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08-0012 Amdt. #1 NS

June 24, 2008

RECEIVED
JUN 25 2008
INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Ms. Krystal M. Paris
Initiative Coordinator
Office of the Attorney General
1300 I Street, 17th Floor
P.O. Box 944255
Sacramento, CA 94244-2550

RE: Proposed Initiative No. 08-0012
McCauley-Rooker Wealth Tax and Oceans Preservation Act

Dear Ms. Paris:

I am submitting an amendment to the above-named measure.

The amendment corrects a typographical error critical to the interpretation of the measure. (Section 17041(k) in the original measure has been changed to Section 17041(j) in the amended measure.)

I anticipate the Legislative Analyst's Office and the Department of Finance will receive copies of the amendment. The correction is essential to the fiscal impact of the measure.

Very truly yours,

Paul McCauley, Proponent

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

SECTION 1. This measure shall be known and may be cited as *"The McCauley-Rooker Wealth Tax and Oceans Preservation Act."*

SECTION 2. The people of the State of California find and declare all of the following:

(a) The concentration of private wealth in the hands of the few is inconsistent with the tenets of a democratic society.
(b) Staggering sums of wealth have come to be concentrated in the hands of a tiny percentage of the population coinciding with growing poverty for tens of millions of persons, declining living standards and worsening economic security for tens of millions more.
(c) There has been, in recent decades, a massive shift in wealth and income from the poor and middle class to the rich and wealthy. The process by which the targets of this initiative acquired their wealth in the first instance was the most radical transfer of wealth in American history, and this measure is a modest attempt to redress the increasingly dangerous imbalances that this concentration of social power has created.
(d) Coincident with massive wealth transfers has been the ongoing destruction of the global environment, including the destruction of fisheries, oceans, glaciers, sea life, forests and the global ecosystem.
(e) Massive concentrations of financial power have fueled the globalization of the American economy, undermined America's traditional manufacturing, industrial and agricultural strength and substituted a class of money changers and speculators. The concentrated financial power has wholly undermined free democratic institutions, created a new breed of public office holder wholly beholden to its power and reduced America to a debtor nation and a nation of debtors.
(f) This act proposes to restore a measure of balance in wealth between persons living in California, to salvage the global ecosystem from ongoing destruction and to restore public supervision and influence over the nation's largest financial institutions.

SECTION 3. Section 8 is added to Article XIII A of the California Constitution, to read:

SEC. 8 (a) The tax imposed under Sections 13302 and 17065.9 of the Revenue and Taxation Code are not ad valorem property taxes for purposes of subdivision (a) of Section 1 and Section 3.

(b) Revenues derived from the taxes imposed under Sections 13302, 17041(j) and 17065.9 of the Revenue and Taxation Code are not "proceeds of taxes" or "General Fund revenues" subject to Sections 8 and 8.5 of Article XVI. Tax credits and appropriations pursuant to the provisions of Revenue and Taxations Code Sections 17065.3, 17065.4, 17065.5, 17065.6, 17065.7, 17065.8 and 23780 shall be applied against revenues pursuant to Revenue and Taxation Code Section 17041(j) for

purposes of calculating the minimum funding requirements of Sections 8 and 8.5 of Article XVI.

(c) Revenues derived from the taxes imposed under Sections 13302, 17041(j) and 17065.9 of the Revenue and Taxation Code are not "proceeds of taxes" subject to Article XIII B.

SECTION 4. Part 8 (commencing with Section 13301) of Division 2 of the Revenue and Taxation Code is repealed.

SECTION 5. Part 8 (commencing with Section 13301) is added to Division 2 of the Revenue and Taxation Code, to read:

PART 8. WEALTH TAX

13301. For purposes of this part, the following terms have the following meanings:

(a) "Board" means the Franchise Tax Board, except where otherwise indicated.
(b) "Fund" means the Environmental Superfund established by Section 13304.

13302. (a) Chapter 11 and Chapter 14 of Subtitle B of the Internal Revenue Code, relating to the estate tax, as amended on December 1, 2004, shall apply, except as otherwise provided in this part.

