

California Ballot Initiatives and Economics

The California Voter Information Guide provides arguments for and against all 11 ballot initiatives, plus rebuttals, which appear on the November 2012 statewide ballot. The following analysis compares the verbatim economic arguments of each side.¹

Proposition	YES	NO
<p>30 – Temporarily raises sales and income taxes to fund public education and balance the budget.</p>	<p>No economic issues raised in either the argument or rebuttal.</p>	<p>“It hurts small businesses and kills jobs” “Reforms and Jobs First, Not Higher Taxes”</p>
<p>33 – Allows auto insurance companies to set prices based on a driver’s history of insurance coverage.</p>	<p>“Proposition 33 makes it easier to switch insurance companies, leading to more competition and lower rates for all.” (Note: from rebuttal, not main argument.)</p>	<p>“Working Californians have it hard enough these days. We shouldn’t have to pay more for auto insurance because of another insurance industry trick” “Prop. 33 will raise rates on drivers with perfect driving records.” “Prop. 33 will allow insurance companies to start surcharging millions of Californians.” “People who take mass transit to work shouldn’t pay more for their auto insurance when they start driving again.” “Unemployed Californians shouldn’t pay more when they get another job and start driving again.” “People who have to drop their insurance because of a serious illness shouldn’t pay more when they recover and get back on the road.” “Proposition 33 will allow insurance companies to increase the cost of insurance,’ according to the Attorney General’s Official Summary” “Will result in a surcharge” “Allows insurance companies to charge dramatically higher rates” “It hurts California’s middle-class families.” “In states where the Proposition 33 surcharge is legal, the result is HIGHER PREMIUMS: • Texans can pay 61% more. • Nevadans, 79% more. • Floridians, 103% more.” “It leads to more uninsured motorists, costing us all more.”</p>

¹ The initiatives not listed here – Propositions 31, 32, 34, 35, 36, and 40 – did not use any economic arguments on either side.

37 – Requires labeling of genetically engineered foods and food products.

“Proposition 37 doesn’t raise food costs or taxes. Because food companies regularly re-print labels and there’s a reasonable phase in period, Proposition 37 won’t raise prices.” (Note: from rebuttal, not main argument.)

“37 would cost the average California family hundreds of dollars more per year for groceries.”

“37 forces farmers and food companies to implement costly new operations or switch to higher-priced, non-GE or organic ingredients to sell food in California.”

“Economic studies show this would increase food costs for the average family by hundreds of dollars annually – a HIDDEN FOOD TAX that would especially hurt seniors and low income families who can least afford it.”

“‘37 would unfairly hurt family farmers and consumers. It must be stopped.’ – California Farm Bureau Federation, representing 8,000 farmers.”

38 – Temporarily raises personal income taxes to fund public schools, early childhood education, and balance the state budget (debt service on bonds).

“Small businesses earning \$30,000 to \$40,000 will NOT be ‘devastated.’ 38’s average increase for incomes between \$25,000 and \$50,000 is \$54.” (Note: from rebuttal, not main argument.)

“Prop. 38 is a massive income tax hike for middle class taxpayers and small businesses. If you earn \$8,000 or more per year in taxable income, your rates go up by as much as 21% for the next TWELVE YEARS.”

“Prop. 38 will damage small businesses by drastically raising taxes on family businesses that file and pay income taxes as individuals, not as corporations.”

“Prop. 38 kills jobs in small and family businesses where most job growth is taking place. California has the third-highest unemployment rate in the country.”

“\$120 Billion Income Tax Hike on Most Californians”

“If you earn \$17,346 or more per year in taxable income, Prop. 38 raises your California personal income tax rate by as much as 21%, on top of what you pay the Federal government.”

“Approximately 3.8 million California small businesses pay individual taxes on their earnings, rather than corporate taxes. Consequently, small businesses will be devastated by these higher taxes – even businesses making as little as \$30,000 or \$40,000 a year.”

“Instead of creating jobs and improving the economy, Prop. 38 will force family businesses to cut jobs, move out of state, or even close. If they can stay in business, they’ll raise prices to pay the higher taxes, which will ultimately be passed on to consumers.”

“Increases income taxes for taxable incomes above \$17,326.”

39 – Requires multistate businesses to calculate their California income tax liability based on a percentage of their sales in California.

“ELIMINATING THE LOOPHOLE IS GOOD FOR CALIFORNIA’S JOB MARKET”

“The current tax loophole lets corporations pay less tax to California if they have FEWER employees here – giving a reason to send jobs out of state.”

“In fact, the state’s nonpartisan, independent Legislative Analyst has cited studies showing that the tax policy in Prop. 39 will bring California as many as 40,000 jobs. That’s why the independent Legislative Analyst has called for eliminating the present loophole.”

“FACT: 39 CREATES CALIFORNIA JOBS”

“Prop 39 does NOT increase taxes on California families by even a penny.”

“The opponents’ argument about taxing employers is a farce. The loophole benefits corporations that keep jobs out of state. Proposition 39 will eliminate a barrier to creating jobs in California. Plus, Proposition 39 creates thousands of clean energy jobs.” (Note: from both the main argument and rebuttal.)

“California is already losing businesses at a record rate. Ask yourself how raising taxes on companies employing tens of thousands of Californians will make things better? It won’t!”

“California is the worst state for business for eight consecutive years.”

“Here’s the truth: A \$1 billion tax increase gives California employers another reason not to invest or hire. Fewer jobs mean lower revenue and more cuts to schools and law enforcement. Is that good for California?”

“Higher taxes, fewer jobs, more bureaucracy and waste.”

“California’s unemployment rate is already third worst in the country at nearly 11%. Prop 39 makes our problems worse.”

“PROP 39 ATTACKS BUSINESSES THAT PROVIDE MIDDLE CLASS CALIFORNIA JOBS. Manufacturing jobs that provide families are vanishing. Almost two million hard-working Californians are struggling to find any kind of work. **THAT 41 BILLION PROP 39 TAX INCREASE CHANGES TAX LAWS THAT HAVE BEEN IN EFFECT FOR MORE THAN 40 YEARS** and will cost more union and non-union workers their jobs.”

“Prop. 39 raises taxes by \$1 billion on California job creators to help fund more government bureaucracy and more bloated pensions.”

“By voting NO on Prop 39, you will stop a job-killing \$1 billion tax increase on California job creators. You will support the middle class California jobs that provide for families and sustain our economy.”

NOTES

Verbatim excerpts from arguments or rebuttals to any statement about the impact of the measure on the overall economy, jobs, tax levels or consumer prices.

Six of the 11 initiatives that will appear on the November 2012 statewide ballot did not include any economic arguments on either side. Those six initiatives include: Proposition 31 (Constitutional and legislative process reforms), Proposition 32 (Ban on corporate and union campaign contributions), Proposition 34 (Repeal of the death penalty), Proposition 35 (Criminal penalties for human trafficking), Proposition 36 (Amendment to the three strikes law) and Proposition 40 (Referendum on state senate district boundaries).