



California May 19 Special Election: ATR's Analysis

Prop	Description	ATR Position
1A	<p>This is the most important measure on the May 19 ballot and is the lynchpin of February's budget agreement.</p> <p>Prop 1A is nothing more than a massive tax increase masked as a phony spending limit.</p> <p>The budget deal reached in February raised the state sales tax (already highest in nation), income tax (already highest in nation), and car tax for two years.</p> <p>If Prop 1A passes, CA residents will see those tax hikes continue for yet another two years, at an added cost to the Golden State economy of \$16 billion, or \$1,100 per household.</p>	Opposed
1B	<p>This measure is an attempt to modify some of the terms of California Proposition 98 (1998) in order to free up money to address the state's overspending problem. Prop 1B would reinstate cuts made in the last round of budget negotiations. Those cuts were made to stave of further tax increases. If these funds are reinstated, taxpayers will yet again be on the hook. Approval of Prop 1B is contingent upon passage of Prop 1A.</p>	Opposed
1C	<p>Allows the state to borrow \$5 billion against future lottery sales, enabling the state to continue unsustainable spending and avoid needed reforms. The result will be nothing more than an issuance of IOU's that taxpayers will have to pay back.</p>	Opposed
1D	<p>Allows the state to modify the terms of Proposition 10 (1998 tobacco tax hike earmarked for children's health care). This measure is a bait and switch that allows revenue to go toward other purposes in order to support the state's general overspending problem.</p>	Opposed
1E	<p>Allows the state to divert \$230 million a year from Proposition 63 (surtax on the wealthy approved in 2004 to fund mental health programs) to offset general fund obligations. Like Prop 1D, this is a bait and switch on California voters that allows unsustainable governance to continue.</p>	Opposed
1F	<p>Prevents pay increases for elected officials during budget deficit years. While this may sound good on its face, this proposition has no teeth and is all for show. Prop 1F only gives the Director of Finance the power to prevent the Compensation Commission from recommending pay increases during years in which there is a deficit. The legislature is still free to pass their own.</p>	Oppose

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Below is a chart recently released by the California Legislative Analyst's Office illustrating how Prop 1A would extend the recent tax increases:

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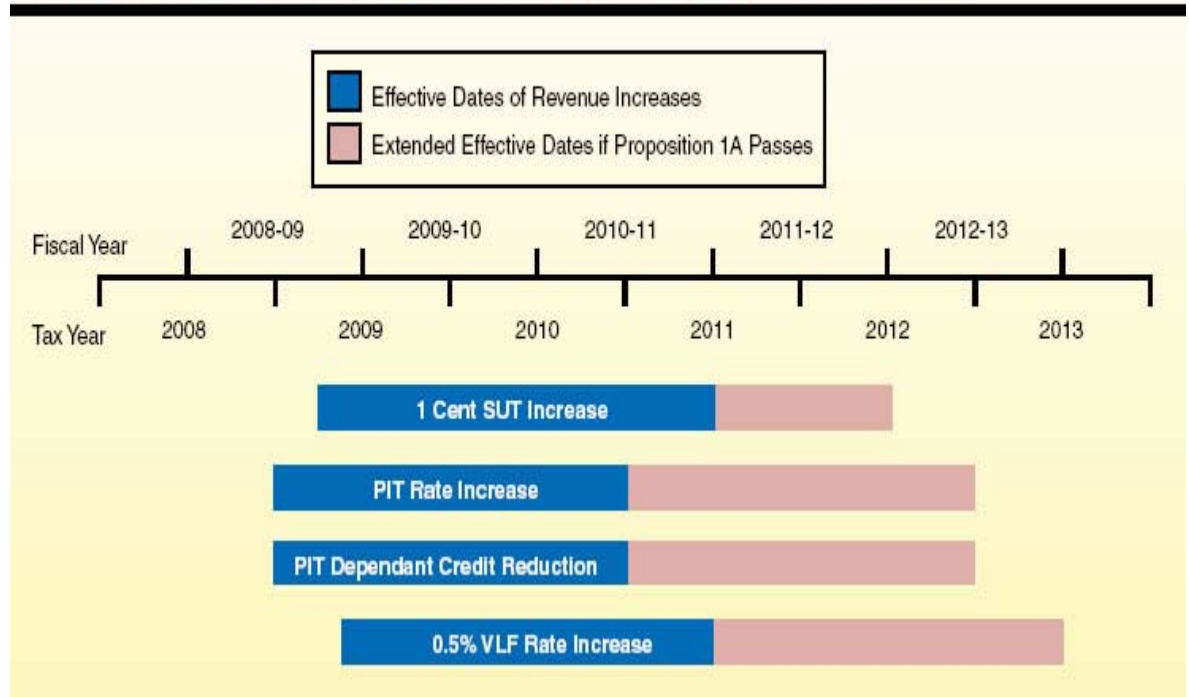
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Figure 7

Tax Increases Would Be Extended by Passage of Proposition 1A



Direct any questions on this matter to Patrick Gleason: pgleason@atr.org