

Initiative measure to be submitted directly to the voters
The Attorney General of California has prepared the following title and summary
of the chief purpose and points of the proposed measure:

ALTERNATIVE INCOME TAX RATE, INITIATIVE STATUTE. Amends California's income tax law to provide an alternative standard deduction and tax rate for taxpayers with adjusted gross income for the taxable year of \$50,000 or less for individuals, and \$100,000 or less for married couples filing jointly. Qualifying taxpayers may choose to take a deduction equal to California's minimum wage effective for the taxable year, multiplied by 1,040 for individuals, or multiplied by 2,080 for married couples filing jointly, and pay 2.5% tax on the adjusted amount. Directs the Franchise Tax Board to prepare a form for use by taxpayers. Summary of Estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: The measure would have the following major fiscal effects: Reduction in state income tax revenues of approximately \$900 million in 2004-05 and \$700 million annually thereafter.

To The Honorable Secretary of State of California

We, the undersigned, registered, qualified voters of California, residents of _____ County, (or City and County), hereby propose amendments to the Revenue and Taxation Code relating to Taxation and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election held prior to that general election or otherwise provided by law. The proposed statutory amendments read as follows:

SECTION 1. Section 17041.1 is added to the Revenue and Taxation Code, to read:

17041.1. (a) Notwithstanding any other provision of law, if a taxpayer's adjusted gross income for the taxable year consists only of qualified items and does not exceed fifty thousand dollars (\$50,000) in the case of a single person, or one hundred thousand dollars (\$100,000) in the case of a married individual filing jointly, the taxpayer may use, a form prepared by the Franchise Tax Board to comply with all of the following:

- (1) The taxpayer is allowed a standard deduction in an amount equal to the hourly minimum wage in effect in California on the first day of the taxable year multiplied by 1040, in the case of a single person, or 2080 in the case of a married individual filing jointly.
- (2) The amount of tax imposed under this part shall be an amount equal to the taxpayer's adjusted gross income, minus the standard deduction specified in paragraph (1) multiplied by .025.
- (3) The form shall be as concise as practicable and consist of no more than one single-sided page.
- (b) For purposes of this section, "qualified items" includes only the following:
 - (1) Wages, salaries, and tips.
 - (2) Taxable dividends, interest, and pension as reported on Federal Form 1099.
- (c) For purposes of this section, the income limits specified in subdivision (a) shall be adjusted for inflation in accordance with the provisions of Section 63 (c) (4) of the Internal Revenue Code.
- (d) The Franchise tax board shall promulgate regulations to implement this section.
- (e) The legislature may not amend this section except by a statute, passed in each house by a roll call vote entered in the journal, two-thirds of the membership concurring, and signed by the Governor or allowed to become law without his signature.

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NOTICE TO THE PUBLIC

THIS PETITION MAY BE CIRCULATED BY A PAID SIGNATURE GATHERER OR A VOLUNTEER YOU HAVE THE RIGHT TO ASK.

The use of your signature for any purpose other than qualification of this measure for the ballot is a misdemeanor. Complaints about the misuse of your signature may be made to the Secretary of States's Office.

This column for official use only.

1. Print Name	Residence Address	
----- Signature as Registered	----- City Zip	
2. Print Name	Residence Address	
----- Signature as Registered	----- City Zip	
3. Print Name	Residence Address	
----- Signature as Registered	----- City Zip	
4. Print Name	Residence Address	
----- Signature as Registered	----- City Zip	
5. Print Name	Residence Address	
----- Signature as Registered	----- City Zip	

DECLARATION OF CIRCULATOR

(to be completed after above signatures have been obtained)

I, _____, am registered to vote in the County (or City and County) of _____, or am qualified to register to vote in California. My residence address is _____ . I circulated this section of the petition and witnessed each of the appended signatures being written. Each signature on this petition is, to the best of my information and belief, the genuine signature of the person whose name it purports to be. All signatures on this document were obtained between the dates of _____ and _____ I declare under penalty of perjury under the laws of the state of California that the foregoing is true and correct.

Executed on _____, _____ at _____, California
(month and day) (year) (City or Community Where Signed)

SIGNED _____
(complete signature indicating full name of circulator)