



DEBRA BOWEN

CALIFORNIA SECRETARY OF STATE

NEWS RELEASE

DB07:058

FOR IMMEDIATE RELEASE

September 6, 2007

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Personal Income Tax Initiative Enters Circulation

Personal Income Tax. State Sales and Use Tax. Corporate Taxes. Statute.

SACRAMENTO – Secretary of State Debra Bowen today announced that the proponent of a new initiative may begin collecting petition signatures for his measure.

The Attorney General prepares the legal title and summary that is required to appear on initiative petitions. When the official language is complete, the Attorney General forwards it to the proponent and to the Secretary of State. The Secretary of State then provides calendar deadlines to the proponent and to county elections officials, and the initiative may be circulated for signatures. The Attorney General's official title and summary for this measure is as follows:

PERSONAL INCOME TAX. STATE SALES AND USE TAX. CORPORATE TAXES. STATUTE. Abolishes state personal income tax. Increases state sales and use tax by 5.5 percent. Eliminates the requirement that residents file a state income tax return. Eliminates withholding authority of Franchise Tax Board. Eliminates prohibition on municipal income taxes. Exempts tangible personal property used in the manufacturing process from sales and use tax. Reduces corporation franchise tax by 1.84 percent, corporate alternative minimum tax by 1.13 percent, and taxes on S Corporations by 0.3 percent. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Net reduction in state General Fund revenues of over \$30 billion annually, primarily due to the elimination of the PIT and an approximate doubling of the state sales tax rate. Major behavior effects in response to the measure, resulting in unknown impacts on state revenues and expenditures. (Initiative 07-0031.)

The Secretary of State's tracking number for this measure is 1269 and the Attorney General's tracking number is 07-0031.

The proponent for this measure, Rex Halverson, must collect the signatures of 433,971 registered voters – the number equal to 5% of the total votes cast for governor in the 2006 gubernatorial election – in order to qualify the measure for the ballot. The proponent has 150 days to circulate petitions for this measure, meaning the signatures must be collected by February 4, 2008.

The initiative proponent can be reached at (916) 444-0015.

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