

Prop 30 Presentation- Fall League Day

September 10, 2022

Presenter: Natalya Zernitskaya

Name Of Prop And Type:

Proposition 30

Initiative Statute, which means it was put on the ballot by petition signatures

Question Being Asked Of The Voter

Should the tax rate on personal income above \$2 million be increased by 1.75 percent and the revenue dedicated to zero-emission vehicle subsidies, zero-emission vehicle infrastructure, such as electric vehicle charging stations; and wildfire suppression and prevention programs?

Background

In response to climate change, California has implemented a number of programs to promote zero-emission vehicles (ZEVs). This includes requiring ride-sharing companies (such as Uber and Lyft) to have 90 percent of their drivers driving ZEVs by 2030. In addition to the high costs of ZEVs, the state's electrical grid requires upgrades in order to handle the increased capacity that additional ZEVs would require. The state currently has approximately \$10 billion allocated over 5 years for increasing the number of ZEVs in the state.

Additionally, in late August, the CA Air Resources Board approved a rule to phase out traditional gas-powered cars. Per Cal Matters, "Automakers will have to gradually electrify their fleet of new vehicles, beginning with 35% of 2026 models sold, increasing to 68% in 2030 and 100% for 2035 models. As of this year, about [16% of all new car sales](#) in California are zero-emission vehicles, twice the share in 2020."

State agencies are responsible for wildfire suppression and prevention on about one-third of state land; federal and local agencies are responsible for the rest. The state budget for wildfires this year is approximately \$4 billion.

Last year, California raised more than \$130 billion in revenue from personal income taxes. California currently has a budget surplus of \$97 billion.

What Prop Says

Prop 30 would increase the income tax rate by 1.75% on individual incomes above \$2 million. These funds, net of expenses, would be allocated as follows:

- 45 percent of funds would promote the purchase of ZEVs, including subsidies and rebates for passenger vehicles (cars) and medium- and heavy-duty vehicles like trucks and buses;
- 35 percent of funds would increase the availability of ZEV infrastructure, including electric charging stations close to single- and multifamily dwellings;

- 20 percent would help fund wildfire suppression and prevention.

Prop 30 stipulates that at least half of the funds allocated for ZEVs and ZEV charging must primarily benefit low-income and disadvantaged communities. It also requires that CalFire make hiring and training additional firefighters a top priority for its funds.

The tax increase would end on January 1, 2043; or, earlier if there are three consecutive calendar years in which statewide GHG emissions are 80 percent below 1990 levels.

Fiscal Impact

Prop 30 would generate \$3.5–5 billion in revenue in most years, increasing over time. That would amount to \$2.8–4 billion annually in ZEV funding and \$700 million to \$1 billion annually for wildfire response. The measure could help decrease state and local costs for wildfire suppression and prevention, though the size of the fiscal effects is difficult to predict.

What Supporters Say;

- Existing programs are insufficient to address California’s poor air quality, which is largely caused by automobile exhaust and wildfire smoke.
- Prop 30 would make electric vehicles more affordable and would create well-paying green jobs.
- Prop 30 would fund critically needed programs to prevent catastrophic wildfires and protect homes.
- Strict accountability would ensure that these funds are spent as intended.

Who Supports (signers of ballot arguments in bold) And Money If Known

California State Firefighters

American Lung Association

Coalition for Clean Air

California Environmental Voters

Natural Resources Defense Council

Union of Concerned Scientists

Supporting

Committee: Yes on 30: Clean Air California, A Coalition of State Firefighters, Working Families, Rideshare Companies, and Environmental Groups* - 1443818

No.	Contributor	State	Status	Total Contributions
1	Lyft, Inc.	CA	-	\$15,107,707
2	International Brotherhood of Electrical Workers Political Action Committee	DC	NEW	\$1,000,000
	Top Donors to Contributor			
3	Zinc Collective LLC	CA	↓	\$200,000
4	California State Association of Electrical Workers	CA	↓	\$51,000
	Top Donors to Contributor			
5	Elect Climate Champions Fund Sponsored by California Environmental Voters	CA	↓	\$51,000
	Top Donors to Contributor			
6	L. John Doerr, III	CA	↓	\$50,000
7	Nicholas Josefowitz	CA	↓	\$50,000
8	Thomas F. Steyer	CA	↓	\$50,000
9	Ronald Conway	CA	↓	\$50,000
10	Cal Fire Local 2281 Issues Committee	CA	↓	\$25,000

Total from top contributors: **\$16,643,707**

What Opponents Say:

- California is already spending more than \$50 billion for a multiyear climate investment, including \$10 billion for ZEVs.
- There is no guarantee that Prop 30 will make ZEVs affordable for most California families.
- Prop 30 locks money from income taxes, normally a major source of school funding, into special interests.
- Prop 30 is Lyft's attempt to get taxpayers to help foot the bill for the requirement to increase the number of ZEVs used.

