



California Federation of Teachers
American Federation of Teachers, AFL-CIO

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TAX PANEL'S PROPOSAL WOULD SHIFT BURDEN FROM RICH TO WORKING FAMILIES

SACRAMENTO, CA - The California Federation of Teachers (CFT) responded to the report of the Commission on the Twenty-First Century Economy, criticizing the commission for starting with a "no net change" policy, and then proposing to shift tax burdens from the rich onto working Californians. CFT President Marty Hittelman said, "The Commission is heading in the wrong direction by increasing the tax burden on middle class and working Californians while reducing the tax obligations of the rich and corporations." Hittelman noted that the top one percent of Californians have doubled their share of income from 13% to 25% over the past twenty years. "The commission's plan would make our tax system less fair, taking out progressive features. The commission was designed to address inadequacies in the current tax system. Instead, they propose to remove the progressive element that ensures those who can most afford it do pay more than those who can't."

"There are huge loopholes in our tax system that must be fixed," said Hittelman. "We need to repeal the recent irresponsible tax breaks handed out to corporations. Most current economic activity is left out of the Commission recommendations. If we spread the burden fairly, we can pay for public education and other essential services. Instead, Republican legislators refuse to support even enforcing the current tax laws we currently have. Right now, corporations and wealthy individuals escape much of their fair share of taxes owed, while ordinary Californians pick up the tab. The proposal from the Commission would make matters worse."

Hittelman noted that one independent analysis of the commission's plan (*Peter Schrag, Los Angeles Times, "A flat-wrong flatter-tax plan," Sept. 21, 2009*) calculates that "millionaires would save an average of \$109,000 a year. Taxpayers making between \$40,000 and \$50,000 would save \$4." Hittelman said, "That means teachers would be shouldering the burden for tax relief for the richest

Californians. That makes no sense.”

“There are much better alternatives to fix our tax system, with fairness and progressivity as guiding principles. For example, the governor’s commission did not seriously explore an oil extraction tax. California is the only state in the nation that does not tax hugely profitable oil companies for removing our oil wealth from the ground. This plan is unacceptable.”

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