAX CREDITS. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.**

Imposes one-time 45% tax on California residents and certain former California residents owning property worth more than \$40 million on January 1, 2007. Amends Constitution to exempt this tax from 1% limit on ad valorem real property taxes. Imposes additional 12% tax on income for high-income taxpayers. Reduces corporate income tax rate by approximately 54%. Eliminates alternative minimum tax and certain tax credits, including those for head of household and dependants. Creates/increases tax credits, including those for teacher pay, public college tuition, property taxes and health insurance.

Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: One-time increase in state revenues potentially up to \$200 billion from imposition of a wealth tax. A portion of this revenue would be required to be allocated to schools with the remainder used for other state spending or tax rebates. Annual increased state taxes – primarily from increased personal income taxes – in the low tens of billions of dollars annually, offset by a commensurate amount of state tax reductions from rate reductions and new tax credits.

The Secretary of State's tracking number for this measure is 1157 and the Attorney General's tracking number is SA2005RF0096

The proponent, Paul McCauley, must collect 598,105 signatures of registered voters, equal to eight percent of the total votes cast for governor in the 2002 gubernatorial election, in order to qualify the measure. The 150-day deadline to circulate petitions for this measure is March 13, 2006. The initiative proponent can be reached at 818-788-5919.

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