

12-19-1979

## Income Tax

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Office of the Secretary of State  
March Fong Eu

1230 J Street  
Sacramento, California 95814

Elections Division  
(916) 445-0820

May 27, 1980

TO: ALL REGISTRARS OF VOTERS/COUNTY CLERKS/PROPONENTS

FROM: CASHMERE M. APPERSON - ELECTIONS TECHNICIAN

Pursuant to Elections Code 3520(b), you are hereby notified that the total number of signatures to the hereinafter named proposed Initiative Statute filed with all County Clerks is less than 100 percent of the number of qualified voters required to find the petition sufficient. See attached letter.

TITLE: INCOME TAX  
SUMMARY DATE: DECEMBER 19, 1979  
PROPONENTS: JOHATHAN C. LEWIS  
STEPHEN J. SMITH  
WALTER REINS DORF

The petition has failed and no further action is necessary.

# California Tax Reform Association

Martin Huff  
President, Bd. of Directors

Jonathan C. Lewis  
Executive Director

Stephen J. Smith  
Deputy Director

1228½ H Street  
Sacramento, CA 95814 - 916/446-0145

1910 West Sunset Blvd., Suite 825  
Los Angeles, CA 90026  
213/483-8065

1095 Market Street, Room 202  
San Francisco, CA 94103  
415/863-1230

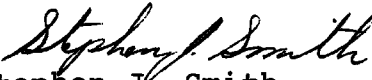
May 20, 1980

Honorable March Fong Eu  
Secretary of State  
1230 J Street  
Sacramento, CA 95814

Dear Ms. Eu:

As proponents of the Tax Simplicity Act we have ceased circulating petitions to qualify it for the November 1980 ballot. While 346,119 signatures were required to qualify it for the ballot before May 19th, we were only able to gather 341,000 signatures prior to that date.

Yours For Tax Justice,

  
Stephen J. Smith  
Deputy Director

SJS:bg



Office of the Secretary of State  
March Fong Eu

1230 J Street  
Sacramento, California 95814

Elections Division  
(916) 445-0820

December 19, 1979

TO ALL COUNTY CLERKS/ REGISTRARS OF VOTERS

Pursuant to Section 3513 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:

INCOME TAX  
INITIATIVE STATUTE

Circulating and Filing Schedule

1. Minimum number of signatures required ..... 346,119  
Constitution II, 8(b).
2. Official Summary Date ..... Wednesday, 12/19/79  
Elections Code Section 3513.
3. Petition Sections:
  - a. First day Proponent can circulate  
Sections for signatures ..... Wednesday, 12/19/79  
Elections Code Section 3513.
  - b. Last day Proponent can circulate and  
file with the county. All Sections are  
to be filed at the same time within  
each county ..... Monday, 5/19/80\*+  
Elections Code Section 3513, 3520(a).
  - c. Last day for county to determine total  
number of signatures affixed to petition  
and to transmit total to the Secretary  
of State ..... Monday, 5/26/80

(If the Proponent files the petition with the county on a date prior to 5/19/80, the county has 5 working days from the filing of the petition to determine the total number of signatures affixed to the petition and to transmit this total to the Secretary of State).

Elections Code Section 3520(b).

+ Date adjusted for official deadline which falls on Saturday.  
Elections Code Section 60.

\* PLEASE NOTE: To Proponent(s) who wish to qualify for the 1980 General Election. The law allows up to 55 days to county election officials for checking and reporting petition signatures. The law also requires that this process be completed 131 days before the election in which the people will vote on any initiative. It is possible that the county may not need the whole 55 days. But if you want to be sure that this initiative qualifies for the 1980 General Election, you should file this petition with the county by May 1, 1980.

- d. Last day for county to determine number of qualified electors who have signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State ..... Tuesday, 6/10/80

(If the Secretary of State notifies the counties to determine the number of qualified electors who signed the petition on a date prior to 5/26/80, the last day is not later than the fifteenth day after the notification). Elections Code Section 3520(d), (e).

- e. If the signature count is between 311,507 and 380,731 then the Secretary of State notifies counties using the random sampling technique to determine validity of all signatures.

Last day for county to determine actual number of all qualified electors who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State ..... Thursday, 7/10/80

(If the Secretary of State notifies the counties to determine the number of qualified electors who have signed the petition on a date prior to 6/10/80, the last day is not later than the thirtieth day after the notification). Elections Code Section 3521(b), (c).

4. Campaign Statements:

Last day for Proponent to file a Campaign Statement of Receipts and Expenditures for period ending 6/16/80 ..... Monday, 6/23/80

(If the Secretary of State finds that the measure has either qualified or failed to qualify on a date earlier than 5/19/80, the last date to file is the 35th calendar day after the date of notification by the Secretary of State that the measure has either qualified or failed to qualify. The closing date for this campaign statement is 7 days prior to the filing deadline). Government Code Section 84204.