(b) Chapter 11 and Chapter 14 of Subtitle B of the Internal Revenue Code are modified as follows:

(1) The term "taxpayer" shall be substituted for the terms "executor," "decedent," or any combination of those terms in each place they appear.
(2) The term "January 1, 2010" shall be substituted for the terms "time of death," date of death," or any similar terms in each place they appear. If a court of competent jurisdiction finds that the date January 1, 2010 may not be constitutionally applied, then the date January 1, 2011 shall be substituted therefor.
(3) Subdivision (a) of Section 2001 is modified by substituting the phrase "the taxable estate of each individual" for the phrase "transfer of the taxable estate of every decedent who is a citizen or resident of the United States." For purposes of this paragraph, both of the following apply:

(A) For an individual who is a resident of the state on the operative date of this section, "taxable estate" means the individual's taxable estate on January 1, 2010, as determined under the Internal Revenue Code and as modified by this part, as if that individual were a decedent on January 1, 2010.

(B) Under no circumstances shall the rate of tax applied to the taxable estate be less than 55%.

(4) Subdivision (c) of Section 2010 does not apply and the applicable credit amount against the tax imposed under this part is twenty million dollars ($20,000,000).

(5) Section 2033 is modified by adding the following sentence thereto: "Neither minority interest discounts, nor lack-of-control discounts nor lack of marketability discounts shall diminish the value of any item included in the gross estate."

(6) Sections 2055, 2056, 2057, and 2058 do not apply.

(7) Sections 2201 to 2210, inclusive, do not apply.

(8) The tax determined pursuant to this part shall not be considered to be a liability of the estate of the taxpayer and so shall not reduce the taxable estate. Further, income taxes resulting from the sale of any asset to pay the tax imposed pursuant to this part shall not be considered a liability of the estate of the taxpayer and so shall not reduce the taxable estate.

(9) Internal Revenue Code Section 1014 shall not apply in determining the adjusted basis of any asset as a result of the imposition of the tax provided by this part.

(10) Section 2032 shall apply except that the term "12 months" shall be substituted for the term "6 months" wherever the term "6 months" appears therein.

13303. (a) On or before January 1, 2011 the Board shall develop a return form for the payment of the tax imposed under this part.

(b) A taxpayer shall file a return for the tax imposed under this part on or before September 30, 2011, and the tax shall be paid according to the following schedule:

(1) A taxpayer shall pay one-half of the amount due on or before September 30, 2011.

(2) A taxpayer shall pay the balance due on or before September 30, 2012.

(c) A taxpayer may, on or before September 30, 2011, apply to the Board to request an extension of time of not more than six months to file the return required by subdivision (a) if the taxpayer remits, at the time of applying for the extension, an amount equal to one-half the

estimated tax that will be due from that taxpayer under Section 13302. The Board shall grant the extension if the taxpayer demonstrates reasonable cause for the extension. The Board shall deny the extension if it believes the collection of the tax due is in jeopardy. In the circumstance that the Board, subject to judicial review, finds that the collection of the tax is in jeopardy, the Board may immediately assess the taxes it estimates are due.

13304. (a) The Environmental Superfund is hereby created in the State Treasury to receive all revenues, net of refunds, derived from the tax imposed under this part.

(b) Moneys in the fund shall be used only for the following purposes, in the manner provided by law:

(1) To purchase 30% to 51% of the outstanding voting common stock of ExxonMobil Corporation.
(2) To purchase 30% to 51% of the outstanding voting common stock of Chevron Corporation.
(3) To purchase 30% to 51% of the outstanding voting common stock of General Motors Corporation.
(4) To purchase 30% to 51% of the voting common stock of Ford Motor Company.
(5) To purchase 30% to 51% of the outstanding voting common stock of Goldman Sachs Group.
(6) To purchase 30% to 51% of the outstanding voting common stock of J P Morgan Chase Co.
(7) To purchase 30% to 51% of the outstanding voting common stock of Citigroup, Inc.
(8) To drain and restore the Hetch Hetchy Valley to its natural condition circa the beginning of the 20th century.

(c) Surplus funds, and all other funds accruing to the benefit of the Fund, shall be used to repair environmental damage due to the global warming phenomenon or due to any other cause, at the Directors' discretion. Surplus funds, and all other funds accruing to the benefit of the Fund, may also be used for infrastructure repairs and improvements, when such repairs and improvements are undertaken for purposes consistent with the purposes of the Fund as set forth in subsection (f)(1). Surplus funds, and all other funds accruing to the benefit of the Fund, may also be used for the development of alternative fuels – alternative to fossil fuels - and the energy grid. The term "surplus funds and all other funds accruing to the benefit of the Fund", as used herein, means funds remaining after the acquisitions set forth in Sections 13304(b)(1) through 13304(b)(8), inclusive.

