

June 10, 2010
Initiative 10-0017

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

IMPOSES NEW ANNUAL SURCHARGE AND NEW ANNUAL TAX ON ALL

PENSION INCOME OVER \$40,000. INITIATIVE STATUTE. Imposes on California residents a new annual surcharge (between \$5,000 and \$50,750) and a new annual tax (between 20% and 60%) on all pension income, including employer-paid health insurance premiums, in excess of \$40,000. May impose a one-time additional tax on non-California residents whose pension benefits earned in California in a taxable year exceed \$40,000. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government:

Potential annual state revenue increase of up to \$18 billion beginning in 2012 and decreasing over time from new taxes on pension benefits. This estimate assumes the proposed excise tax is upheld by the courts. (10-0017.)