5. The proponents of the above named measure are:

Jonathan C. Lewis  
1902 Regis Drive  
Davis, CA 95616  
(916) 758-3206

Stephen J. Smith  
1409 L Street  
Davis, CA 95616  
(916) 758-7098

Walter Reinsdorf  
116 Russell Blvd., #17  
Davis, CA 95616  
(916) 753-5489

Sincerely,

MARCH FONG EU  
Secretary of State



EDWARD ARNOLD JR.  
Elections Assistant

EA:rh

NOTE TO PROPONENT(S): Your attention is directed to Elections Code Sections 41, 44, 3501, 3507, 3508, 3516, 3517, and 3519 for appropriate format and type considerations in printing, typing, and otherwise preparing your initiative petition for circulation and signatures. Your attention is further directed to the campaign disclosure and petition circulating requirements of the Political Reform Act of 1974, Government Code Sections 81000 et seq.

DECLARATION OF SERVICE BY MAIL

I, Gale Baker, declare as follows: I am over the age of 18 years, and not a party to the within action; my place of employment and business address is 555 Capitol Mall, Suite 350, Sacramento, California 95814.

On December 19, 1979, I served the attached letter addressed to Honorable March Fong Eu, Secretary of State, dated December 19, 1979, re: Initiative Statutory Amendment-- Income Tax (our file No. 00002115-SA79RF0104),

by placing a true copy thereof in an envelope addressed to each of 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:

Jonathan C. Lewis  
1902 Regis Dr.  
Davis, CA  
916/758-3206

Stephen J. Smith  
1409 L St.  
Davis, CA  
916/758-7098

Walter Reinsdorf  
116 Russell Blvd., #17  
Davis, CA  
916/753-5489

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

Executed on December 19, 1979, at Sacramento, California.

Gale Baker  
Declarant



State of California  
Department of Justice  
George Deukmejian  
(PRONOUNCED DUKE-MAY-GIN)  
Attorney General

555 CAPITOL MALL, SUITE 350  
SACRAMENTO 95814  
(916) 445-9555

December 19, 1979

**FILED**  
In the office of the Secretary of State  
of the State of California

**DEC 19 1979**

MARCH FONG EU, Secretary of State  
By *Edward Arnold*

Honorable March Fong Eu  
Secretary of State  
1230 J Street  
Sacramento, CA 95814

Attn: Rico Nannini

Re: Initiative Statutory Amendment:  
Income Tax  
Our File No. 00002115-SA79RF0104

Dear Mrs. Eu:

Pursuant to the provisions of sections 3503 and 3513 of the Elections Code, you are hereby informed that on this day we mailed to Jonathan C. Lewis, Stephen J. Smith, and Walter Reisdorf, as proponents, the following title and summary:

INCOME TAX. INITIATIVE STATUTORY AMENDMENT. Defines taxable and non-taxable income. Defines and limits allowable deductions and credits. Tax rate for general corporations is 12%. Tax rates for non-corporate taxpayers range from zero to 12%, with 12% rate applying to taxable income over \$25,400 (\$50,800 for married persons filing joint returns). Requires indexing of personal income tax brackets reflecting annual changes in consumer price index. No tax payable on first \$10,000 of income of individual or \$20,000 of married persons filing joint returns. Legislature may make specified amendments by two-thirds vote. Applicable to tax years beginning on or after January 1, 1981. Fiscal impact: State revenues reduced by about \$200,000,000 in 1980-81. State revenues increased approximately \$600,000,000 in 1981-82. Long-term effect unknown. No effect on local governments in 1980-81. State payments to local governments reduced by about \$850,000,000 in 1981-82. Long-term effect unknown.

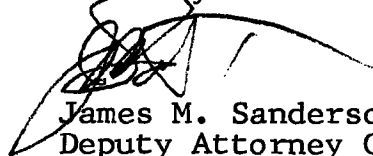


Enclosed herewith is a declaration of mailing thereof,  
and a copy of the proposed measure.

According to information available in our records the  
addresses and phone numbers of the proponents of this measure  
are as stated on the declaration of mailing.

Very truly yours,

George Deukmejian  
Attorney General

A handwritten signature in black ink, appearing to read "JMS", is written over the typed name of James M. Sanderson.

James M. Sanderson  
Deputy Attorney General

JMS:glb  
encl.

