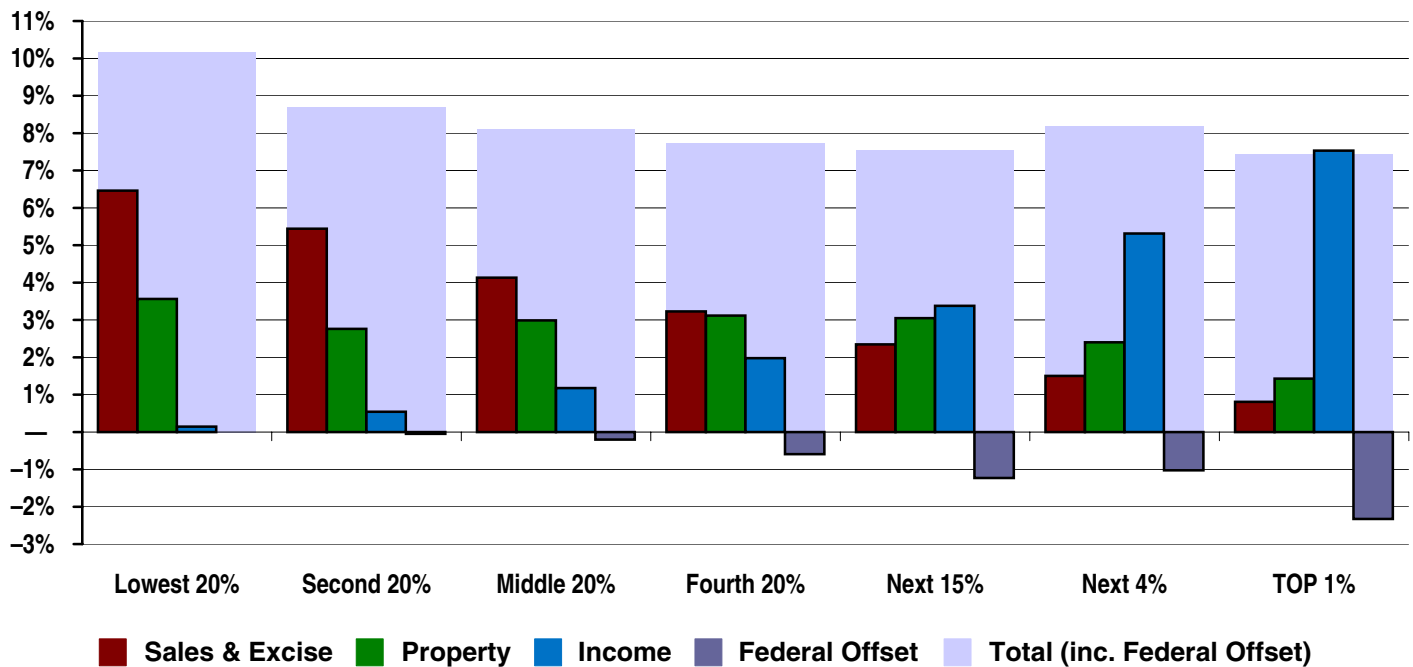


California

State & Local Taxes in 2007

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$22,000	\$22,000 – \$36,000	\$36,000 – \$58,000	\$58,000 – \$99,000	\$99,000 – \$216,000	\$216,000 – \$600,000	\$600,000 or more
Average Income in Group	\$13,200	\$28,500	\$46,000	\$75,700	\$139,100	\$328,800	\$2,180,900
Sales & Excise Taxes	6.5%	5.4%	4.1%	3.2%	2.3%	1.5%	0.8%
General Sales—Individuals	3.2%	2.9%	2.3%	1.9%	1.4%	0.9%	0.5%
Other Sales & Excise—Ind.	0.8%	0.6%	0.4%	0.3%	0.2%	0.1%	0.0%
Sales & Excise on Business	2.4%	1.9%	1.4%	1.0%	0.7%	0.5%	0.3%
Property Taxes	3.6%	2.8%	3.0%	3.1%	3.0%	2.4%	1.4%
Property Taxes on Families	3.5%	2.7%	2.9%	3.0%	2.9%	2.1%	0.7%
Other Property Taxes	0.1%	0.0%	0.1%	0.1%	0.1%	0.3%	0.7%
Income Taxes	0.1%	0.5%	1.2%	2.0%	3.4%	5.3%	7.5%
Personal Income Tax	0.1%	0.5%	1.1%	1.9%	3.3%	5.1%	7.1%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.5%
TOTAL TAXES	10.2%	8.7%	8.3%	8.3%	8.8%	9.2%	9.8%
Federal Deduction Offset	-0.0%	-0.0%	-0.2%	-0.6%	-1.2%	-1.0%	-2.3%
TOTAL AFTER OFFSET	10.2%	8.7%	8.1%	7.7%	7.5%	8.2%	7.4%

