

12-1-1993

Constitutional Tax Rate.

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#610



Office of the Secretary of State
Tony Miller
Acting Secretary of State

1230 J Street
Sacramento, California 95814

ELECTIONS DIVISION
(916) 445-0820
For Hearing and Speech Impaired
Only:
(800) 833-8683

May 11, 1994

TO: ALL COUNTY CLERKS/REGISTRARS OF VOTERS AND
PROPOSERS (94113)

FROM:


CATHY MITCHELL
INITIATIVE COORDINATOR

Pursuant to Elections Code section 3520(b), you are hereby notified that the total number of signatures to the hereinafter named proposed INITIATIVE CONSTITUTIONAL AMENDMENT filed with all county elections officials is less than 100 percent of the number of qualified voters required to find the petition sufficient; therefore, the petition has failed.

TITLE: CONSTITUTIONAL TAX RATE.
INITIATIVE CONSTITUTIONAL AMENDMENT.

SUMMARY DATE: December 1, 1993

PROPOSER: Edward J. (Ted) Costa
Major General Sid Novaresi (USAF, Ret.)

county\status.ltr\94113





Office of the Secretary of State
March Fong Eu

1230 J Street
Sacramento, California 95814

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#610

December 1, 1993

TO ALL REGISTRARS OF VOTERS, OR COUNTY CLERKS, AND PROPONENTS (93150)

Pursuant to Section 3513 of the Elections Code, we transmit herewith a copy of the Title and Summary prepared by the Attorney General on a proposed Initiative Measure entitled:

CONSTITUTIONAL TAX RATE.
INITIATIVE CONSTITUTIONAL AMENDMENT.

Circulating and Filing Schedule

- 1. Minimum number of signatures required 615,958
Cal. Const., Art. II, Sec. 8(b).
- 2. Official Summary Date Wednesday, 12/01/93
Elec. C., Sec. 3513.
- 3. Petition Sections:
 - a. First day Proponent can circulate Sections for
signatures Wednesday, 12/01/93
Elec. C., Sec. 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 Friday, 04/29/94
Elec. C., Secs. 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 Wednesday, 05/11/94

(If the Proponents file the petition with the county on a date prior to 04/29/94, the county has eight working days from the filing of the petition to determine the total number of signatures affixed to the petition and to transmit the total to the Secretary of State.) Elec. C., Sec. 3520(b).

d. Secretary of State determines whether the total number of signatures filed with all county clerks meets the minimum number of required signatures, and notifies the counties Friday, 05/20/94*

e. Last day for county to determine total number of qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State Tuesday, 07/05/94

(If the Secretary of State notifies the county to determine the number of qualified voters who signed the petition on a date other than 05/20/94, the last day is no later than the thirtieth day after the county's receipt of notification.)
Elec. C., Sec. 3520(d), (e).

f. If the signature count is more than 677,554 or less than 585,161 then the Secretary of State certifies the petition has qualified or failed, and notifies the counties. If the signature count is between 585,161 and 677,554 inclusive, then the Secretary of State notifies the counties using the random sampling technique to determine the validity of all signatures Friday, 07/15/94*

g. Last day for county to determine actual number of all qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State Friday, 08/26/94

(If the Secretary of State notifies the county to determine the number of qualified voters who have signed the petition on a date other than 07/15/94, the last day is no later than the thirtieth working day after county's receipt of notification.)
Elec. C., Sec. 3521(b), (c).

h. Secretary of State certifies whether the petition has been signed by the number of qualified voters required to declare the petition sufficient Tuesday, 08/30/94

* Date varies based on receipt of county certification.

**CONSTITUTIONAL TAX RATE.
INITIATIVE CONSTITUTIONAL AMENDMENT.
December 1, 1993
Page 3**

4. The Proponents of the above-named measure are:

**Edward J. (Ted) Costa
Major General Sid Novaresi (USAF, Retired)
People's Advocate
3385 Arden Way
Sacramento, CA 95825
(916) 482-6175**

5. Important Points:

- (a) California law prohibits the use of signatures, names and addresses gathered on initiative petitions for any purpose other than to qualify the initiative measure for the ballot. This means that the petitions cannot be used to create or add to mailing lists or similar lists for any purpose, including fund raising or requests for support. Any such misuse constitutes a crime under California law. Elections Code section 29770; Bilofsky v. Deukmejian (1981) 123 Cal.App. 3d 825, 177 Cal.Rptr. 621; 63 Ops. Cal.Atty.Gen. 37 (1980).**
- (b) Please refer to Elections Code sections 41, 41.5, 44, 3501, 3507, 3508, 3517, and 3519 for appropriate format and type consideration in printing, typing, and otherwise preparing your initiative petition for circulation and signatures. Please send a copy of the petition after you have it printed. This copy is not for our review or approval, but to supplement our file.**
- (c) Your attention is directed to the campaign disclosure requirements of the Political Reform Act of 1974, Government Code section 81000 et seq.**
- (d) When writing or calling state or county elections officials, provide the official title of the initiative which was prepared by the Attorney General. Use of this title will assist elections officials in referencing the proper file.**
- (e) When a petition is presented to the county elections official for filing by someone other than the proponent, the required authorization shall include the name or names of the persons filing the petition.**
- (f) When filing the petition with the county elections official, please provide a blank petition for elections official use.**