(d) Consistent with the purposes of the Fund, the Directors of the Fund are authorized to divest any of the corporate entities of subsidiaries, divisions and/or assets by selling the subsidiaries, divisions and/or assets on terms acceptable to the Directors, as provided by law. Beginning twenty-five years after the date of acquisition of the corporate entities, the Directors may sell any or all of the corporate entities to raise funds to carry out the purposes of the Fund.

(e) Income of the fund shall be used first to meet expenses of the fund and then for the purposes set forth under subsection (b) above.

(f) The California Coastal Conservancy shall administer the Environmental Superfund. The Coastal Conservancy shall be governed by the following general principles:

(1)The purposes of acquiring a majority interest in the outstanding voting common stock of ExxonMobil Corporation, Chevron Corporation, General Motors Corporation, Ford Motor Company, Goldman Sachs Group, J P Morgan Chase Inc., and Citigroup Inc. are to accomplish the following public purposes:

(a) To assure California residents and businesses with supplies of energy to meet their several needs.
(b) To stabilize prices at which California residents and businesses purchase energy.
(c) To assure the devotion of sufficient resources of the acquired entities to the research for and development of alternative fuels to replace fossil fuels and fuels that otherwise contribute to the phenomenon of global warming.
(d) To assure that the acquired entities have no part in offshore oil drilling off California's coast, Oregon's coast, Washington's coast, the coasts of Canada, Alaska and in the Arctic National Wildlife Refuge.

(e) To preserve and to rehabilitate the global climate, the global ecosystem, the oceans and the sea life within the ocean.

(f) To disfavor international investments and loans and other financial manipulations in favor of loans to and investments in American domestic manufacturing, industrial and agricultural enterprises; especially directed toward rebuilding America's manufacturing, industrial and agricultural bases. To that end, the acquired lending institutions shall favor the repatriation of manufacturing and industrial operations to the continental United States and shall favor loans to and investments in enterprises that maintain, or undertake to repatriate, their operations in the continental United States.

13305. Notwithstanding any other provision of law, the penalties set forth in Part 10 (commencing with Section 17001), including any amendments thereto, apply to this part, as follows:

(a) Penalties for failing to file a timely return also apply for failing to file a timely return as required by Section 13303.
(b) Penalties for failing to timely pay the tax also apply for failing to timely pay the tax imposed under Section 13302.
(c) Penalties for filing a false or misleading return apply for filing a false or misleading return under Section 13303.

13306. The board shall promulgate regulations to implement this part.

SECTION 6. Section 17041 of the Revenue and Taxation Code is amended to read:

17041. (a) There shall be imposed for each taxable year upon the entire taxable income of every resident of this state who is not a part-year resident, except the head of a household as defined in Section 17042, taxes in the following amounts and at the following rates upon the amount of taxable income computed for the taxable year as if the resident were a resident for the entire taxable year and for all prior taxable years for any carryover items, deferred income, suspended losses, or suspended deductions:

If the taxable income is:	The tax is:
Not over $3,650	1% of the taxable income
Over $3,650 but not over $8,650	$36.50 plus 2% of the excess over $3,650
Over $8,650 but not over $13,650	$136.50 plus 4% of the excess over $8,650
Over $13,650 but not over $18,950	$336.50 plus 6% of the excess over $13,650
Over $18,950 but not over $23,950	$654.50 plus 8% of the excess over $18,950
Over $23,950	$1,054.50 plus 9.3% of the excess over $23,950

(b) (1) There shall be imposed for each taxable year upon the taxable income of every nonresident or part-year resident, except the head of a household as defined in Section 17042, a tax as calculated in paragraph (2).

(2) The tax imposed under paragraph (1) shall be calculated by multiplying the "taxable income of a nonresident or part-year resident," as defined in subdivision (i), by a rate (expressed as a percentage) equal to the tax computed under subdivision (a) on the entire taxable income of the nonresident or part-year resident as if the nonresident or part-year resident were a resident of this state for the taxable year and as if the nonresident or part-year resident were a resident of this state for all prior taxable years for any carryover items, deferred income, suspended losses, or suspended deductions, divided by the amount of that income.

