February 17, 2012
Initiative 11-0100

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

TAX FOR EDUCATION AND EARLY CHILDHOOD PROGRAMS. INITIATIVE STATUTE. Increases personal income tax rates for annual earnings over $7,316 using sliding scale from .4% for lowest individual earners to 2.2% for individuals earning over $2.5 million, ending after twelve years. During first four years, 60% of revenues go to K-12 schools, 30% to repaying state debt, and 10% to early childhood programs. Thereafter, allocates 85% of revenues to K-12 schools, 15% to early childhood programs. Provides K-12 funds on school-specific, per-pupil basis, subject to local control, audits, and public input. Prohibits state from directing or using new funds. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Increased state personal income tax revenues beginning in 2013 and ending in 2024. Estimates of the revenue increases vary from $10 billion to $11 billion per fiscal year beginning in 2013-14, tending to increase over time. The 2012-13 revenue increase would be about half this amount. Until the end of 2016-17, 60 percent of revenues would be dedicated to K-12 education and 10 percent would be provided to early care and education programs. These allocations would supplement existing funding for these programs. In 2017-18 and subsequent years, 85 percent would be provided to K-12 education and 15 percent to early care and education. General Fund savings on debt-service costs of about $1.5 billion in 2012-13 and $3 billion in 2013-14, with savings tending to grow thereafter until the end of 2016-17. In 2015-16 and subsequent years with stronger growth in state personal income tax revenues, some of the revenues raised by this measure—several hundred million dollars per year—would be used for debt-service costs, resulting in state savings.** (11-0100)