



7 Things California Can Do to Protect the Health of Children & Families and Put People Back to Work

If the legislature adopted the seven revenue solutions outlined below, California could **avoid making 100% of the Governor's proposed program reductions including health & human services program cuts**. It's time for California legislators to be fiscally responsible by maintaining programs that not only help children and families during this economic downturn, but also keep billions of dollars circulating through our economy.

CALIFORNIA CAN'T AFFORD TO TAKE TO \$14 BILLION IN REVENUE OFF THE TABLE!

Revenue Options ⁱ		Proposed Cuts
<p>1. Repeal the Tax Cuts Enacted as Part of the September 2008 and February 2009 Budget Agreement. Despite the budget crisis, the legislature approved massive corporate tax breaks, including cuts that will provide large benefits for a very small number of corporations in California and result in the loss of \$2 billion in state revenue each year when fully implemented. According to the California Budget Project, repealing the tax cuts would generate additional 2010-11 revenues of \$685 million.</p>	OR	Cut Medi-Cal (\$900 million) and Healthy Families (\$32 million)
<p>2. A "Nickel a Drink" Tax or Fee on Alcoholic Beverages. Billions in public costs, including for healthcare and law enforcement, can be attributed to alcohol abuse. Alcoholic-beverage taxes have not increased since 1991. A tax or fee would raise approximately \$585 million.</p>		
<p>3. Oil Severance Tax. California is the <u>only state that does not tax oil production</u>. A tax of 9.9 percent would generate \$1 billion a year and would have no impact on the production or the price of gas at the pump for consumers.</p>	OR	Cut CalWORKs Program (\$1.1 billion)

Revenue Options		Proposed Cuts
<p>4. Reinstate the 10% and 11% Personal Income Tax Rates for the Top 1.5% Highest Earners. The tax rate for top earners in 2009 is below 1991 rates, while recent tax increases adopted by the legislature disproportionately impact low-and middle-income taxpayers. Going back to 1991 rates generates \$4-6 billion in revenue through a new 10 percent rate on the earnings of joint taxpayers with incomes above \$321,000 (\$160,500 single) and an 11 percent rate on joint taxpayers with incomes above \$642,000 (\$321,000 single).</p>	OR	Cut state funding for need-based subsidized child care (\$1.2 billion, In-Home Support Services (\$637.1 million)) and many other proposed cuts to education, transportation and other social service programs.
<p>5. Fully Restore the Vehicle License Fee to 2% of Value. Restore the vehicle license fee to 2% of the depreciated value of a vehicle by making a 0.85 percentage point increase in the current rate. This was rate when Governor Schwarzenegger took office in 2003. This could generate up to \$2 billion.</p>		
<p>6. Broadening the Sales Tax. Expanding the narrow sales tax base by including options such as repair services, entertainment and recreation, cable and satellite TV, and digital downloads could generate between \$2 and \$4 billion.</p>		
<p>7. Limit Mortgage Interest Deductions to Primary Residences. California currently subsidizes vacation homes and boats through mortgage interest deductions. Elimination of this tax loophole would raise approximately \$85 million per year.</p>		

ⁱ Source: This document was extracted and amended by Community Health Councils from the California Budget Project's *Options for Closing the Budget Gap* (June 3, 2009).