TAX SIMPLICITY ACT

- Section 1. Part 10.4 is added to the Revenue and Taxation Code as follows:
- Part 10.4. Tax Simplicity Act.
- Section 19500. This part shall be known and may be cited as "The Tax Simplicity Act."
- Section 19501. We, the people of the State of California, do enact this Tax Simplicity Act in order to guarantee that all citizens are taxed on the basis of their ability to pay, to simplify the income tax system, to provide permanent income tax relief for the general taxpayer, to restore a proper balance of taxation between corporate and individual taxpayers, to maintain high-quality governmental services and to preserve public trust in our tax system.
- Section 19502. Beginning in 1981, all income shall be taxed the same.
- Section 19503. For the purposes of the State Personal Income Tax Law (Part 10 of the Revenue and Taxation Code), income includes all receipts, including, except for transfers between spouses, donor net gains from gift transfers and donor net gains or losses from death transfers.
- Section 19504. The following shall not be taxed:
- a. income prohibited from taxation by the United States Constitution, the laws of the United States, or the California Constitution (except such income shall be reported), and
  - b. to the extent such amounts are not taxed under present law:
    - (1) government transfer payments such as public assistance, unemployment compensation, social security,
    - (2) life insurance proceeds,
    - (3) gifts and inheritances,
    - (4) amounts received for injuries or sickness,
    - (5) amounts received under accident or health insurance plans, and
    - (6) reasonable employee fringe benefits.
- Section 19505. For individuals, special treatment may be allowed for proceeds from the sale of a principal residence if such proceeds are reinvested in another principal residence. For all taxpayers, special treatment for involuntarily converted property may be allowed if the proceeds are reinvested in the same or similar type of property.
- Section 19506. With respect to all taxpayers, percentage depletion, accelerated depreciation and other forms of rapid amortization shall not be allowed. Allowable deductions are limited to:

- a. items presently allowed which are reasonably necessary to earn or produce income,
- b. amounts representing a return of principal,
- c. alimony payments of individuals,
- d. for individuals, charitable contributions up to 20% of net income. For corporations, charitable contributions up to 5% of net income,
- e. contributions to self-employed retirement plans, individual retirement accounts and deferred compensation plans as provided by law.

Section 19507. Allowable credits are limited to:

- a. for individuals, a credit for income taxes paid to other states and a dependent credit of \$25 or more, and
- b. for all taxpayers, a credit for taxes withheld, paid or previously paid.

Section 19508. The dependent credit and the personal income tax brackets shall be indexed to reflect the annual change in the California Consumer Price Index for All Urban Consumers. The indexing shall be cumulative with 1981 as the base year.

Section 19509. For general corporations, the tax rate shall be 12%.

Section 19510. For noncorporate taxpayers, the tax shall be imposed at progressive rates from 0% to 12% with the 12% rate applying to taxable income of over \$25,400 (\$50,800 for married persons filing joint returns). The tax schedule shall contain income brackets of at least \$1,400 and allow income splitting for married persons filing joint returns. The tax schedule shall take into account that no tax is payable on the first \$10,000 of taxable income of a single person or a married person filing separately, or the first \$20,000 of taxable income of married persons filing joint returns.

Section 19511. This part shall be applied with respect to taxable years beginning on and after January 1, 1981 as to individuals, estates and trusts, and to income years beginning on and after January 1, 1981 for all other taxpayers. All provisions of the Personal Income Tax Law (Part 10 of the Revenue and Taxation Code) and the Bank and Corporation Tax Law (Part 11 of the Revenue and Taxation Code) contrary to this part are superceded for taxable and income years beginning on and after January 1, 1981.

Section 19512.

The Legislature, by a two-thirds vote of the members of each house, may change tax rates, adjust personal income tax brackets, allow income averaging for individuals, include exempt items in income or require them to be reported, or change the present method of determining the taxable income of cooperatives. This part does not give the Legislature any new power as to tax exempt organizations and it does not operate to remove exemptions for organizations presently exempt. The Legislature may not provide new exemptions which are inconsistent with this part.

Section 19513

If any section, part, clause or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected, but shall remain in full force and effect.

# California Tax Reform Association

Stephen J. Smith  
Deputy Director

1206 Q Street  
Sacramento, CA 95814 - 916/446-0145

Susan E. Najarian  
Media Coordinator

Jonathan C. Lewis  
Executive Director

October 15, 1979

The Honorable George Deukmejian  
555 Capitol Mall, Suite 550  
Sacramento, Ca. 95814

Dear Attorney General Deukmejian,


We are hereby transmitting for title and summary a proposed initiative for the November 1980 ballot.

Proponents are:

Jonathan C. Lewis of 1902 Regis Dr., Davis, Ca. (916) 758-3206  
Stephen J. Smith of 1409 L St., Davis, Ca. (916) 758-7098  
and  
Walter Reinsdorf of 116 Russell Blvd. #17, Davis, Ca. (916) 753-5489

Yours For Tax Justice,

  
Jonathan C. Lewis

  
Stephen J. Smith

  
Walter Reinsdorf

SS:ag

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