Date: March 30, 2007
Initiative No. 07-0001

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

WEALTH TAX. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

Imposes one-time 45% tax on value of property exceeding $40 million held anywhere by California resident or held in California by non-resident. Imposes one-time tax (between 26.5% and 44.3%) on property exceeding $5 million when resident dies or leaves California. Imposes additional 17.5% tax on income exceeding $150,000 single/$250,000 married, increasing to 35% when income exceeds $1 million single/$2 million married. Creates new tax credits. Requires State to acquire majority shares of certain named corporations to influence environmental practices. Exempts new revenues from determination of education funding requirements. 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 in the low hundreds of billions of dollars from imposition of a wealth tax, and ongoing increase in state revenues potentially in the low tens of billions from imposition of the tax on certain people leaving the state. This revenue would be allocated to accomplish various goals related to environmental protection. Potential annual net increase in PIT revenues in the tens of billions of dollars annually. The first $7.5 billion annually would be allocated to the state General Fund with additional revenue allocated for environmental protection. Unknown but potentially major state and local revenue reductions due to changes in taxpayer behavior. (07-0001.)