

**PROPOSITION \_\_\_\_**  
**[I-17-2018]**

**Invest in Education Act**

**ANALYSIS BY LEGISLATIVE COUNCIL**

1           Beginning January 1, 2019, Proposition \_\_\_\_ would increase the individual  
2 income tax rates on taxable income in excess of \$250,000 and, after allowing  
3 for payment of reasonable state agency implementation costs, would allocate  
4 60% of the remaining new revenue for base salary increases for public school  
5 teachers, as newly defined below, and 40% of the remaining new revenue for  
6 designated public school maintenance and operation purposes. Proposition \_\_\_\_  
7 would also eliminate the current annual inflation adjustment for all tax brackets (a current  
8 law that protects taxpayers from paying more income tax due to inflation) and reset existing  
9 tax brackets to the 2014 levels.

10           Proposition \_\_\_\_ would increase tax rates on taxable individual income (including  
11 pass-through income from typically small businesses such as sole proprietorships,  
12 partnerships, limited liability companies and subchapter S corporations) as follows beginning  
13 in 2019:

14           1. For a single person or a married person filing separately making  
15 \$250,001-\$500,000, the rate increases by 76.2% from 4.54% to 8%.

16           2. For a single person or a married person filing separately making \$500,001 or  
17 more, the rate increases by 98.2% from 4.54% to 9%.

18           3. For a married couple or a single person who is a head of household, making  
19 \$500,001-\$1,000,000, the rate increases by 76.2% from 4.54% to 8%.

20           4. For a married couple or a single person who is a head of household, making  
21 \$1,000,001 or more, the rate increases by 98.2% from 4.54% to 9%.

22           Proposition \_\_\_\_ would also discontinue the current annual tax bracket  
23 inflation adjustment which increases each of the income tax bracket dollar  
24 amounts each year according to the increase in the consumer price index. The  
25 individual tax rates and brackets for income levels up to \$250,000 in effect on  
26 December 31, 2014 would be reinstated and continued without adjustment for  
27 the inflation that has taken place since that date. The new tax revenue generated  
28 by the discontinuation of the inflation adjustment would be deposited in the  
29 state general fund and available for general state government purposes.

30           The new revenue generated by the increased tax rates on income over  
31 \$250,000, less reasonable state agency implementation costs, would be placed in the  
32 classroom site fund, to be used as follows:

33           1. 60% for teacher base salary increases and employment-related  
34 expenses. (Proposition \_\_\_\_ would define "teacher" as any non-administrative  
35 personnel who teach students or support student academic achievement, as  
36 defined by the school district or charter school governing board, and includes  
37 nurses, counselors, social workers, psychologists, speech pathologists,  
38 librarians and academic interventionists.)

1           2. 40% for the maintenance and operation purposes allowable under  
2 current law (class size reduction, teacher compensation increases, assessment  
3 intervention programs, teacher development, dropout prevention programs,  
4 teacher liability insurance premiums) and for two new purposes: full day  
5 kindergarten and student support services personnel compensation increases.  
6 (Proposition \_\_\_ would define "student support services personnel" as any  
7 non-administrative personnel who provide student support and instructional  
8 services, as defined by the school district or charter school governing board,  
9 and includes student food services, student transportation and school site plant  
10 operations.)

11           Under Proposition \_\_\_, a school district governing board would be  
12 required to develop and adopt a plan for distributing all classroom site fund  
13 monies (including monies already generated from state trust lands and the  
14 dedicated school funding sales tax) each year. The school district governing  
15 board would be required to implement a process for teachers and student  
16 support services personnel to provide input on the distribution plan prior to the  
17 board adopting the plan at a public meeting.

18           The new revenue generated by the increased tax rates on income over  
19 \$250,000 could not replace or reduce other school district or charter school funding. The  
20 political committee supporting Proposition \_\_\_ would be authorized to defend the measure  
21 in any legal challenge regarding the validity of the measure.