



Frequently Asked Questions

What does Proposition 24 do?

Prop 24 ensures that a few big corporations pay their fair share of state taxes. It repeals three special corporate tax loopholes that were handed out to big corporations without any requirements to create or keep a single job:

Loss-Carryback: Corporations will get refunds for taxes paid in past years by writing off new losses.

Sharing Tax Credits: Corporations that get tax credits for things like research and development or alternative energy will be able to cash those credits in on reducing taxes on profits that have nothing to do with those efforts.

Single Sales Factor: Corporations that do business in other states will have two different formulas for computing their taxes and will be allowed to use whichever formula would require them to pay less in taxes in California.

Why should I support Proposition 24?

California is facing another massive state budget shortfall. Big corporations need to pay their fair share. Prop 24, the Tax Fairness Act, ends nearly \$2 billion a year in special corporate tax loopholes that don't require the creation or protection of one single California job. During the recent state budget disaster, Sacramento politicians and big corporations cut deals behind closed doors that raised your taxes by \$18 billion, but gave big corporations a \$1.7 billion tax break each year. If these loopholes are not closed before they go into effect in 2011, they will cut corporate taxes in California by nearly 15 percent and not create or save a single new job in California.

What will funds secured from Proposition 24 be used for?

Prop 24 will help keep the Legislature from making even deeper cuts in public education, health care and public safety. During last year's budget disaster, the Legislature made \$30 billion in cuts that resulted in 16,000 teacher layoffs, hiked college tuition for students, and put 6,500 prisoners back on the street, but gave corporations \$1.7 billion in future tax breaks.

Will Proposition 24 cost California jobs?

No. Closing these loopholes will not cost California jobs because companies won't lose anything they already have. These tax loopholes don't take effect until 2011. There is no requirement that the corporations that receive the tax breaks must create or protect jobs in California. These corporations would still be allowed to outsource jobs to other countries and states.

In 2009 alone, the big corporations that are paying hundreds of thousands of dollars to defeat Proposition 24 laid off over 100,000 employees. In the past few years, those same corporations paid their CEOs \$8.5 BILLION.

What types of corporations get these tax breaks?

These tax breaks unfairly benefit less than two percent of California's businesses and they are the state's wealthiest multi-state and multi-national corporations. 87 percent of one of the tax breaks goes to .03 percent of the California's corporations with gross incomes of more than \$1 billion. Six multi-state corporations would get average tax cuts of \$23.5 million each. Voting YES on Prop 24 ends these unfair tax breaks before they take effect. That's tax fairness.

Will Proposition 24 hurt California's small businesses?

No. 98 percent of California's businesses, especially small businesses, would get virtually no benefit from the tax breaks.

Who supports Proposition 24?

A broad coalition of community, consumer, taxpayer and labor unions concerned with tax fairness, including the California Teachers Association (CTA), California Nurses Association (CNA), CALPIRG, Consumer Federation of California, Congress of California Seniors, League of Women Voters of California, and California Tax Reform Association. The campaign is just beginning and outreach and support continues to grow.

How do I get involved?

Go to www.PayTheirFairShare.com to get more information, download an endorsement form and see other ways to support this common-sense measure.