

THE FIELD POLL

THE INDEPENDENT AND NON-PARTISAN SURVEY
OF PUBLIC OPINION ESTABLISHED IN 1947 AS
THE CALIFORNIA POLL BY MERVIN FIELD

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VOTERS FAVOR BROWN TAX INITIATIVE 54% TO 38%; EVENLY SPLIT ON MUNGER AND STEYER TAX PLANS. SUPPORT FOR THE GOVERNOR'S INITIATIVE WOULD BE ADVERSELY AFFECTED IF THE LEGISLATURE FUNDS HIGH-SPEED RAIL PROJECT.

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By Mark DiCamillo and Mervin Field

California voters will be asked to consider three different tax increase proposals in the upcoming November election. Two of the proposals, one sponsored by Governor Jerry Brown and the other by attorney Molly Munger, would raise personal income taxes, while a third led by hedge-fund manager Tom Steyer, would increase taxes on multi-state businesses operating in California.

A just completed *Field Poll* finds voters supporting the Brown initiative 54% to 38%, but evenly divided on the other two tax proposals. On the Munger initiative it is 46% Yes and 46% No, while the Steyer proposal receives 44% Yes and 43% No votes.

However, the survey also finds that the Brown tax plan would be adversely affected if the legislature proceeds with funding the state's controversial high-speed rail project. One in three likely voters, including one in five voters who currently support the Governor's initiative, say they'd be less inclined to vote Yes on his plan if the legislature begins funding the rail project.

Voter preferences on three tax initiatives

The Governor's tax proposal is currently supported by a sixteen-point plurality (54% to 38%). This is similar to a May *Field Poll* when it was endorsed 52% to 35%.

Support for the Munger tax initiative is evenly split, with 46% in favor and 46% opposed. Last May voters were also divided, with 42% on the Yes side and 43% voting No.

Voters are closely divided on the Steyer business income tax initiative. In *The Field Poll's* first assessment of voter reaction to the measure, 44% of likely voters are inclined to support it, while 43% are opposed.

Table 1
Trend of voter preferences toward three tax increase initiatives
for the November 2012 election ballot
(among likely voters)

	Will vote yes	Will vote no	Undecided
<u>Brown tax initiative</u>			
Late June/early July 2012	54%	38	8
May 2012	52%	35	13
<u>Munger tax initiative</u>			
Late June/early July 2012	46%	46	8
May 2012	42%	43	15
February 2012	45%	48	7
<u>Steyer tax initiative</u>			
Late June/early July 2012	44%	43	13

Note: Prior measures based on all registered voters.

How voter subgroups divide on each tax initiative

There are large partisan differences in voter preferences toward the three tax proposals, with majorities of Democrats in support and large majorities of Republicans opposed. While a majority of voters with no party preference are supporting Brown's initiative, they are about evenly split on the Munger initiative but back the Steyer proposal by a small margin.

Large majorities of conservatives oppose all three tax proposals, while large majorities of liberals are supportive. Middle-of-the road voters are currently supporting the Governor's proposal by fourteen points, backing the Steyer plan by seven points and opposing the Munger initiative by ten points.

Majorities of both male and female voters are inclined to support Brown's initiative, but are more closely divided on both the Munger and Steyer tax proposals.

White non-Hispanic voters are currently backing the Governor's tax plan by nine points, but are lining up against the Munger and Steyer initiatives. About six in ten or more Latinos support all three tax proposals.

Majorities of younger voters under age 40 are lining up on the Yes side of each tax proposal. Middle-age voters age 40-64 are favoring the Governor's proposal by eight points, are opposed to the Munger plan by eleven points and are narrowly supporting the Steyer initiative. Voters age 65 or older are narrowly backing the Governor's initiative, narrowly opposed to the Munger plan, but oppose the Steyer business tax initiative more than two to one.

Voters in union and non-union households are supporting the Governor's initiative. Union household voters are also backing the Munger and Steyer initiatives, while non-union households are evenly divided.

Majorities of voters across all income categories are currently favoring the Governor's tax package. On the other hand, Munger's initiative receives majority support only among voters living in households earning less than \$40,000, and faces majority opposition among voters in other income categories. Middle income voters are narrowly backing the Steyer proposal, while upper income voters are opposed and lower income voters are divided.

The Governor's tax plan is favored by large majorities of voters in Los Angeles County and the nine-county San Francisco Bay Area. Voters living in other parts of the state are also supportive, but by narrow margins. Views of the Munger initiative are more closely divided in Los Angeles County and other parts of Southern California. Bay Area voters are supporting the Munger plan, but voters in areas of Northern California outside the Bay Area are opposed five to three. The Steyer plan is supported by majorities of Bay Area and Los Angeles County voters, but is opposed in other parts of the state.

