



August 20, 2020

California State Capitol
Sacramento, CA 95814

Dear Members of the Legislature -

On behalf of the Commit to Equity Coalition and dozens of organizations representing millions of Californians from diverse constituencies and communities across the state, we write to you today with urgency.

Californians are suffering. Over 10,000 California residents have died and more than 600,000 have contracted the virus. Unemployment has skyrocketed to 14.9% and more than 5 million Californians are unemployed. Millions of Californians are facing eviction or foreclosure. Thousands of businesses have shuttered, child care is barely available and state, county and local government workers are being asked to shoulder pay cuts or potentially see their job eliminated. We're experiencing the hottest year on record, with electricity blackouts and wildfires adding to already overwhelming burdens. Meanwhile this month, the federal government has ended a lifeline for millions of Californians—\$600/week unemployment benefit and has gone on recess for the rest of the month. Federal assistance is, at best, speculative.

In every recession, it is low-income and working people who bear the brunt of the sacrifices. And the sacrifices are dire—losing your job or at best, reduced hours, losing your home, and often being ripped from your community. Insecurity and instability have serious consequences—lifelong health conditions, interruptions to children's education, homelessness and more. Repeatedly, working Californians are asked to sacrifice to make ends meet. Meanwhile, a small handful of California billionaires are getting richer. Between March and July 2020 alone, 154 billionaires in the state increased their net wealth by \$175 billion dollars. Combining the increase in wealth of just 3 of the top 5 billionaires in California adds up to more than the entire Prop 98 guarantee for public education.

We have heard concerns that billionaires will flee the state if we tax the wealthy. History is clear--not only have the number of millionaires and billionaires increased in the last decade after increasing their income taxes, but also the only Californians who are forced to leave are the working and middle class who can no longer afford to live and thrive in the Golden State. Commit to Equity believes that eviction prevention, opening our schools safely, restoring child care, protecting our environment, ending structural racism and, most importantly, reducing the spread of COVID are far higher priorities than protecting the wealthy's ability to continue to expand their opulence.

We cannot overstate how urgent it is for the Legislature to act now to raise new revenue. Lawmakers can send a clear message to all Californians that they have our back and will not rely on devastating austerity to solve budget shortfalls. Californians depend on the jobs, programs and vital services that will face the chopping block without a tax on the wealthy. In the meantime, Californians will make sacrifices while lawmakers allow income inequality to worsen. Lawmakers can kick the can down to next year, meanwhile, millions of Californians will lose their homes, businesses and jobs. We must let the 99% of Californians know that they are the first priority and not an afterthought.

Commit to Equity has developed a three part strategy for raising revenue that impacts less than half of the top 1% of Californians. This revenue can be used immediately to address the cost of COVID-19 pandemic, prevent evictions, support small businesses and avoid devastating budget cuts. We are urging you to act now- pass new revenue this year by supporting the following options:

Wealth Tax. AB 2088 (Bonta), which would impose a wealth tax of 0.4% on California residents that have a worldwide wealth of more than \$30 million, or \$15 million for those married filing separately. This proposal generates approximately \$7.5 billion per year.

Millionaires Tax. AB 1253 (Santiago), which would impose additional income taxes on high wage earners. Specifically, this bill would impose an additional 1% tax on income over \$1 million, 3% on income over \$3 million and 3.5% on income over \$5 million. This proposal generates approximately \$6.7 billion per year.

Unrealized Capital Gains Tax. An unrealized capital gains tax could be applied to the value of securities portfolios owned by the ultra wealthy. This tax is designed as a prepayment on future capital gains taxes that are already required in California when a stock is sold. Billionaires would pay taxes on unrealized gains in their assets now and when they sell those assets in the future, they would receive a credit for any withholding they had already paid against the taxes they owe once their assets are sold, or "realized". Depending on the amount of prepayment applied, this tax would generate approximately \$10 billion a year for over a decade, or upwards of \$62 billion one-time.

We are asking you to call for a public hearing on these revenue proposals and pass new revenue this year.

We cannot wait until next year to address the budget crisis and racial inequality caused by COVID-19 without devastating cuts to essential services further exacerbating levels of poverty and suffering in the state. Thank you for your consideration of this urgent request.

Sincerely,



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**END THE
EPIDEMICS**

It's time to end the HIV, HCV & STD
epidemics in California.

End the Epidemics Coalition



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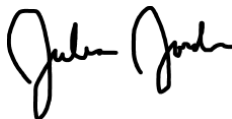
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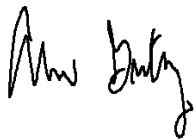
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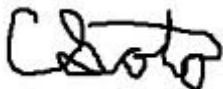
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