



## **PROPOSITION 24 - TAXING NEW JOB CREATION**

### A Giant Step Backward on California's Road to Recovery

States across the country have updated tax laws to attract and grow businesses and jobs. California finally did the same, but Prop. 24 on the November ballot would repeal those updates. Known as the Jobs Tax measure, Prop. 24 would literally tax new job creation, hit California employers and small businesses with \$1.3 billion in higher taxes each year, and stifle job growth in our most promising industries. The State Franchise Tax Board estimates 120,000 businesses could be impacted. In short: More small businesses closing shop, more employers expanding into other states, fewer jobs, and fewer tax revenues.

The Rose Institute at Claremont McKenna College reports it could cost us 322,000 jobs and \$1.8 billion in lost tax revenues annually and leave California the only state among the 10 largest to be without any of these important job-creating tax policies.

### **Taxes New Job Creation, Sends More Jobs Out of California**

Prop. 24 repeals the tax change that allows multi-state companies to pay their state income tax based on their in-state sales. It would take us back to an outdated formula that increases an employer's income taxes every time they create a new job here. In a nationwide trend, 24 states (including California) have moved away from that type of jobs tax because it penalizes job growth and incentivizes companies to expand into other states, taking good jobs and tax revenues with them.

### **Taxes Small Businesses (and their Employees) Out of Business**

More than half of the state's private sector jobs are created by small businesses. Last year, small business bankruptcies in California rose 81%. Prop. 24 adds insult to injury by limiting their ability to level out their losses over time. It would force more small businesses to close shop and more of their employees onto the unemployment lines.

### **Stifles Job Growth in Some of California's Most Promising Industries**

We're counting on our high tech, clean technology, biotechnology, and other innovative, high-growth industries to help pull California out of the recession and provide tomorrow's high-paying jobs. But Prop. 24 would tax them for creating new jobs here, prohibit the full use of earned research and development tax credits, and limit their ability to level out their losses over their natural business cycles. We can't afford to stifle the growth of these industries or lose their jobs and revenues to *other* states.

### **Reduces Revenues for Schools and Other Public Services**

Prop. 24 throws roadblock after roadblock in front of the state's economic recovery and threatens decades of vital service cuts. The slower our recovery, the fewer tax revenues we'll have to fund our schools and hospitals and roads.

With 2 million Californians out of work and an unemployment rate higher than almost every other state, we need to *encourage* job growth, not *penalize* it.

California Taxpayers' Association  
California Small Business Alliance  
California Manufacturers & Technology Assn.  
California Healthcare Institute  
BayBio  
TechNet  
Los Angeles Area Chamber of Commerce  
Genentech  
Neighborhood Market Association  
CBS Corporation  
BIOCOM  
Industrial Environmental Association  
California Hotel and Lodging Association  
California Independent Grocers Association  
TechAmerica  
Alliance of Contra Costa Taxpayers  
Printing Industries of California  
BioMarin  
California Chamber of Commerce  
Kern County Taxpayers Association  
California Building Industry Association  
The Walt Disney Company  
General Electric Company  
Silicon Valley Leadership Group  
California Taxpayer Protection Committee  
California Citrus Mutual  
Hewlett-Packard  
California League of Food Processors  
California Retailers Association  
Johnson & Johnson  
Orange County Taxpayers Association  
Time Warner  
Inland Empire Taxpayers Association  
Asian Business Association - Los Angeles  
United Californians for Tax Reform  
Viacom  
Amgen  
Valley Taxpayers' Coalition  
Cisco Systems  
Valley Industry & Commerce Association  
San Francisco Chamber of Commerce  
\* Partial Listing

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