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BROAD ALLIANCE URGES RESTORATION OF UPPER INCOME TAXES TO PREVENT SEVERE CUTS

More Than 100 Organizations Including AARP, PTA, League of Women Voters of California, Diverse Range of Senior, Children, Parent, Consumer, Religious, Union, Community Groups Urge Governor, Legislature To Restore Top Income Tax Brackets

SACRAMENTO—To prevent severe cuts to vital programs that affect children, seniors, people with disabilities, and the working poor, more than 100 California organizations are asking state lawmakers to increase revenues, including restoration of the top income tax brackets. Organizations, ranging from AARP to the PTA, representing millions of Californians, are calling on Governor Davis and the Legislature to increase taxes in order to maintain health care, education, and other critical services.

Many organizations that focus on health care, education, and public safety are -- for the first time -- taking positions on tax and fiscal policy due to the severity of the state's \$24 billion budget deficit. These organizations have come together to urge the Legislature and the Governor to restore the top income tax rates on the wealthy.

Jan Harp Domene, President of the California State Parent Teacher Association (PTA), called on lawmakers to restore the top brackets. "We need to restore top income tax brackets so that California can maintain the progress made in recent years toward improving our schools and ensuring children and their families have quality health care."

Polls consistently show that voters oppose cuts to most services, including education, health care, mental health, and child care.

"While millions of Californians will help balance the budget through Vehicle License Fees and cigarette taxes, too many Californians will lose access to vital public services unless we take additional steps to increase revenues" said Helen Russ, Acting State President of AARP California.

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"The impact of the current budget will be felt most by working families. We will bear the greatest burden in cuts to health and social services," said Viola Gonzales, Executive Director of Latino Issues Forum, and President of Health Access California. "Legislators can protect essential services, like our hospitals and emergency rooms that we all depend on, by restoring the top income tax brackets."

"The state budget is more than dollars and cents. It is more fundamentally a statement of the values of the people of California," said Scott Anderson, Executive Director of the California Council of Churches. "It only makes sense that those who benefited most from California's boom times pay a little more to protect our seniors and children and maintain the critical public services our communities rely on every day. Just because there is a budget deficit doesn't mean that the needs go away; they actually are greater."

"We applaud Governor Davis for including some revenue increases in an attempt to bridge the budget gap. However, the budget also contains drastic cuts to programs serving millions of Californians, cutting the safety net for working families at a time when it's needed most," said Barbara Inatsuau, President of the League of Women Voters of California. "The League supports the restoration of the top personal income tax brackets, just as we did when Governor Wilson restored them to help solve the then record budget crisis facing California."

Restoring the top tax brackets to their 1995 levels would affect only 2.4 % of California's families and would generate \$3.1 billion in the budget year. The higher rates would add a 10 percent tax rate for single taxpayers with taxable incomes in excess of \$130,000 and married taxpayers with taxable incomes in excess of \$260,000. The 11 percent rate would apply to single taxpayers with taxable incomes of more than \$260,000 and married taxpayers with taxable incomes in excess of \$520,000. The recently passed federal income tax cut will provide savings to these high-income earners far in excess of the proposed increase in their state income taxes. In addition, these high-income earners will be able to deduct the increase on their federal tax returns, thereby having the federal government pay more than a third of the cost.

"Legislators should not just vote for *any* budget, but should vote for a *just* budget, one that keeps California moving forward, not backwards" said Sister Sheila Walsh of JERICHO. "Legislators should make it clear that they find certain cuts to working people unacceptable, and that they support the needed revenues to prevent them."

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