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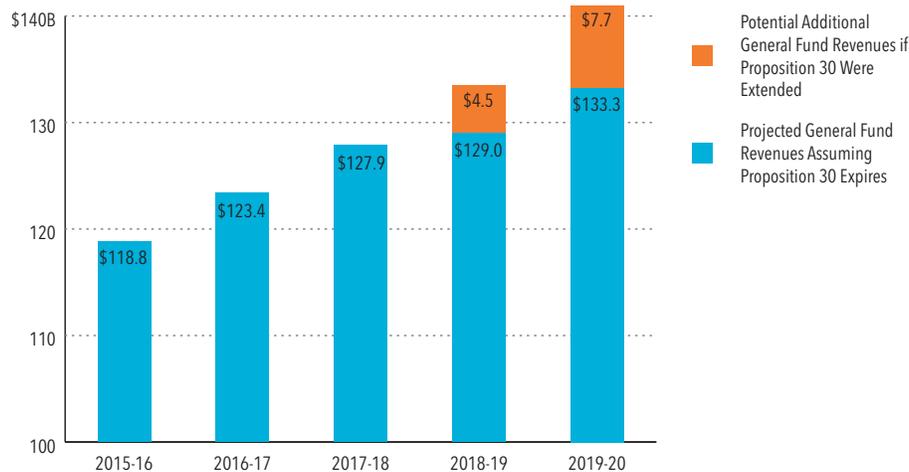
The Expiration of Proposition 30's Tax Increases Would Leave a Permanent Gap in State Revenues

Among the most-watched ballot measures in the mix for California's 2016 election cycle is one that would extend Proposition 30's personal income tax (PIT) rate increases on high-income earners, which were approved by voters in 2012. These rate increases expire at the end of calendar year 2018, halfway through the state's 2018-19 fiscal year.

The expiration of Prop. 30's PIT rate increases would leave a permanent gap in state General Fund revenues – an estimated \$4.5 billion in 2018-19 and \$7.7 billion in 2019-20, with annual revenue losses continuing indefinitely.¹ To put these amounts in perspective, the 2016-17 enacted budget includes a total of \$7.9 billion in General Fund support for the California State University, University of California, and Student Aid Commission combined.

Expiration of Proposition 30's Personal Income Tax Rate Increases Would Leave Permanent Gap in State Revenues

General Fund Revenues Before Transfers to the Budget Stabilization Account, in Billions



Note: 2015-16 is estimated; 2016-17 onward are projected. Additional revenues for 2018-19 and 2019-20 assume that personal income tax (PIT) revenue growth under an extended Prop. 30 would reflect the Administration's projected underlying PIT growth rate absent Prop. 30 taxes.
Source: Department of Finance (DOF); Budget Center calculations based on DOF data

¹ This projection of the lost Prop. 30 PIT revenues in 2019-20 is dependent in part on the projection of that revenue stream in the preceding fiscal years. The latest publicly available estimate is from the Department of Finance's May 2016 projection. For comparison, an analysis of the fiscal effects of Prop. 55 – the November 2016 ballot initiative to extend the Prop. 30 PIT rates – concluded that the measure could generate from \$4 billion to \$9 billion each year, depending on the state of the stock market and economy. <http://www.lao.ca.gov/handouts/Econ/2016/Tax-Extension-Fund-Education-Healthcare-Initiative-Constitutional-Amendment-62916.pdf>