

**RULES, ELECTIONS, AND
INTERGOVERNMENTAL RELATIONS**

RESOLUTION

WHEREAS, the COVID-19 pandemic has deeply impacted California's economy as unemployment in Los Angeles reached a staggering 20.3 percent in April;

WHEREAS, in May 2020, a statewide poll of likely voters by Binder Research Associates for Build Affordable Faster CA, 40% of those polled had lost their jobs or had hours or wages reduced at work due the COVID-19 pandemic; and in this same poll, a near-unanimous 93% of Californians expressed strong concern about the impact of the COVID-19 epidemic on the California economy, and 70% were concerned that vital programs and services, such as our public schools and fire departments, will be cut in the next year because of reduced tax revenue; and

WHEREAS, California now faces an unprecedented \$54.3 billion deficit, an estimated 37% of the state's current general fund budget; and the Governor's May budget revise proposal includes \$4.4 billion in new revenue, it still largely predicated on borrowing, deferrals and an even greater federal bailout and \$14 billion in triggered cuts; and

WHEREAS, the Americans for Tax Fairness and the Institute for Policy Studies' Program for Inequality have noted that U.S. billionaires gained \$434 billion during the COVID-19 pandemic; and

WHEREAS, there was already great income inequality in California before the pandemic, and the Public Policy Institute of California (PPIC) stated that "the large gap between the state's top earners and others has grown substantially over the past four decades"; and

WHEREAS, according to the PPIC, 20% of all net worth is concentrated in the 30 wealthiest zip codes, home to just 2% of Californians, and that African American and Latino families have significantly lower levels of wealth in comparison to white families; and according to PPIC, in their California Poverty Measure report, major tax and safety net programs reduce this inequality by 48%; and

WHEREAS, during a time of hardship, our most vulnerable residents in Los Angeles and throughout the state, will rely more heavily on safety net services and that these programs will require deeper financial investments; and making cuts to public education, affordable housing, health care services and other public programs will have dire consequences for all Californians; and

WHEREAS, in the 1950s and 1960s, the wealthiest Americans paid a top income tax rate of 91%, compared to 43.4% in reviewing Tax Rate Schedules from the U.S. Department of the Treasury; and polling shows that 70% of California voters support a Millionaire's Tax -- which would raise \$6 billion annually -- to protect vital public and community services; and

WHEREAS, the proposed Millionaire tax would add a modest 2% increase on taxable personal income for our wealthiest Californians, whose take-home salary is over a million dollars a year, and whose top marginal income tax rate currently stands at 13.3%;

NOW THEREFORE, BE IT RESOLVED that the City Council of Los Angeles, subject to approval of the Mayor, include in its 2020 state legislative agenda SUPPORT for a statewide millionaire tax, to ensure safety net programs are not cut due to an unprecedented deficit.

PRESENTED BY:

MIKE BONIN (verbal)
Councilmember, 11th District

SECONDED BY:

PAUL KORETZ (verbal)
Councilmember, 5th District