Note: Table shows 2007 tax law updated to reflect permanent changes in law enacted through October 2009.

California

State & Local Taxes

Features, Developments, and Comparisons

Progressive Features

- ✓ Income tax uses a graduated rate structure
- ✓ Provides personal income tax credits in place of personal and dependent exemptions
- ✓ Sales tax base excludes groceries

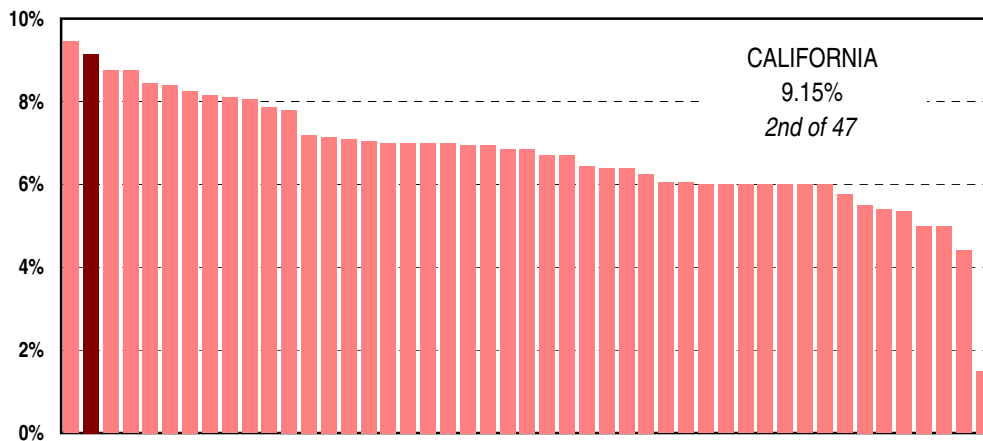
Regressive Features

- ✗ Fails to provide a property tax “circuit breaker” credit to non-elderly taxpayers
- ✗ Comparatively high combined state and local sales tax rate

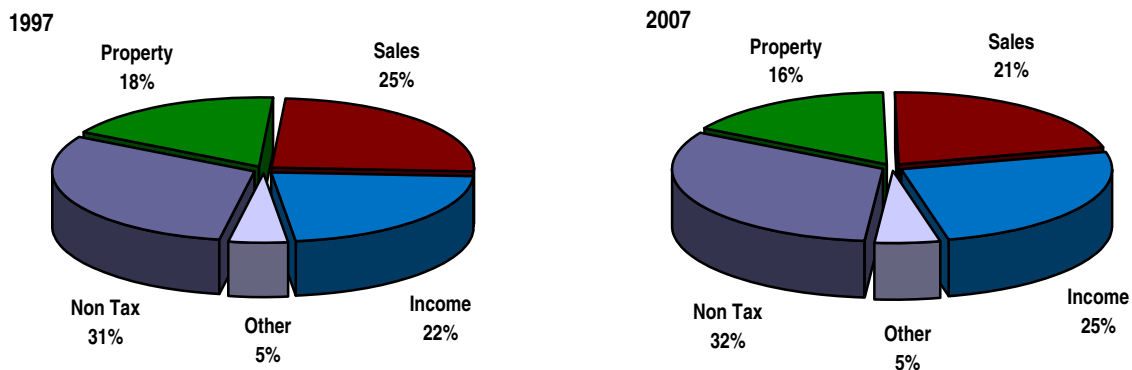
Recent Developments

- ▲ Added a new income tax bracket for income in excess of \$1 million
- ▲ Increased income tax rates and sales tax rate on a temporary basis

Combined State and Local Sales Tax Rates



Change in the Composition of Revenue



Source: U.S. Census Bureau, Government Finances