(c) There shall be imposed for each taxable year upon the entire taxable income of every resident of this state who is not a part-year resident for that taxable year, when the resident is the head of a household, as defined in Section 17042, taxes in the following amounts and at the following rates upon the amount of taxable income computed for the taxable year as if the resident were a resident of the state for the entire taxable year and for all prior taxable years for carryover items, deferred income, suspended losses, or suspended deductions:

If the taxable income is:	The tax is:
Not over $7,300	1% of the taxable income
Over $7,300 but not over $17,300	$73 plus 2% of the excess over $7,300
Over $17,300 but not over $22,300	$273 plus 4% of the excess over $17,300
Over $22,300 but not over $27,600	$473 plus 6% of the excess over $22,300
Over $27,600 but not over $32,600	$791 plus 8% of the excess over $27,600
Over $32,600	$1,191 plus 9.3% of the excess over $32,600

(d) (1) There shall be imposed for each taxable year upon the taxable income of every nonresident or part-year resident when the nonresident or part-year resident is the head of a household, as defined in Section 17042, a tax as calculated in paragraph (2).

(2) The tax imposed under paragraph (1) shall be calculated by multiplying the "taxable income of a nonresident or part-year resident," as defined in subdivision (i), by a rate (expressed as a percentage) equal to the tax computed under subdivision (c) on the entire taxable income of the nonresident or part-year resident as if the nonresident or part-year resident were a resident of this state for the taxable year and as if the nonresident or part-year resident were a resident of this state for all prior taxable years for any carryover items, deferred income, suspended losses, or suspended deductions, divided by the amount of that income.

(e) There shall be imposed for each taxable year upon the taxable income of every estate, trust, or common trust fund taxes equal to the amount computed under subdivision (a) for an individual having the same amount of taxable income.

(g) ~~The~~ A tax imposed by this part is not a surtax.

(h) (1) Section 1(g) of the Internal Revenue Code, relating to certain unearned income of minor children taxed as if the parent's income, shall apply, except as otherwise provided.

(2) Section 1(g) (7) (B) (ii) (II) of the Internal Revenue Code, relating to income included on a parent's return, is modified, for purposes of this part, by substituting "1 percent" for "15 percent."

(i) For each taxable year beginning on or after January 1, 1988, the Franchise Tax Board shall recompute the income tax brackets prescribed in subdivisions (a) and (c). That computation shall be made as follows:

(1) The California Department of Industrial Relations shall transmit annually to the Franchise Tax Board the percentage change in the California Consumer Price Index for all items from June of the prior calendar year to June of the current calendar year, no later than August 1 of the current calendar year.

(2) The Franchise Tax Board shall do both of the following:

(A) Compute an inflation adjustment factor by adding 100 percent to the percentage figure that is furnished pursuant to paragraph (1) and dividing the result by 100.

(B) Multiply the preceding taxable year income tax brackets by the inflation adjustment factor determined in subparagraph (A) and round off the resulting products to the nearest dollar ($1).

(1) For purposes of this part, the term "taxable income of a nonresident or part-year resident" includes each of the following:

(A) For any part of the taxable year during which the taxpayer was a resident of this state (as defined by Section 17014), all items of gross income and all deductions, regardless of source.
(B) For any part of the taxable year during which the taxpayer was not a resident of this state, gross income and deductions derived from sources within this state, determined in accordance with Article 9 of Chapter 3 (commencing with Section 17301) and Chapter 11 (commencing with Section 17951).

(2) For purposes of computing "taxable income of a nonresident or part-year resident" under paragraph (1), the amount of any net operating loss sustained in any taxable year during any part of which the taxpayer was not a resident of this state shall be limited to the sum of the following:

(A) The amount of the loss attributable to the part of the taxable year in which the taxpayer was a resident.

(B) The amount of the loss which, during the part of the taxable year the taxpayer is not a resident, is attributable to California source income and deductions allowable in arriving at taxable income of a nonresident or part-year resident.

(3) For purposes of computing "taxable income of a nonresident or part-year resident" under paragraph (1), any carryover items, deferred income, suspended losses, or suspended deductions shall only be includable or allowable to the extent that the carryover item, deferred income, suspended loss, or suspended deduction was derived from sources within this state, calculated as if

the nonresident or part-year resident, for the portion of the year he or she was a nonresident, had been a resident for all prior years.

