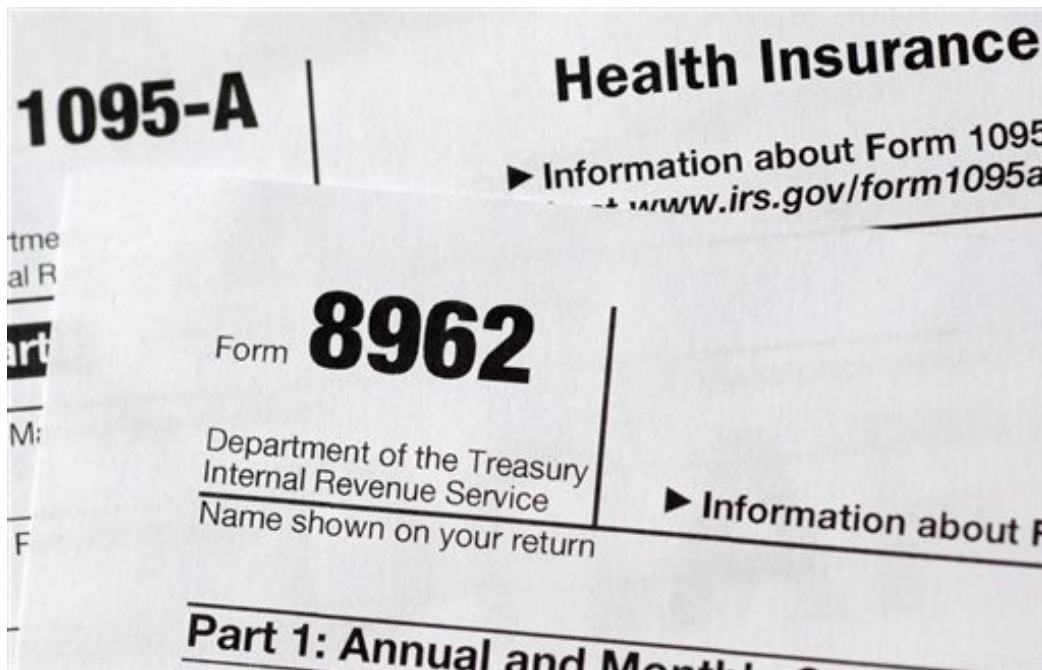


EDITORIAL: There's no time like April to focus on tax reform



The Tax Foundation ranks California's per-capita taxes fourth highest among the states. The Tax Policy Center says we are 15th.

CAROLYN KASTER — AP Photo

As Californians who have not yet filed their tax returns rush to meet the deadline, many residents are feeling overly burdened.

Forty-five percent of adults polled earlier this year said they thought California's taxes were "near the top" among states nationally, according to the Public Policy Institute of California. Another 26% said the state's taxes were above average.

They are right. The Tax Foundation ranks California's per-capita taxes fourth highest among the states. The Tax Policy Center says we are 15th.

Our top personal income tax rate is far higher than any other state's. California's combined state and local sales tax, and the corporate income tax, are also among the nation's highest. Only the property tax, limited in the constitution by voter-approved Proposition 13, is on the low end of the range of taxes across the country.

It is generally well known that the state's wealthiest residents foot the bill for much of the cost of state government. The personal income tax accounts for nearly half of the state's general fund revenue, and that tax's progressive nature means that about 10% of California taxpayers pay more than 75% of the income tax the state collects.

But that's only part of the story. The state's poorest residents pay a larger share of their income in taxes than do the rich, according to studies by the California Budget and Policy Center. This is true because low-income people tend to spend everything they earn, and much of that spending is subject to the state's relatively high sales tax rates.

All of this will be especially relevant next year when voters likely will face a ballot full of tax proposals.

Unions and progressive groups are expected to seek an extension of the temporary tax increase Gov. Jerry Brown proposed and voters approved in 2012. That increase in the sales tax and the personal income tax expires fully in 2018.

To make it more politically palatable, those seeking to extend it might keep only the income tax portion, which hits the wealthy hardest, and drop the sales tax increase.

Others might seek to amend Proposition 13 to remove the state limit on property tax increases for business property. Another attempt to impose a severance tax on oil may also be on the ballot.

Rather than leaving tax policy to the voters, and crossing our fingers in the hope that the blunt instrument of the ballot can fix one of the most complex aspects of public policy, it would be better if state legislators and the governor made a serious effort at tax reform.

To ensure a more stable revenue flow, the state could benefit from a broader base of taxpayers paying lower rates.

Tax reform is always sensitive and politically explosive. But with Democrats in control of both houses of the Legislature and a governor who will not be running for re-election, there is no better time than now for policymakers to show the courage to tackle one of the state's most vexing problems.

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