

## REVENUE HISTORY: *A BRIEF CHRONOLOGY*

*Prepared by the California Tax Reform Association  
for the California Working Families Policy Summit 2011  
January 12, 2011*

- 1978:** Passage of Proposition 13: immediate reduction of about \$5 billion in property taxes, with the state backfilling the immediate loss to local government. This amounted to an ongoing reduction of many billions of dollars, estimated in the 1980s by the Legislative Analyst's Office as many \$10's of billions of dollars yearly.
- 1979:** Passage of spending limit (Gann limit) to restrict spending to growth in population and inflation.
- 1982:** Elimination of state inheritance tax by initiative; permanent statutory indexing of the income tax on the ballot. Together, these measures lowered revenues by billions yearly, although arguably indexing was an inevitable reform.
- 1984:** Passage of tax increase (supplemental role of the property tax) for education by the legislature; restoration of use of the property tax for bonds by 2/3 of the voters on the ballot.
- 1986:** Elimination of California's unique system of worldwide combined reporting for multinational corporations ("unitary" tax)
- 1987:** Rebate of \$1 billion in tax overpayment because of state spending limit.
- 1987:** Major tax reform as part of conformity to federal income tax changes, improves progressivity of income tax.
- 1988:** Failure of measure to change spending limit; passage of Prop. 99, first tobacco tax measure.
- 1990:** Passage of Prop. 111, lifting the state spending limit and increasing the gasoline tax by 9 cents/gallon.
- 1991:** Passage by legislature and Governor Wilson of temporary top income tax brackets (expired in 1996), temporary sales taxes, "snack tax" (which was later repealed by the voters).
- 1993:** Passage of manufacturers' tax credit, later sunsetted in 2002 for failure to meet state job objectives.
- 1993:** Temporary ½ cent sales tax increase for local public safety made permanent Prop. 172.
- 1997-98:** Tax cut packages passed, including increased child tax credit, in response to rising revenues.
- 1999:** Cut in vehicle license fee (VLF) (which was restored in 2001).
- 2001:** Minor but irrational cuts in various sales taxes as part of budget hostage-taking.
- 2003:** Permanent cut in VLF of \$4.5 billion, which has grown to a \$6 billion yearly budgetary obligation to reimburse local government.
- 2003:** Passage of legislation to end abusive tax sheltering brings in \$1 billion annually.
- 2004:** \$15 billion in borrowing authorized by voters to deal with state budget deficit (Prop. 57).
- 2008-9:** Mix of tax packages passed: temporary income tax surcharge, sales tax increase and vehicle license fee increases, due to expire 2011; permanent corporation tax cuts, some temporary tax credits.
- 2010:** Ballot initiatives pass: majority vote budget (Prop 25); 2/3 vote requirement for fees, and 2/3 vote for a tax increase affecting any taxpayer (Prop 26).