Sincerely,



**CATHY MITCHELL
INITIATIVE COORDINATOR**

Attachment: POLITICAL REFORM ACT OF 1974 REQUIREMENTS

DANIEL E. LUNGREN
Attorney General

State of California
DEPARTMENT OF JUSTICE



1515 K STREET, SUITE 511
P.O. Box 944255
SACRAMENTO, CA 94244-2550
(916) 445-9555

(916) 324-5490

December 1, 1993

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

DEC 1 - 1993

MARCH FONG EU, Secretary of State
By *CB Mitchell*
Deputy

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

Re: Initiative Title and Summary
Subject: CONSTITUTIONAL TAX RATE. INITIATIVE CONSTITUTIONAL AMENDMENT.
File No: SA 93 RF 0014

Dear Mrs. Eu:

Pursuant to the provisions of sections 3503 and 3513 of the Elections Code, you are hereby notified that on this day we mailed to the proponents of the above-identified proposed initiative our title and summary.

Enclosed is a copy of our transmittal letter to the proponents, a copy of our title and summary, a declaration of mailing thereof, and a copy of the proposed measure.

According to information available in our records, the names and address of the proponents is as stated on the declaration of mailing.

Sincerely,

DANIEL E. LUNGREN
Attorney General

Kathleen F. DaRosa
KATHLEEN F. DaROSA
Initiative Coordinator

KFD:ms
Enclosures

Date: December 1, 1993
File No: SA93RF0014

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

CONSTITUTIONAL TAX RATE. INITIATIVE CONSTITUTIONAL AMENDMENT.

Establishes constitutional tax rate of 9.5%; imposes tax at twice constitutional tax rate on independent contractors; imposes tax at constitutional tax rate on businesses; imposes tax at constitutional tax rate on taxable income of individuals. Defines taxable income. Repeals Article XIII of California Constitution authorizing taxation of property, banks, corporations, alcoholic beverages and insurance companies. Imposes fiduciary duty on Governor and Legislature to implement legislation which does not decrease/increase revenue from prior years. Imposes criminal penalties for interference with implementation. Requires state tax increases to be passed by voters. Contains other vote requirements. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: Annual tax and revenue losses to state and local governments from elimination of existing taxes of up to \$81 billion on a full-year basis; uncertain tax revenue gains to state and local governments, roughly estimated at \$81 billion on a full year basis, commencing 1995-96. Increased costs to the state General Fund of approximately \$11.2 billion to replace K-14 school district property tax losses, potentially offset by reduced state funding for schools if state General Fund revenues are reduced by this measure. Increased costs to counties of potentially several hundreds of millions of dollars to administer the taxes established by measure, partially offset by savings to state and other local governments from the elimination of some existing taxes.



People's Advocate

Your Voice in Government

Paul Gann, Founder

3385 Arden Way • Sacramento, California 98525 • (916) 482-6175

October 6, 1993

Hon. Dan Lungren
Attorney General
1515 K Street
Sacramento, Ca. 95814

RECEIVED

OCT 7 1993

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Attn: Kathy DaRosa
Initiative coordinator

Re: Single-Tax Rate Law

Dear Mr. Lungren

As you are aware, we are proponents of the Single Tax-Rate Law which we previously filed in your office. Unfortunately, we feel the need to amend that initiative.

Enclosed please find a copy of the amended version. \it contains 5 pages. Each has been initialed by both of us.

Edward J. (Ted) Costa, C.E.O.

Maj. Gen. Sid Novaresi (USAF,Ret), President



People's Advocate

Your Voice in Government

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3385 Arden Way • Sacramento, California 98525 • (916) 482-6175

Single-Tax Rate Law

The people of the State of California do amend the Constitution as follows:

First, that all sections contained in Article XIII of the Constitution are repealed.

Second, that Article XIII, commencing with Section 1, be added to the Constitution as follows:

ARTICLE 13 TAXATION

Section 1. FINDINGS AND DECLARATIONS. The people of California do find and declare:

(a) This initiative may be cited as the Single-Tax Rate Law.

(b) California's abusive taxation policies have become a detriment to both labor and business, contributing to high unemployment and a harsh business atmosphere. These taxation policies are often the reason given by many businesses when they leave the State.

(c) California's taxing laws have become so complex that it has become impossible for the average Californian and small business to prepare their own tax forms, thereby creating a new industry of tax preparers.

(d) Because state and local governments change the tax law so frequently, it has become difficult for people and businesses to engage in long-range economic planning, and this results in a drag upon business and prosperity.