Table 2
Voter preferences regarding the three tax initiatives
on the November 2012 election ballot – by subgroup
(among likely voters)

	Brown tax initiative		Munger tax initiative		Steyer tax initiative	
	Yes	No	Yes	No	Yes	No
Total likely voters	54%	38	46%	46	44%	43
<u>Party registration</u>						
Democrats	73%	20	59%	31	60%	26
Republicans	27%	64	28%	65	16%	67
No party preference/other	56%	38	48%	49	51%	43
<u>Political ideology</u>						
Conservative	28%	64	24%	65	17%	70
Middle-of-the-road	54%	40	43%	53	47%	40
Liberal	79%	12	69%	22	68%	18
<u>Gender</u>						
Male	53%	42	46%	51	44%	46
Female	55%	35	46%	43	44%	40
<u>Race/ethnicity</u>						
White non-Hispanic	50%	41	43%	49	39%	46
Latino	67%	29	59%	35	60%	32
African-American/Asian-American/other	56%	38	49%	45	45%	43
<u>Age</u>						
18 – 39	67%	29	61%	37	59%	36
40 – 64	51%	43	42%	53	46%	42
65 or older	47%	40	40%	47	24%	51
<u>Union affiliation</u>						
Union household	58%	36	51%	46	51%	42
Non-union	54%	39	45%	47	43%	43
<u>Annual household income</u>						
Less than \$40,000	58%	30	58%	30	41%	40
\$40,000 – \$99,999	58%	38	44%	51	50%	41
\$100,000 or more	52%	44	46%	52	41%	50
<u>Region</u>						
Los Angeles County	59%	35	47%	46	55%	34
Other Southern California	48%	43	49%	43	39%	46
San Francisco Bay Area	63%	30	53%	43	50%	37
Other Northern California	49%	43	34%	56	32%	55

(Differences between 100% and the sum of each row's percentage for each initiative represent the proportion with no opinion)

High-speed rail project and its impact on the Governor's tax initiative

In the November 2008 election, California voters narrowly approved nine billion dollars in state bonds to fund a high-speed rail project that would link Southern California, the Central Valley and the San Francisco Bay Area. Since the election, the high-speed rail plan has been revised a number of times. Instead of laying all new track, some existing commuter track will be upgraded, allowing the project to finish several years earlier. Yet, total costs of the project have increased by about \$35 billion from what was originally proposed. The legislature is expected to decide this week whether to authorize initial funding from the bonds.

In its current survey *The Field Poll* finds voter views of the project have soured considerably since its passage. At present, 56% of likely voters say they would oppose the rail project if it were up for another public vote, while just 39% are supportive.

The unpopularity of the multi-billion dollar project appears to be negatively affecting chances of voters endorsing the Governor's tax increase proposal should the legislature authorize funds to the project. Nearly one in three likely voters, including one in five voters who currently support the Governor's initiative, say they'd be less inclined to vote Yes if the legislature begins funding the rail project.

Table 3
How legislative approval of funds for the high-speed rail project affects voter support for Governor Brown's tax increase initiative (among likely voters)

<u>Impact on support for the Governor's initiative</u>	Total likely voters	Current voting preference on Governor's initiative	
		Yes voter	No voter
Less likely to support	31%	21%	48%
No effect	54	59	45
More likely to support	11	17	5
No opinion	4	3	2

About the three tax increase initiatives

The Governor's tax initiative calls for increasing state personal income taxes on residents making over \$250,000 for seven years and raising the state sales tax by one-quarter of one cent for four years. The moneys would go primarily to the k-12 schools and community colleges, but also guarantees funding for public safety services realigned to local governments.

The Munger tax initiative would permanently increase personal income taxes to a broader range of taxpayers on a sliding scale, with lower income residents paying less and wealthier residents more. It allocates most of its revenues to the k-12 schools and early childhood development programs, but also devotes some moneys to paying off the state debt in its first four years.

Steyer's tax increase proposal seeks to extract more revenues from multi-state businesses operating in California. It would require such businesses to calculate their income tax liability based on their percentage of sales in the state and repeals existing laws giving them more favorable tax treatment. Additional revenues would go towards funding projects that promote clean energy and energy efficiency employment in the state.

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Information About the Survey

Methodological Details

The latest *Field Poll* survey was completed June 21-July 2, 2012 among 997 registered voters in California, including 848 voters considered likely to vote in the November 2012 election. In order to cover a broad range of issues and still minimize voter fatigue, the overall likely voter sample was divided into two random subsamples of 412 and 436 likely voters each on some questions.

