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Fiscal Policy

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OFFICE OF THE ATTORNEY GENERAL

Department of Justice

555 CAPITOL MALL, SUITE 550
SACRAMENTO 95814

FILED

In the office of the Secretary of State
of the State of California

APR 23 1974

EDMUND G. BROWN Jr., Secretary of State

By *Cashmere M. Apperson*
Deputy Secretary of State

April 19, 1974

Honorable Edmund G. Brown, Jr.
Secretary of State
111 Capitol Mall
Sacramento, California 95814

Re: Initiative - Statutory Amendment - Fiscal Policy

Dear Mr. Brown:

Pursuant to the provisions of section 3507 of the Elections Code, you are hereby informed that on this day we mailed to Mr. James Stanbery as proponent, the following title and summary:

FISCAL POLICY. INITIATIVE. Requires Franchise Tax Board to prepare table of "California tax liabilities" for "income brackets" as defined. Californians filing income tax returns and paying more than "California tax liability" for their "income bracket" shall be refunded difference. Those paying less than "California tax liability" shall be surcharged difference. Provides for establishment of "Commission on the Future" with 20 to 50 members. Five years after adoption of measure Commission shall submit to Legislature a "future budget," recommending financial targets to be achieved as of year 2000. Every five years Commission shall revise "future budget" applicable to following twenty years. If the proposed initiative is adopted, undefined additional financing from state sources will be required in an amount which is presently impossible to estimate but which may be substantial.

Enclosed herewith is a declaration of mailing thereof, and a copy of the proposed measure.

Very truly yours,

EVELLE J. YOUNGER
Attorney General

J. M. SANDERSON
Deputy Attorney General

JMS:PH
Enc.

DECLARATION OF SERVICE BY MAIL

I, Pauline Hutson, declare as follows:

I am a citizen of the United States, over the age of 18 years and not a party to the within action; my place of employment and business address is: Room 500, Wells Fargo Bank Building, Fifth Street and Capitol Mall, Sacramento, California 95814.

On April 19, 1974 , I served the attached

Letter

by placing a true copy thereof in an envelope addressed to the persons named below at the address set out immediately below each respective name, and by sealing and depositing said envelope in the United States Mail at Sacramento, California, with postage thereon fully prepaid. There is delivery service by United States Mail at each of the places so addressed, or there is regular communication by mail between the place of mailing and each of the places so addressed:

Mr. James Stanbery
3517 Anchovy
San Pedro 90732

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 19, 1974 , at Sacramento,
California 95814.



/s/ Pauline Hutson
Declarant

THE CALIFORNIA FISCAL POLICY ACT

Act to govern California fiscal policy during the final quarter of the twentieth century through tax reform and future budgeting

The people of the State of California do enact as follows:

Preamble

1. FISCAL POLICY CHANGE

We, the people of California, want basic change in the way government here taxes and spends.

The year 2000 is nearing. When we get there, we want to like it.

But as California enters the final quarter of this century, the system goes on failing to respond. As year after year slips by, the backlog of unsolved social and environmental problems just lengthens.

Now is the time to give state officials a clear fiscal policy mandate and a new fiscal policy framework to meet the challenges of the future.

Tax injustice must end.

Spending priorities must shift.

Accordingly, this Act sets in motion a process of tax reform and future budgeting, guide California toward complete social democracy as the year 2000 nears.

2. FISCAL POLICY PRINCIPLES

To embrace the subject of California fiscal policy in the final quarter of this century consistent with constitutional limitations, this Act must suggest appropriate guidelines for state action. For California fiscal policy cannot be redirected as is provided in the body of this Act without a certain consensus as to the criteria by which finance priorities should be reordered.

Accordingly, the body of this Act is restricted to provisions for tax reform and future budgeting.

And this Preamble indicates what principles it is intended that tax reform and future budgeting should promote.

Only the process of future budgeting itself, however, can determine just how the implementation of these principles shall be phased and funded over time, this being the very purpose of that process.

Accordingly, it is hereby declared to be the policy of the people of California that the following principles should govern the way government here taxes and spends:

Tax Justice

The only way the taxes of average Californians can be limited while essential public programs are expanded is for wealthy persons to bear their fair share of the costs of government.

