



NEWS

AMERICANS FOR TAX REFORM

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Small Businesses Burdened in California under Initiative 1007

-- Small businesses taxed for being successful --

WASHINGTON, D.C. – Small businesses in California may get a shock after the November elections: if Initiative 1007 is passed, imposing an additional 1% tax on small business owners who make over \$1 million dollars.

The tax increase measure currently pending signature verification is the “Mental Health Services Expansion and Funding Tax on Incomes over \$1 Million” initiative. This measure requires that the state develop mental health service programs and creates a new commission to approve certain county programs and expenditures. To pay for the new commission, the initiative will impose an additional 1% tax on taxable income over \$1 million dollars.

“Governor Schwarzenegger has vowed not to raise taxes during his campaign, and so far, he has kept his promise,” said Grover Norquist, President of Americans for Tax Reform in Washington, D.C. **“Now the California Legislators want to pass tax increases to fund their pet projects and they are going through the initiative process in order to achieve their goals.”**

This 1% increase will put a burden on small business owners, taking away money that may be earmarked for expansion of their business or to hire new employees. It will turn a net gain into a net loss. It punishes them for being successful.

“Small business owners will be hit the hardest by this tax because they file as individuals, not as corporations. Taxing hard working small business owners to spend on government expansion is reprehensible,” Norquist continues. **“As shown in Alabama and Oregon, whenever there has been a proposed tax increase, voters have rejected them, 60% to 40%. Voters have shown distaste for tax increases in overwhelming numbers.”**

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org.