Interviewing was conducted by telephone in English and Spanish using live interviewers working from Field Research Corporation's central location telephone interviewing facilities. Up to six attempts were made to reach, screen and interview each randomly selected voter on different days and times of day during the interviewing period.

Interviewing was completed on either a voter's landline phone or a cell phone depending on the source of the telephone listing from the voter file. In this survey 745 interviews were derived from landline sample listings and 252 from cell phone listings. After the completion of interviewing, the overall registered voter sample was weighted to *Field Poll* estimates of the characteristics of the registered voter population in California.

Sampling error estimates applicable to the results of any probability-based survey depend on sample size as well as the percentage distribution being examined. The maximum sampling error for results based on the overall likely voter sample is +/- 3.5 percentage points at the 95% confidence level, while findings based on each random subsample have a maximum sampling error of +/- 4.9 percentage points. The maximum sampling error is based on results in the middle of the sampling distribution (i.e., percentages at or near 50%). Percentages at either end of the distribution (those closer to 10% or 90%) have a smaller margin of error. There are other potential sources of error in surveys besides sampling error. However, the overall design and execution of the survey sought to minimize these other errors.

The Field Poll was established in 1947 as *The California Poll* by Mervin Field, who is still an active advisor. The *Poll* has operated continuously since then as an independent, non-partisan survey of California public opinion. The *Poll* receives annual funding from media subscribers of *The Field Poll*, from several California foundations, and the University of California and California State University systems, who receive the data files from each *Field Poll* survey shortly after its completion for teaching and secondary research purposes.

Questions Asked

There will be a number of different tax-related propositions on the November statewide election ballot. I am going to read some of them, and please tell me whether you would be inclined to vote yes or no on each.

One proposition is called the “Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding Initiative.” It increases personal income taxes on annual earnings over 250 thousand dollars for seven years and increases sales and use taxes by one-quarter cent for four years. It allocates temporary tax revenues of 89 percent to the K-12 schools and 11 percent to community colleges. It bars use of funds for administrative costs, but provides local school governing boards discretion to decide how funds are to be spent. It guarantees funding for public safety services realigned from state to local governments. Fiscal impact: Increased state revenues over seven years, with estimates varying from 6.8 to 9 billion dollars for 2012-13 and 5.4 to 7.6 billion on average the following five years, with lesser amounts in 2018-19 to pay for school and community college funding requirements and address the state’s budgetary problem. If the election were being held today, would you vote yes or no on this proposition?

Another proposition is called the “Tax for Education and Early Childhood Programs Initiative.” It increases personal income tax rates for individuals earning over 7,316 dollars using a sliding scale from zero point four percent for the lowest earners to two point two percent for individuals earning over 2.5 million dollars, ending after 12 years. During the first four years 60 percent of revenues go to the K-12 schools, 30 percent to repaying state debt and 10 percent to early childhood programs. Thereafter, it allocates 85% to the k-12 schools and 15% to early childhood programs. It prohibits the state from directing or using new funds. Fiscal impact: Increased state personal income tax revenues beginning in 2013 and ending in 2024. Estimates of revenue increases vary from 10 to 11 billion dollars per year initially, tending to increase over time. The 2012-13 revenue increase would be about half this amount. If the election were being held today, would you vote yes or no on this proposition?*

Another proposition is called the “Tax Treatment for Multi-state Businesses, Clean Energy and Energy Efficiency Funding Initiative.” It requires multi-state businesses to calculate their California income tax liability based on the percentage of their sales in the state and repeals existing law giving them an option to choose a tax liability formula that provides favorable tax treatment for businesses with property and payroll outside California. It dedicates 550 million dollars of its revenue for five years to fund projects that create energy efficiency and clean energy jobs in California. Fiscal impact: Approximately 500 million dollars in additional state General Fund revenues in 2012-13 and 1 billion dollars each year thereafter with about half of the additional revenues supporting energy efficiency and alternative energy projects. If the election were being held today, would you vote yes or no on this proposition?*

Nine billion dollars in state bonds were approved by California voters for the high-speed rail project in the November 2008 election. Suppose that 9 billion dollars in state bonds for the California high-speed rail project were put before voters again in another statewide election ballot. If the election were being held today, would you vote Yes to approve or No to reject this bond package?*

If the legislature were to approve initial state funding for the high-speed rail project this year, would this make you more likely or less likely to support Governor Brown's tax increase initiative in the November general election or wouldn't this make any difference to you?*

* Asked of a random subsample of voters.