

**THE STATE TREASURER'S CONTINGENCY PLAN WILL RETIRE
THE STATE'S DEFICIT OVER THREE YEARS**

(In Billions of Dollars)

	<i>FY 2004-05</i>	<i>FY 2005-06</i>	<i>FY 2006-07</i>	<i>Total</i>
<i>Existing ¼ Cent Sales Tax ⁽¹⁾</i>	\$1.25	\$1.32	\$1.3900	\$3.96
<i>Restore Personal Income Tax to Reagan/Wilson Rates ⁽²⁾</i>	3.00	2.40	1.40 ⁽³⁾	6.80
Total	\$4.25	\$3.72	\$2.7900	\$10.76

⁽¹⁾ Source: Department of Finance for 2004-05 FY; growth at 5.5 percent thereafter

⁽²⁾ Source: Franchise Tax Board

⁽³⁾ Represents the FY 2006-07 share of revenues attributable to the 2006 tax year. Full 2006 tax year revenues are projected to be approximately \$2.55 billion.

STATE TREASURER'S CONTINGENCY PLAN

Who is Affected by the Restoration of the Reagan/Wilson Personal Income Tax Rates?

- The restored 10 and 11 percent income tax rates affect only the top 2.4 percent of all tax filers
- The restored 11 percent rate (for single taxpayers earning more than approximately \$280,000 per year and married taxpayers filing jointly earning more than approximately \$560,000 per year) affects less than 1 percent (.7 percent) of all filers
- The 11 percent rate generates approximately 80 percent of new Personal Income Tax revenue under the Contingency Plan (\$2.4 billion of the \$3 billion in FY 2004-05)
- The top 1 percent of California filers will receive an estimated \$12.76 billion in federal tax cuts in 2004 alone, due to President Bush's recently enacted tax plan
- The \$3 billion in personal income tax revenues raised in FY 2004-05 under the Contingency Plan represents only .2 percent of the State's nearly \$1.3 trillion in personal income projected for 2004

**THE ECONOMY, NOT THE REAGAN/WILSON PERSONAL INCOME TAX RATES,
IMPACTS THE NUMBER OF RETURNS FILED BY HIGHER-EARNING
CALIFORNIANS**

	Number of Returns			% Growth
	<i>Single over 100K</i>	<i>Joint over 200K</i>	<i>Total</i>	
1988	49,773	107,737	157,510	
1989	59,040	122,399	181,439	15%
1990	55,895	108,387	164,282	-9%
1991	53,628	103,927	157,555	-4%
1992	58,401	110,943	169,344	7%
1993	60,644	111,666	172,310	2%
1994	65,247	119,192	184,439	7%
1995	75,167	137,970	213,137	16%
1996	94,049	161,926	255,975	20%
1997	117,645	194,602	312,247	22%
1998	150,076	225,634	375,710	20%
1999	184,096	280,289	464,385	24%
2000	234,228	337,237	571,465	23%

Source: Franchise Tax Board