(j) (1) For each taxable year beginning on and after January 1, 2010, there shall be imposed on every taxpayer who is a resident of this state for any portion of the taxable year, in addition to all other taxes provided for in this section, a tax in the amount of 17.5 percent of the taxpayer's taxable income for taxpayers whose adjusted gross income exceeds two hundred fifty thousand dollars ($250,000) in the case of married taxpayers filing joint tax returns, or one hundred fifty thousand dollars ($150,000) in the case of single taxpayers and taxpayers filing as head of household. Married taxpayers filing separate tax returns will each be liable for the additional tax imposed under this subdivision if the combined adjusted gross income of both spouses exceeds two hundred fifty thousand dollars ($250,000). For purposes of this subdivision, the fair market value of incentive stock options granted to the taxpayer during the year shall be included in the measure of adjusted gross income and shall be included in the taxable income of the taxpayer. For purposes of this subdivision, the net taxable income of a personal service corporation shall be included in the taxable income of its owner(s).

(2) For each taxable year beginning on and after January 1, 2010, there shall be imposed on every taxpayer who is a resident of this state for any portion of the taxable year, in addition to all other taxes provided for in this section, including subsection (j)(1) above, an additional tax in the amount of 17.5 percent of the taxpayer's taxable income for taxpayers whose adjusted gross income exceeds five hundred thousand dollars ($500,000) in the case of married taxpayers filing joint tax returns, or three hundred fifty thousand dollars ($350,000) in the case of single taxpayers and taxpayers filing as head of household. Married taxpayers filing separate tax returns will each be liable for the additional tax imposed under this subdivision if the combined adjusted gross income of both spouses exceeds five hundred thousand dollars ($500,000). A taxpayer's net long-term gains on the sale, exchange or other disposition of capital assets, pursuant to Internal Revenue Code Section 1221, and assets described in Internal Revenue Code Section 1231, for assets that are held for more than ten years, are not subject to this subdivision. For purposes of this subdivision, the fair market value of incentive stock options granted to the taxpayer during the year shall be included in the measure of adjusted gross income and shall be included in the taxable income of the taxpayer. For purposes of this subdivision, the net taxable income of a personal service corporation shall be included in the taxable income of its owner(s).

SECTION 7. Section 17065.3 is added to the Revenue and Taxation Code, to read:

17065.3 (a) For each taxable year beginning on or after January 1, 2010, there shall be allowed as a credit against the "net tax," as defined in Section 17039, for a qualified person an amount equal to the teacher credit amount.

(b) For purposes of this section, the following terms have the following meanings:

(1) "Qualified person" means a person who teaches in a public or private postsecondary institution in the state or a public or private kindergarten, elementary, secondary, or vocational-technical school in the state.

(2) "Teacher credit amount" means an amount equal to 40 percent of the total remuneration received by the qualified person during the taxable year for providing teaching services, not to exceed 40 percent of the wages subject to tax under the Federal Insurance Contributions Act (26 U.S.C. Sec. 3101 and following).

(c) In the case of a qualified person whose credit under this section exceeds the person's liability computed under this part, the excess shall be credited against other amounts due, if any, from the person and the balance, if any, shall be refunded to the person.

(d) Notwithstanding Section 13340 of the Government Code, moneys in the General Fund are hereby appropriated, without regard to fiscal years, to the Controller to make the refund payments required by subdivision (c).

SECTION 8. Section 17065.4 is added to the Revenue and Taxation Code, to read:

17065.4 (a) For each taxable year beginning on or after January 1, 2010, there shall be allowed as a credit against the "net tax," as defined in Section 17039, an amount equal to the higher education costs credit amount.

(b) For purposes of this section, the following terms have the following meanings:

(1) "Higher education costs credit amount" means an amount equal to 85 percent of the applicable costs paid or incurred by the taxpayer during the taxable year.

(2)(A) "Applicable costs" means the tuition and fees paid or incurred by the taxpayer during the taxable year for any person, including the taxpayer and any other person regardless of the person's relationship to the taxpayer, at a California campus of the University of California, a community college, or other public university or public college.

(B) Notwithstanding subparagraph (A), "applicable costs" do not include any of the following:

(i) Tuition or fees for which the taxpayer received reimbursement by a grant, scholarship, fellowship, gift, or a similar form of reimbursement.