The revenue system must be simplified as much as possible, ultimately to comprise a single tax, progressively graduated according to ability to pay.

Every tax whose effective incidence is regressive must be phased out, along with every personal income tax feature the effect of which is to tax profit at a lower rate than wages or provide any subsidies other than credits equal for all.

Equal rights

The fundamental purpose of California fiscal policy is to promote social democracy. That means equal opportunity for all.

No individual's chance at personal fulfillment should be infringed by sex, race, age, or any other condition of birth.

Jobs for All

Fulfillment for all means jobs for all.

Conversion to social democracy in a low-waste, peace-based economy must be phased to secure full employment.

From youth to old age, every Californian must have a livelihood.

Minimum wage laws, unemployment insurance, and job placement and training programs must guarantee good jobs and good incomes for every Californian in the job market.

And welfare programs must afford full training or treatment for every Californian without a livelihood, while guaranteeing the necessities of life to those whose productive livelihood is outside the job market.

Conservation of Natural Resources

The California life-style must not be excessively materialistic.

The only way to provide adequate energy supplies indefinitely while restoring ecological balance is for California resource-use to level-off. The growth factor in the California economy should be provided by expansion of services rather than proliferation of goods, by improvements in the quality of our lives, not increases in the quantity of our consumption.

Zero population growth must be maintained, and balanced settlement encouraged.

Public control of land and water resources must be vigorously asserted.

California transportation needs must be met primarily by mass rapid transit.

1940 pollution levels must be restored, and nuclear reactors must never endanger the health of Californians.

Consumer Protection

Government agencies must not protect the corporations they are supposed to police. Vested interests must never get away with illegal acts harmful to small business, employees, consumers, and the environment.

What is required is comprehensive consumer information services, along with the strongest possible regulatory measures, as well as expanded cooperatives and public control of corporations to foster competition.

Good Government

Honesty and efficiency in government are essential. So is participatory democracy.

Private financing of political action is legalized bribery; public suasion must be paid for from public funds.

School and media programs for citizen awareness must be expanded as legislative power is vested directly in the people and elections machinery reformed to maximize power for the people.

Government must divest itself of illegitimate functions such as promoting private business interests. The state must not restrain any person in any thought, speech, or affiliation; or in any act which does not pose a clear and present danger to the persons or property of others.

To streamline government at all levels, the functions of counties, cities, and special districts must be consolidated on a regional basis, as the state adopts a parliamentary system of administration.

Crime Control

The crime is punishment.

The private acts of consenting adults are nobody's business but their own; the only way to deal with crimes that do have victims is to stop wasting law-enforcement resources on acts that don't. Where there is no victim, there is no crime; where there is a crime, the recourse is rehabilitation, not punishment.

Our courts, like our schools and our hospitals, should be open to all on an equal basis, free of charge.

Better Schools

The way to equalize educational opportunity is to maximize educational flexibility. Californians have a right to as many different types of school and forms of education as they want for themselves and their children. Every Californian is entitled to the right type of education at the right time in life.

Total Health Care

Total health care is a fundamental human right which every Californian should enjoy along with comprehensive state protection against insurable misfortune.

A Peace State

The California economy must not be significantly dependent on war-related industries. California must be phased out of the military-industrial complex as full employment is maintained.

As the birthplace of the United Nations, California recognizes its Charter as the supreme law of the land under the Constitution, and is committed accordingly to fostering intensive public support for the United Nations and the fulfillment of United States obligations under its Charter.

Title I: Stopgap Tax Relief

Be it Enacted, That the State Franchise Tax Board is hereby authorized and obligated, consistent with constitutional limitations, and notwithstanding anything in the laws to the contrary, immediately to proceed with "effective tax rate inversion" as herein provided, pending the phasing-in of tax reform and future budgeting proposals implemented later, in accordance with Title II of this Act; and the judiciary shall take special care to guarantee the strict observance of the provisions of this Title.