(e) The people of California have on several occasions in the last several years enacted constitutional amendments and initiative statutes to limit state and local governments from increasing taxes without a vote of the people.

Section 2. PURPOSES OF INITIATIVE. The people enact this amendment to accomplish the following purposes:

(a) To replace the various complex systems of taxation in California with a system the average person can understand.

(b) To use the power of the purse to control the size of government and encourage economic development.

(c) To reduce the cost of implementing the tax system and collecting taxes.

(d) To insure that taxes bear equally upon all persons, so as to give no person an advantage, nor put any at a disadvantage.

(e) To increase the stability of the tax law over long periods of time to make it possible for people and businesses to engage in long-range economic planning.

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Section 3. DEFINITIONS

The following terms shall have the following meanings for purposes of this Article:

(a) "constitutional tax rate". The constitutional tax rate is set at 9.5%.

(b) "unit of government". A unit of government is any branch, unit, or entity of state or local government, or any entity controlled by any branch, unit, or entity of state or local government.

(c) "tax". Anytime citizens are required by any entity of government or private entity controlled by government to pay any monies, and if they don't pay, their property will be confiscated or they will be otherwise punished, it is a tax. Tax includes any payment to a unit of state or local government except for assessments and fees.

(d) "assessments". Assessments are compelled contributions of value to any unit of government for the purpose of reimbursing any unit of government for the cost of making improvements to real property, such as sidewalks and street lighting, provided the improvements directly and primarily benefit the assessed property. Assessments do not include impact or other charges levied to finance the provision of services to others, and do not include charges for services that have traditionally been financed by general tax revenues prior to 1978, such as, but not limited to, police, fire, education and health services.

(e) "fees". Fees are compelled contributions of value to any unit of government to reimburse the direct cost of providing goods or services to the person paying the fee, or as fines imposed as penalties for non-compliance with state or local laws. Fees do not include charges for services that have traditionally been financed by general tax revenues prior to 1978, such as, but not limited to, police, fire, education and health services. Fees include payments made under the workers' compensation program, but do not include payments made under the unemployment insurance program.

Section 4. IMPLEMENTATION

(a) Upon the passage of this initiative, the Legislature shall meet in Special Session and draft implementing legislation to achieve the goals and purposes set forth in Section 1 and Section 2 and consistent with the requirements of Section 6A, 6B, 6C and 6D. Such legislation must become effective by no later than January 1, 1995. However, the legislature may modify it for an 18 month period. Implementing legislation is referendable.

(b) The Governor and each member of the Legislature shall have a fiduciary duty to the taxpayers of California during the 18 month implementation phase of this chapter. They shall work to the maximum extent practicable to insure that the implementation of this initiative will not result in an increase or decrease in the overall amount of revenue raised through taxation in the immediately preceding tax year. They shall work to the maximum extent practicable to insure that cities, counties, and special districts receive proper funding to carry on their mission. Nothing in this paragraph is to preclude the good judgement of the Governor

g/c

and Legislature in eliminating unneeded programs or otherwise making government more efficient in carrying out its mission.

(c) Every person, including elected and appointed officials of the State of California, who willfully, and by force, fraud or inaction, prevent or attempt to prevent this initiative from being implemented is guilty of a felony, unless an appellate Court has made a determination that the measure is unconstitutional.

Section 5. GOVERNMENTAL TAXING AUTHORITY

(a) Notwithstanding any other provision of the Constitution or laws, the sole authority to tax emanates from this Article.

(b) Compelled contributions of value to any unit of government may be imposed only if such contributions constitute taxes, assessments, or fees as defined in Section 3.

(c) County tax collectors will collect two forms of taxes at the constitutional tax rate. A business single-rate tax and a personal single-rate tax from those sources listed in Section 6. Counties may keep enough revenue to fund any programs mandated by the legislature.

Section 6. TAXPAYER IDENTIFICATION NUMBERS

(a) The Legislature will develop criteria for four types of taxpayer identification numbers for those who demonstrate special employment circumstances that would warrant such treatment. They are: individuals; independent contractors; business; and import.

Section 6A. PERSONAL INCOME TAX

(a) There shall be a tax imposed upon the taxable income of individuals, except for independent contractors.

(b) Taxable income for purposes of the personal income tax shall be determined by

- (1) taking the value of income from all sources, including any income derived from the individual's operation of a business; and
- (2) subtracting the following
 - (a) the value of contributions to charitable organizations
 - (b) the value of mortgage interest payments or rent on the taxpayer's principal residence
 - (c) the value of receipts of Social Security
 - (d) disability income when recipient has an inability to perform any job in conformance with the federal definition of disability

Section 6B. INDEPENDENT CONTRACTOR INCOME TAX

(a) There shall be a tax imposed upon the taxable income of all independent contractors at twice the constitutional tax rate.

(b) Taxable income for purposes of the independent contractor income tax shall be determined by

- (1) taking the value of all sales, leases and licenses of goods, services, or rights in tangible or intangible property; and

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