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CALIFORNIA'S TAX INITIATIVES:
PROP. 30 (BROWN) LEADS, BUT SUPPORT
DIPS TO 51% AS UNDECIDEDS
INCREASE. PROP. 38 (MUNGER)
NARROWLY OPPOSED. PROP. 39
(STEYER) HOLDING SLIM LEAD.

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By Mark DiCamillo and Mervin Field

A new survey conducted jointly by The Institute of Governmental Studies at UC Berkeley and *The Field Poll* finds the Governor Jerry Brown backed initiative, Proposition 30, continuing to lead but with support marginally lower than in early July and the proportion undecided increasing. Currently 51% of likely voters are intending to vote Yes, 36% are voting No and 13% are undecided.

Proposition 38, a competing income tax increase proposal sponsored by civil rights attorney Molly Munger trails, with 41% of likely voters lining up on the Yes side and 44% on the No side. Another 15% are undecided.

The poll finds that most voters – about two in three – are intending to vote the same way on both measures. Thirty-five percent are supporting both Prop. 30 and Prop. 38 while 30% are opposing each. Prop. 30's higher relative standing in the poll is due to a small segment of voters (17%) who currently favors Prop. 30, but are opposed or undecided on Prop. 38. Just 7% currently favor Prop. 38 but are opposed or undecided on Prop. 30.

A third tax initiative sponsored by hedge-fund manager Tom Steyer, which would increase taxes on multi-sate businesses operating in California, holds a slim lead – 45% Yes, 39% No and 16% undecided.

These are the highlights of the survey conducted September 6-18, 2012 among 902 likely voters in the November general election.

Trend of voter preferences on the three tax initiatives

In the November election California voters will be asked to consider three different tax increase initiatives designed to help the state to trim its large budget deficit. Brown's Proposition 30 and Munger's Proposition 38 would raise state personal income taxes. Brown's proposal targets the wealthy, but also increases the state sales tax. Munger's state income tax proposal is broader and would affect nearly all taxpayers on a graduated basis. Proposition 39 would increase taxes on multi-state businesses operating in California.

Of the three, Prop. 30 continues to fare the best with voters. Currently 51% of likely voters are inclined to support Prop. 30, 36% are opposed and 13% are undecided. However, Yes side support for the initiative is marginally lower than in early July, while the proportion of voters undecided has increased.

Voters remain more divided about Munger's Prop. 38 and Steyer's Prop. 39. Slightly more than four in ten likely voters (41%) back Prop. 38, 44% are opposed, and 15% are undecided. Prop. 39 holds a slim 6-point lead in the current survey – 45% Yes, 39% No with 16% undecided.

Table 1
Trend of voter preferences toward three tax increase initiatives –
Proposition 30 (Brown), Proposition 38 (Munger) and Proposition 39 (Steyer) –
on California's November 2012 election ballot
(among likely voters)

	<u>Will</u> <u>vote yes</u>	<u>Will</u> <u>vote no</u>	<u>Undecided</u>
<u>Proposition 30 (Brown)</u>			
Mid September 2012	51%	36	13
Early July 2012	54%	38	8
Late May 2012	52%	35	13
<u>Proposition 38 (Munger)</u>			
Mid September 2012	41%	44	15
Early July 2012	46%	46	8
Late May 2012	42%	43	15
February 2012	45%	48	7
<u>Proposition 39 (Steyer)</u>			
Mid September 2012	45%	39	16
Early July 2012	44%	43	13

Note: February and late May 2012 measures based on all registered voters. Prop. 30 not measured in February survey, while Prop. 39 not measured in both February and late May.

Preferences across subgroups of the likely voter population

Proposition 30 receives its greatest support from Democrats, independents, voters under age 50, Latino, African-American and Asian-American voters, those living in the San Francisco Bay Area, and voters who have completed post-graduate work. It is opposed by Republicans greater than two to one, and by pluralities of Central Valley voters, those with no more than a high school education, and seniors age 65 or older.

In respect to Props. 38 and 39, Democrats support each measure by roughly two-to-one majorities, while Republicans are opposing each about three to one. Pluralities of independent voters favor both initiatives.

Pluralities of voters living in the nine-county San Francisco Bay Area support both Props. 38 and 39, while pluralities in the Central Valley are opposed. Los Angeles County voters narrowly support Prop. 39 but are divided on Prop. 38. Pluralities of voters in other parts of Southern California support Prop. 39, but are opposed to Prop. 38.

Pluralities of voters under age 50 are backing both initiatives, while seniors age 65 or older are opposed.

While pluralities of white non-Hispanic voters oppose both Props. 38 and 39, Latinos and African Americans support each initiative.