1. EFFECTIVE TAX RATE INVERSION

a) The California revenue set-up being a hodgepodge of state and local levies so riddled with inequities that total effective state and local tax rates are scandalously regressive, it is the purpose of "effective tax rate inversion" as herein provided simply to take the scale of rates actually prevailing today and turn that upside down, so average Californians can get by with actual rates as low as those the rich now pay, while wealthy tax-evaders are asked to pay no more than our poorest citizens pay today, to bring substantial tax refunds to the great majority of California families, along with significant new revenue for expanded public programs, all without costing any wealthy citizen who already pays a fair share an extra dime.

b) "Effective tax rate inversion" requires no change in any existing state or local tax. Instead, the State Franchise Tax Board is simply to cancel out the inequities in these taxes, by supplementing state personal income tax payments with special refunds and surcharges to have the effect of rate inversion as provided below.

2. REFUNDS AND SURCHARGES

a) Immediately upon the adoption of this Act, the State Franchise Tax Board shall make all the estimates necessary to prepare a table of "California tax liabilities" for all "income brackets" in accordance with the definitions below.

b) The Board shall furnish all Californians filing state personal income tax returns for the year of the adoption of this Act with Refund/Surcharge Cards from which computers can impute the "income bracket" each taxpaying unit is in and the percentage of its "income" which that unit actually paid in state and local charges for that year. Units actually paying more than the "California tax liability" for their "income bracket" shall be refunded the difference; units actually paying less than the "California tax liability" for their "income bracket" shall be surcharged the difference.

c) In repeating this process annually, the Board shall make every procedural improvement possible consistent with the definitions below to maximize both tax revenue and progressivity of rates.

d) As of five years after the adoption of this Act, the Legislature is authorized to adjust or terminate this "rate inversion" process, consistent with the progress of future budgeting, provided that, to prevent excess revenue surpluses by affording additional tax relief, the Legislature may at any time direct the State Franchise Tax Board to provide a rebate on slated refunds and surcharges, increasing refunds and decreasing surcharges for all "income brackets" across-the-board by the same factor of their "effective tax rates," which rebate factor the Legislature may designate.

3. DEFINITIONS

a) "Effective tax rate" is defined as the cumulative effective incidence of all state and local public charges as a percentage of "income" for every California "income bracket."

b) "Income bracket" is defined as each segment of the population, so bracketed by "income"-range that each of the lowest thirty segments has one percent of total "income," while each of the next ten segments has three percent, and each of the highest twenty segments has two percent.

c) "Income" is defined as reported income, plus unreported income as imputed by Census Bureau formula, all augmented by whatever factor if any the Board may apply relative to net worth.

d) "Inverted rate scale" is defined as the scale of tax rates that would be in effect if the prevailing scale of "effective tax rates" were inverted, so that the rate now applying for the lowest "income bracket" would apply instead for the highest, etc.

e) "California tax liability" for the various "income brackets" is defined as the respective percentages of their "income" owed to state and local governments, fixed at figures as close to the "inverted rate scale" as possible, provided that progressivity of rates is maintained as between all "income brackets," and provided that estimated refunds do not exceed estimated surcharges. Implicit in this definition is the phasing-out of the "rate inversion" process as tax inequities are formally eliminated in the course of future budgeting.

Title II: Future Budgeting

Be it Enacted, That the Legislature of California is hereby authorized and obligated, consistent with constitutional limitations, and notwithstanding anything in the laws to the contrary, to reorganize the state planning and budgeting process, supervising and supporting it hereafter consistent with the provisions of this Act, in its present form or as the people may amend it; and the judiciary shall take special care to guarantee the strict observance of the provisions of this Title.

1. COMMISSION ON THE FUTURE

a) The Legislature shall provide for the establishment of a Commission on the Future, granting it such resources and powers as shall be fully adequate for the discharge of the provisions of this Act, the members of the Commission to have been appointed and its operations to have commenced by July 1 of the year following the adoption of this Act.

b) The members of the Commission shall number between twenty and fifty, serving two-year terms and eligible for reappointment, the members to be selected from all walks of life and partisan preferences, except that no person shall be eligible for Commission membership whose background does not demonstrate a deep, sustained commitment to the principles to which state fiscal policy is dedicated in the Preamble of this Act.

c) All state and local agencies shall cooperate fully with the Commission in the exercise of their respective functions.

