

### Estimate of Fiscal Impact for Proposition 116

**State revenue.** Proposition 116 reduces state General Fund revenue by an estimated \$203 million in state budget year 2020-21 and \$154 million in state budget year 2021-22. The first-year estimate includes the measure's full impact for tax year 2020 and half of its impact for tax year 2021 due to the timing of the change in the tax rate.

**State spending.** The measure is expected to increase state spending by about \$15,000 to administer the tax rate change. By reducing tax revenue, Proposition 116 reduces the amount available to be spent or saved beginning in state budget year 2020-21.

**Taxpayer impacts.** All taxpayers will pay 1.7 percent less in state income tax, though the impact in dollar terms will vary by income. On average, individual income taxpayers will pay \$37 less in individual income taxes for tax year 2020.