(ii) Tuition or fees paid or incurred during the taxable year that exceed the following amounts:

(I) For undergraduate studies at a campus of the University of California, eight thousand dollars ($8,000).

(II) For studies at graduate and professional schools at a campus of the University of California, eighteen thousand dollars ($18,000).

(III) For studies at a community college, one thousand dollars ($1,000).

(IV) For studies at a public university or public college not described in subclauses (I) to (III), inclusive, four thousand dollars ($4,000).

(c) In the case of a taxpayer whose credit under this section exceeds the taxpayer's tax liability computed under this part, the excess shall be credited against other amounts due, if any, from the taxpayer and the balance, if any, shall be refunded to the taxpayer. The credit provided by this section is available to any lawful resident of the United States.

(d) Notwithstanding Section 13340 of the Government Code, moneys in the General Fund are hereby appropriated, without regard to fiscal years, to the Controller to make the refund payments required by subdivision (c).

(e) Notwithstanding any other law, in lieu of the tax credit authorized by this section, the Legislature may appropriate funds annually which provide comparable benefits to eligible persons. In any year in which the Legislature fails to appropriate funds comparable to the benefits provided by this section, this section remains or becomes operative for eligible persons.

SECTION 9. Section 17065.5 is added to the Revenue and Taxation Code, to read:

17065.5. (a) Except as otherwise provided in paragraph (2) of subdivision (c), for each taxable year beginning on or after January 1, 2010, there shall be allowed as a credit against the "net tax," as

defined in Section 17039, due on the final return filed for a deceased person whose body part was donated and accepted for transplantation purposes in an amount determined under subdivision (b), not to exceed five thousand dollars ($5,000).

(b) The amount of the credit under subdivision (a) shall be equal to the following applicable amounts:

(1) If the deceased person donated a heart, kidney, liver, lung, pancreas, or other vital body organ that was accepted for transplant, five thousand dollars ($5,000).

(2) If the deceased person donated a body part that is not described in paragraph (1) and that body part was accepted for transplant, five hundred dollars ($500).

(c) (1) Except as provided otherwise in paragraph (2), in the case of a taxpayer whose credit under this section exceeds the taxpayer's tax liability computed under this part, the excess shall be credited against other amounts due, if any, from the taxpayer and the balance, if any, shall be refunded to the taxpayer.

(2) The legal representative of a decedent who donated a heart, kidney, liver, lung, pancreas, or other vital body organ that was accepted for transplant may, in lieu of the credit allowed to that deceased person under subdivision (a), apply to the Controller for the immediate payment of five thousand ($5,000). The Controller shall, no more than 72 hours after receiving the application, pay the legal representative that amount if he or she demonstrates that the funds are needed for the donor's funeral or medical expenses.

(d) Notwithstanding Section 13340 of the Government Code, moneys in the General Fund are hereby appropriated, without regard to fiscal years, to the Controller to make the refund payments required by subdivision (c).

SECTION 10. Section 17065.6 is added to the Revenue and Taxation Code, to read:

17065.6 (a) For each taxable year beginning on or after January 1, 2010, there shall be allowed as a credit against the "net tax," as defined in Section 17039, an amount equal to the health care costs credit amount to a taxpayer who is a legal resident of the state and has been a resident of California for a period of not less than five years. A taxpayer must be a resident in the year benefits under this section are claimed.

(b) For purposes of this section, the following terms have the following meanings:

(1) "Health care costs credit amount" means an amount equal to 85 percent of the amount paid by the taxpayer during the taxable year for health insurance or a health care service plan for the taxpayer, members of the taxpayer's household and the

taxpayer's dependents. The "amount paid by the taxpayer" upon which the credit is determined shall not exceed eight thousand dollars ($8,000).

(2) "Health insurance" and "health service plan" do not include Medicare, Medi-Cal, or Medicaid.

(c) Only one taxpayer per household is allowed the credit authorized by this section.

(d) In the case of a taxpayer whose credit under this section exceeds the taxpayer's tax liability computed under this part, the excess shall be credited against other amounts due, if any, from the taxpayer and the balance, if any, shall be refunded to the taxpayer.

(e) Notwithstanding Section 13340 of the Government Code, moneys in the General Fund are hereby appropriated, without regard to fiscal years, to the Controller to make the refund payments required by subdivision (d).