2. THE FUTURE BUDGET

a) At the Legislative session opening five years after the adoption of this Act, the Commission on the Future shall submit to the Legislature a proposed "Future Budget," developed in accordance with the principles to which California fiscal policy is dedicated in the Preamble of this Act. The Budget shall recommend finance targets in all areas of public policy to be achieved as of the year 2000, along with the state and local tax structure and spending pattern that should prevail accordingly year by year, as well as constitutional and statutory changes necessary as a consequence.

b) In determining a scale of priorities for its budget proposals and in projecting the full range of their costs and consequences, the Commission shall develop a meaningful index of social growth conceived in terms of the expansion and distribution, not of material consumption, but of human fulfillment, the former being essential to the latter only up to a certain point, beyond which the two may be unrelated or opposed.

c) Every fifth year, the Commission shall present the Legislature with a revised edition of the Future Budget, updated for applicability to the following twenty years.

d) The Legislature is hereby charged to act upon the recommendations embraced in each Future Budget, properly timing the implementation of all such recommendations, in whatever form they may be adopted, in accordance with the principles to which California fiscal policy is dedicated in the Preamble of this Act.

3. PUBLIC PARTICIPATION

There shall be maximum public participation in the preparation of the Future Budget, making the years of its development an unprecedented great debate, a kind of statewide town meeting on the future. Communications media, educational institutions, and public affairs organizations shall be called upon to heighten public awareness of the issues at stake, exposing Commission proceedings to constant, comprehensive feedback, fully shared in by the Legislature and government agencies, and rounded out by in-depth Commission public opinion surveys.

April 19, 1974

TO THE REGISTRARS OF VOTERS AND COUNTY CLERKS:

Pursuant to Section 3507 of the Elections Code, there is transmitted herewith a copy of the Title and Summary prepared by the Attorney General on a proposed Initiative Measure entitled:

Initiative - Statutory Amendment - Fiscal Policy

Circulating and Filing Schedule:

1. Minimum number of signatures required325,504
Constitution IV, 22(b).
2. Official Summary Date4/19/74
Elections Code Section 3507.
3. Petition Sections:
 - a. First day Proponent can circulate sections for
signatures.4/19/74
Elections Code Section 3507.
 - b. Proponent may file petition sections with the Registrar
of Voters at any time, and at as many times as he wishes,
during the 150 day period. The Registrar of Voters must
determine within 30 days of any filing the number of
qualified electors who have signed the petition.
Elections Code Section 3520(a) and (b).
 - c. Each Registrar of Voters where Proponents have filed any
section of the petition shall transmit his Certificate
to the Secretary of State. The Certificate is to show
the number of valid signatures determined as of that
date. The following are the dates on which the Certi-
ficates must be sent to the Secretary of State.
Elections Code Section 3520(c).

60 Day.6/18/74
90 Day.7/18/74
120 Day.8/17/74
140 Day.9/6/74

3. Petition Sections (continued)

- d. Last day Proponent can circulate and file with the County.9/16/74
Elections Code Section 3507, 3520(a).
- e. Last day for County to transmit Certificate as to number of valid signatures on Initiative Petition. . . .10/16/74

4. Campaign Statements

- a. If the measure qualified for the ballot:
Last day for Proponent to file a Statement of Receipts and Expenditures for period ending 11/13/7411/20/74
(If the Secretary of State qualified the measure for the ballot on a date other than 10/16/74, the last day is not later than the 35th calendar day after the date the measure qualified.)
- b. If the measure does not qualify for the ballot:
Last day for Proponent to file a Statement of Receipts and Expenditures for period ending 10/14/7410/21/74
Election Code Section 11552(b).

5. The Proponent of the above measure is:

Mr. James Stanbery
3517 Anchovy
San Pedro, CA 90732


EDWARD ARNOLD JR.
Elections Assistant

EA:msl

NOTE: This initiative measure will not qualify in time for the November 1974 election if the above dates are followed. In order to qualify for the November 1974 election, the above time frame must be shortened so that the Secretary of State certifies the measure for the ballot by June 27, 1974.

NOTE TO PROPONENT: Your attention is directed to Elections Code Sections 3500.1, 3502, and 3502.5 for appropriate format and type considerations in printing, typing or otherwise preparing your initiative petition for circulation and signing.