Table 2
Voter preferences regarding Propositions 30, 38 and 39 – by subgroup
(among likely voters)

	Prop. 30 (Brown)		Prop. 38 (Munger)		Prop. 39 (Steyer)	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Total likely voters	51%	36	41%	44	45%	39
<u>Party registration</u>						
Democrats	66%	20	54%	29	60%	25
Republicans	27%	62	21%	69	25%	61
No party preference/other	57%	30	45%	37	43%	32
<u>Gender</u>						
Male	50%	39	42%	47	45%	39
Female	53%	33	41%	41	44%	38
<u>Race/ethnicity</u>						
White non-Hispanic	49%	38	36%	48	38%	42
Latino	56%	32	54%	36	62%	31
African-American*	59%	23	49%	26	63%	29
Asian-American (total)	57%	30	48%	34	46%	28
Chinese-American*	51%	32	40%	39	**	**
Korean-American*	71%	21	59%	31	**	**
Vietnamese-American*	68%	13	58%	13	**	**
<u>Age</u>						
18 – 39	60%	27	51%	35	46%	36
40 – 49	56%	31	48%	39	49%	28
50 – 64	47%	38	35%	51	45%	40
65 or older	42%	44	32%	50	36%	48
<u>Union affiliation</u>						
Union household	53%	32	47%	40	49%	30
Non-union household	51%	37	40%	45	42%	43
<u>Region</u>						
Los Angeles County	52%	37	46%	39	44%	44
Other Southern California	47%	40	37%	49	47%	39
Central Valley	42%	45	30%	57	31%	48
San Francisco Bay Area	63%	23	50%	33	51%	28
Other Northern California*	47%	38	39%	44	41%	33
<u>Education</u>						
High school graduate or less	40%	46	39%	46	45%	42
Some college/trade school	48%	36	38%	44	37%	41
College graduate	54%	36	44%	42	44%	39
Post graduate work	61%	27	45%	43	58%	31

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

* Small sample size.

** Sample sizes too small to be examined separately.

Comparing individual voter preferences on Prop. 30 and Prop. 38

Many political campaign observers believe that the presence of two competing personal income tax measures whose proceeds are mostly intended to benefit the public schools could work to the detriment of both initiatives, as some voters vote Yes on Prop. 30 and No on Prop. 38, and others vote Yes on Prop. 38 and No on Prop. 30.

However, the poll shows that most voters – about two in three -- are currently intending to vote the same way on both initiatives. Currently 35% are voting Yes on both Props. 30 and 38, while nearly as many (30%) are voting No on each. These findings are similar to those found in a late May *Field Poll*.

Prop. 30's higher standing in the polls vis-à-vis Prop. 38 is derived from a relatively small segment of voters – 17% – who currently favor Prop. 30, but are opposed or undecided on Prop. 38. By contrast, just 7% of voters currently support Prop. 38, but are opposed or undecided on Prop. 30. One in eleven likely voters (9%) are undecided on both initiatives.

Table 3
Comparing the preferences of individual voters on
Props. 30 (Brown) and 38 (Munger) - now vs. late May
(among likely voters)

	Mid Sept.	Late May
	<u>2012</u>	<u>2012</u>
Support both Props. 30 and 38	35%	35%
Oppose both Props. 30 and 38	30	28
Support Prop. 30/ oppose or undecided on Prop. 38	17	17
Support Prop. 38/ oppose or undecided on Prop. 30	7	7
Oppose Prop. 30/undecided on Prop. 38	1	2
Oppose Prop. 38/undecided on Prop. 30	1	2
Undecided on both initiatives	9	9

Views about Prop. 30 strongly tied to how voters view the direction of the state, the Governor's job performance and the amount voters think they pay in state taxes

The poll also finds that more voters believe the state is seriously off on the wrong track (52%) as think it is moving in the right direction (37%). At the same time, more voters approve (47%) rather than disapprove (38%) of the job Brown is doing as Governor.

Voters divide into two roughly equal-sized camps when asked about the amount of state taxes they pay. Slightly more (48%) say they pay about the right amount in state taxes as think they pay more than they should (40%). Relatively few (9%) offer that they pay less than they should.

Opinions about these matters are directly tied to how voters intend to vote on Prop. 30. For example, by a five to three margin (58% to 32%) Yes voters on Prop. 30 believe the state is moving in the right direction. They also strongly approve of the job Brown is doing as Governor 69% to 18%. A 63% majority of Yes voters also believes the amount they pay in state taxes is about right, while just 22% think they pay too much.

By contrast, large majorities of No voters on Prop. 30 believe the state is seriously off on the wrong track (81%), disapprove of the Brown's job performance (69%) and think they pay more in state taxes than they should (69%).

Undecided voters hold views that are closer to No voters in their negative assessment of the state's overall direction (46% wrong track vs. 33% right track), but share Yes voters' generally positive view of the Governor's performance (44% approve vs. 29% disapprove). A majority of undecided voters (54%) feel they pay about the right amount in state taxes while 35% think they pay too much.

The survey also asked voters to assess whether the government services they receive have changed in the past several years. However, views about this appear unrelated to preferences on Prop. 30. Similar majorities of Yes, No and undecided voters maintain that the government services they receive have remained about the same over the past few years, while about three in ten say they've declined and about one in ten say they've improved.