(f) Notwithstanding any other law, in lieu of the tax credit authorized by this section, the Legislature may enact a statute to establish a policy or policies of health insurance or a health care service plan that provides a basic package of benefits and to require eligible taxpayers to accept a voucher with which to purchase the policy or policies.

SECTION 11. Section 17065.7 is added to the Revenue and Taxation Code, to read:

17065.7 (a) For each taxable year beginning on or after January 1, 2010, there shall be allowed as a credit against the "net tax," as defined in Section 17039, an amount equal to the Medicare costs credit amount to a taxpayer who is a lawful resident of the state.

(b) For purposes of this section, "Medicare costs credit amount" means the sum of the following applicable amounts:

(1) An amount equal to 85 percent of the amount paid or incurred by the taxpayer during the taxable year for premiums under Medicare Parts A, B and D.

(2) An amount equal to 50 percent of the amount paid or incurred by the taxpayer during the taxable year for a medigap policy. The amount described in this paragraph shall not exceed two thousand five hundred dollars ($4,500).

(c) In the case of a taxpayer whose credit under this section exceeds the taxpayer's tax liability computed under this part, the excess shall be credited against other amounts due, if any, from the taxpayer and the balance, if any, shall be refunded to the taxpayer.

(d) Notwithstanding Section 13340 of the Government Code, moneys in the General Fund are hereby appropriated, without regard to fiscal years, to the Controller to make the refund payments required by subdivision (c).

(e) Notwithstanding any other law, in lieu of the tax credit authorized by this section, the Legislature may enact a statute to establish a policy or policies of health insurance or a health care service plan that provides a basic package of benefits and to require eligible taxpayers to accept a voucher with which to purchase the policy or policies.

SECTION 12. Section 17065.8 is added to the Revenue and Taxation Code, to read:

17065.8. (a) For each taxable year beginning on or after January 1, 2010, there shall be allowed as a credit against the "net tax," as defined in Section 17039, an amount equal to the property tax credit amount to a taxpayer who is a legal resident of the state.

(b) For the purpose of this section, all of the following apply:

(1) "Ad valorem property taxes" means the taxes described in Section 1 of Article XIII A of the California Constitution.

(2) "Property tax credit amount" means the amount by which the ad valorem property taxes paid by the taxpayer on his or her principal residence during the taxable year exceeds 1 percent of the taxpayer's adjusted gross income. The amount described in this paragraph shall not exceed five thousand dollars ($5,000).

(3) "Resident" does not include a part-year resident.

(4) Notwithstanding any other law, married taxpayers shall be allowed the credit authorized by this section only if the couple files a joint return for the taxable year for which the credit is claimed.

(c) In the case of a taxpayer whose credit under this section exceeds the taxpayer's tax liability computed under this part, the excess shall be credited against other amounts due, if any, from the taxpayer and the balance, if any, shall be refunded to the taxpayer.

(d) Notwithstanding Section 13340 of the Government Code, moneys in the General Fund are hereby appropriated, without regard to fiscal years, to the Controller to make the refund payments required by subdivision (c).

SECTION 13. Section 23780 is added to the Revenue and Taxation Code, to read:

23780. (a) For each taxable year beginning on or after January 1, 2010, and before January 1, 2038, there shall be allowed as a credit against the "tax," as defined in Section 23036, an amount described in subdivision (b) for an organization described in subdivision (b).

(b) The credit amount allowed under subdivision (a) shall be in the following amounts for the following organizations:

(1) The Center for the Improvement of Child Caring (23-7385759), 6260 Laurel Canyon Boulevard, North Hollywood, California 91606 – five million dollars ($5,000,000).

(2) The Nature Network, Inc. (95-4218169), 3145 Coolidge Avenue, Los Angeles, California 90066 - two million dollars ($2,000,000).

(3) The Marine Mammal Center (51-0144434), Marin Headlands, 1065 Fort Cronkhite, Sausalito, California, 94965 – five million dollars ($5,000,000).

(4) Restore Hetch Hetchy (77-0551533), Sonora, CA 95370 – five million dollars ($5,000,000).

(c) In the case of a taxpayer whose credit under this section exceeds the taxpayer's tax liability computed under this part, the excess shall be credited against other amounts due, if any, from the taxpayer and the balance, if any, shall be refunded to the taxpayer within 90 days after the taxpayer's return is filed.