Who Opposes (signers of official ballot arguments in bold) And Money If Known

Howard Jarvis Taxpayers Association

California Small Business Association

United Latinos Action

California Teachers Association

Jack O'Connell, State Superintendent of Public Instruction, Ret.

Governor Gavin Newsom

Republican Party of California

Opposing

Committee: No on 30 - 1450340

No.	Contributor	State	Status	Total Contributions
1	Mark Heising	CA	-	\$500,000
2	Bruce W. Dunlevie	CA	NEW	\$490,000
3	Leonard G. Baker Jr.	CA	↓	\$488,816
4	William H. Younger Jr.	CA	↓	\$250,016
5	Richard Kovacevich	CA	↓	\$151,773
6	Mary Jo Kovacevich	CA	↓	\$151,773
7	Jeffrey Bird	CA	↓	\$100,832
8	Eugene Frantz	CA	NEW	\$100,000
9	William Oberndorf	CA	NEW	\$100,000
10	Spieker Partners	CA	NEW	\$100,000

Total from top contributors: **\$2,433,210**

From: <https://www.fppc.ca.gov/transparency/top-contributors/nov-22-gen.html>

YES Vote Means

- Taxpayers would pay an additional tax of 1.75 percent on personal income above \$2 million annually.
- The revenue collected from this additional tax would support zero-emission vehicle programs and wildfire response and prevention activities

NO Vote Means

- No change would be made to taxes on personal income above \$2 million annually

Other Considerations/Notes

On August 25, 2022 the California Air Resources Board issued a regulation requiring 35% of new cars sold in California to be electric vehicles by 2026 and 100% by 2035. The Legislative Analyst Office's report says this in the Voter Information Guide:

- *If the state approves the ZEV mandate, then the additional funding from the proposition to help buy new ZEVs would not have much effect on the total number of ZEVs driven in California. This is because the ZEV mandate would already require a significant increase in the number of ZEV sales, even without the additional spending. Instead, the proposition's main effect would be to shift who pays for the ZEVs. That is, more costs would be covered by revenue from the new tax on high-income taxpayers instead of by vehicle sellers and/or buyers. This would not have much effect on state and local finances.*
- *If the state does not approve the ZEV mandate, then the funding from the proposition to help buy new ZEVs would increase the number of ZEVs— and decrease the number of gasoline- or diesel-powered vehicles—driven in California. As a result, the amount of gasoline being used would be less. Over the long term, this change could have several different fiscal effects on state and local governments, including lower gasoline tax revenues that are used for transportation projects, higher revenues from electricity taxes, and other effects related to less air pollution. The net fiscal effect of these changes are uncertain, but likely minor compared to the hundreds of billions of dollars state and local governments spend annually on all activities.*
- The current marginal income tax rate in California is 12.3% on people married filing jointly for income earned above \$1,250,000. In addition, income over \$1 million is taxed 1% to fund mental health programs. If Prop 30 passes the rate will be 15.05% for each dollar above \$2 million in income. This rate is higher than that of other states in the US.
- Increasing income tax revenue could cause the state to reach its spending limits, called the Gann Limit, which would mean that mandated expenditures from Prop 30 would require cutbacks in expenditures in other areas.
- Within the context of seeking to reduce emissions, there are two major types of particulate matter emissions: exhaust emissions and non-exhaust emissions. Per the CA Air Resources Board, “with increasingly stringent standards for exhaust emissions, the non-exhaust fraction has become increasingly important. Model predictions (both MOVES and EMFAC) suggest that traffic-related emissions of both PM_{2.5} and PM₁₀ will eventually be dominated by non-exhaust sources.” See: <https://ww2.arb.ca.gov/resources/documents/brake-tire-wear-emissions>