Table 4				
Views about the direction of the state, job ratings of Governor Brown, the amount they pay in state taxes and the government services they receive, and their relation to preferences on Prop. 30 (among likely voters)				
<u>Direction that California is heading</u>	<u>Total</u>	<u>Vote on Prop. 30</u>		
		<u>Yes voter</u>	<u>No voter</u>	<u>Undecided</u>
Right direction	37%	58%	12%	33%
Wrong track	52	32	81	46
No opinion	11	10	7	21
<u>Job Brown is doing as Governor</u>				
Approve	47%	69%	17%	44%
Disapprove	38	18	69	29
No opinion	15	13	14	27
<u>Amount of state taxes voter pays</u>				
Pay more than I should	40%	22%	69%	35%
Pay about right amount	48	63	23	54
Pay less than I should	9	13	2	7
No opinion	3	2	6	4
<u>Gov't services received past several years</u>				
Gotten better	9%	12%	6%	5%
About the same	54	55	53	56
Gotten worse	33	30	38	32
No opinion	4	3	3	7

Information About the Survey

Methodological Details

This survey was conducted jointly by The Institute of Governmental Studies at UC Berkeley and *The Field Poll* September 6-18, 2012. The findings are based on interviews conducted with 1,183 California registered voters, including 902 voters considered likely to vote in the November 2012 general election. The survey was conducted by telephone using live interviewers in six languages and dialects – English, Spanish, Cantonese, Mandarin, Korean, and Vietnamese.

The overall registered voter sample was supplemented to include additional interviews among Chinese-American, Korean-American and Vietnamese-American voters to enable these voter subgroups to be compared to those of other racial/ethnic voter populations. Funding for the multi-ethnic samples was provided by New America Media, through a grant from the Blue Shield of California Foundation.

Up to six attempts were made to reach and interview each randomly selected voter on different days and times of day during the interviewing period. Interviews were completed on either a voter's landline phone or a cell phone. In this survey 909 interviews were conducted on a landline phone and 274 were completed through a cell phone contact. After completion of interviewing, the overall sample was weighted to align it to the proper statewide distribution of voters by race/ethnicity and other demographic characteristics of the California registered voter population.

In order to cover a broad range of issues and still minimize voter fatigue, some of the questions in the survey were asked of a random subsample of either 468 or 434 likely voters. Sampling error estimates applicable to any probability-based survey depend upon its sample size. According to statistical theory, 95% of the time results from the overall likely voter sample are subject to a maximum sampling error of +/- 3.4 percentage points. Findings based on the random subsample have a maximum sampling error of +/- 4.8 percentage points. The maximum sampling error is based on percentages in the middle of the sampling distribution (percentages around 50%). Percentages at either end of the distribution have a smaller margin of error. Sampling error will be larger for findings based on subgroups of the overall sample.

Questions Asked

Do you think things in California are generally going in the right direction or do you feel things are seriously off on the wrong track? (ASKED OF A RANDOM SUBSAMPLE OF VOTERS)

Do you approve or disapprove of the way Jerry Brown is handling his job as Governor of California?

There will be a number of different 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.

Proposition 30 is the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding initiative. It increases taxes on earnings over 250,000 dollars for seven years and sales taxes by ¼ cent for four years, to fund schools and guarantees public safety realignment funding. Fiscal impact: Increased state tax revenues through 2018-2019, averaging about 6 billion dollars annually over the next few years. Revenues available for funding state budget. In 2012-2013, planned spending reductions, primarily to education programs, would not occur. If the election were being held today, would you vote YES or NO on Proposition 30?

Proposition 38 is the Tax to Fund Education and Early Childhood Programs initiative. It increases taxes on earnings using sliding scale for twelve years. Revenues would go to the K-12 schools and early childhood programs, and for four years, to repaying state debt. Fiscal Impact: Increased state tax revenues for 12 years, roughly 10 billion dollars annually in initial years, tending to grow over time. Funds used for schools, child care, and preschool, as well as providing savings on state debt payments. If the election were being held today, would you vote YES or NO on Proposition 38?

Proposition 39 is the Tax Treatment for Multi-state Businesses, Clean Energy and Energy Efficiency Funding initiative. It requires multi-state businesses to pay income taxes based on the percentage of their sales in California and dedicates the revenues for five years to clean and efficient energy projects. Fiscal Impact: Increased state revenues of 1 billion dollars annually, with half of the revenues over the next five years spent on energy efficiency projects. Of the remaining revenues, a significant portion likely would be spent on schools. If the election were being held today, would you vote YES or NO on Proposition 39? (ASKED OF A RANDOM SUBSAMPLE OF VOTERS)

Thinking about your California state taxes and fees, do you feel you are asked to pay more than you should, about the right amount or less than you should? (ASKED OF A RANDOM SUBSAMPLE OF VOTERS)

In general, do you think that the services provided by government where you live – such as schools, road maintenance, parks, garbage collection and police and fire protection – have gotten better, gotten worse or stayed about the same over the past several years?