(d) Notwithstanding Section 13340 of the Government Code, moneys in the General Fund are hereby appropriated, without regard to fiscal years, to the Controller to make the refund payments required by subdivision (c).

SECTION 14. Section 14 is added to Article XIII B of the Constitution to read:

SEC. 14(a). "Appropriations subject to limitation" of each entity of government shall not include appropriations of revenues from the additional tax under Revenue and Taxation Code Section 17041(j). No adjustment in the appropriations limit of any entity of government shall be required as a result of revenue being deposited into the General Fund and/or the Environmental Superfund pursuant to Section 17041(j) or appropriated pursuant to the provisions of Revenue and Taxation Code Sections 17065.3, 17065.4, 17065.5, 17065.6, 17065.7, 17065.8 and 23780 hereinabove.

(b). "Appropriations subject to limitation" of each entity of government shall not include appropriations of revenues from the Wealth Tax and the Hasta La Vista Tax under Revenue and Taxation Code Section 13302 and 17065.9. No adjustment in the appropriations limit of any entity of government shall be required as a result of revenue being deposited into the Environmental Superfund pursuant to Sections 13302 and 17065.9 or appropriated pursuant to the provisions of Revenue and Taxation Code Section 13304.

SECTION 15. SURPLUS

Any excess of tax receipts over tax expenditures greater than seven billion five hundred million dollars per year ($7,500,000,000), in respect of the tax receipts pursuant to Revenue and Taxation Code Section 17041(j) over tax expenditures pursuant to Sections 17065.3, 17065.4, 17065.5, 17065.6, 17065.7, 17065.8 and 23780, shall be transferred not less than annually to the Environmental Superfund.

SECTION 16. Annual Appropriation

From the additional tax revenues received pursuant to Revenue and Taxation Code Section 17041(j), the Legislature shall make an annual appropriation, if one is required by law, for the tax credits provided for in Revenue and Taxation Code Sections 17065.3, 17065.4, 17065.5, 17065.6, 17065.7, 17065.8 and 23780.

SECTION 17. Section 17065.9 is added to the Revenue and Taxation Code, to read:

SECTION 17065.9 *Hasta La Vista Tax.*

(1) Taxpayers who have been residents of California continuously for five years or more, prior to the date of enactment, and who cease to be residents of California at any time during the calendar year 2010, or at any time thereafter, including by reason of death, shall be liable to file a final personal income tax return as of the date their residency ends and to report thereon all items of income and gain, less allowable deductions and losses, for the final part-year period of their residency, in accordance with established statutes and regulations, and further to report thereon deemed gains or losses on the sale of all assets as if those assets had been sold for their fair market values on the date the taxpayer's residency terminated and to report thereon income and gains resulting from a deemed liquidation of all other assets, including but not limited to deferred compensation plans, pension and profit sharing plans and entitlements, joint tenancies, interests in trust, installment notes receivable and property interests of every kind. Pension entitlements shall be valued according to generally accepted actuarial valuation principles. The meaning of the term "fair market value" in this section shall exclude non-marketability, lack-of-control and minority-interest discounts, commissions and other costs of sale or liquidation.

(2) For taxpayers whose taxable income pursuant to this section exceeds ten million dollars ($10,000,000) the tax rate shall be 36.8% on the first ten million dollars ($10,000,000) of taxable income and 54.3% on the excess. For all other taxpayers, the rate of tax applied to taxable income computed pursuant to this section shall be computed under Revenue and Taxation Code Section 17041(a) and Revenue and Taxation Code Section 17041(j), when applicable, subject to a five million dollars of taxable income ($5,000,000) exemption

amount. Taxpayers shall file their tax returns, under this part, as single persons, using community property laws in the determination of the reportable taxable income of each taxpayer.

(3) Taxpayers liable for the Wealth Tax pursuant to SECTION 5 are not liable for further taxes under this section.

(4) Revenues, net of refunds pursuant to this section, shall be deposited into the Environmental Superfund.

SECTION 18. The provisions of this measure are severable. If any provision of this measure or the application of the provisions of this measure is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SECTION 19. Sections 1 to 17 of this measure are operative for each taxable year beginning on and after January 1, 2010, or at the earliest date provided by law.