TELL YOUR LEGISLATORS: PASS A BUDGET WITH NO EDUCATION CUTS

Right now, the California Legislature is debating the upcoming state budget. Deep cuts to public education will stand in the way of preparing our schools for the safe return of students. Ask your legislator to support a budget with no cuts, no educator or school employee layoffs, and prioritizes equity by repealing corporate tax credits.

The 2020-21 proposed budget has cuts of more than $10 billion to schools and community colleges that will be devastating at a time when students need more support. There are more than $6.5 billion in proposed cuts to the Local Control Funding Formula that could mean equivalent cuts of:

- $1,230 per student
- a 19% increase in class size
- more than 57,000 educator layoffs
- more than 125,000 classified employee layoffs

ASK YOUR LEGISLATOR TO SUPPORT A BUDGET WITH NO CUTS, NO EDUCATOR OR SCHOOL EMPLOYEE LAYOFFS, AND PRIORITIZES EQUITY BY REPEALING CORPORATE TAX CREDITS

CALL 1-855-977-1770 TO SPEAK TO YOUR LEGISLATOR

Be sure to tell your Legislator:
- Your name
- Where you live
- Ask them to support a budget with no cuts, no educator or school employee layoffs and prioritizes equity by repealing corporate tax credits.
THE FACTS ON COSTLY STATE TAX CREDITS

According to the California Budget and Policy Center, California gave away approximately $64 billion in state revenue in 2019-20 due to personal income and corporate income tax credits. The following tax credits should be considered for suspension or elimination. They combine to cost the state $6 billion annually:

- **Water’s Edge Election** ($2.5 billion annually) – Provides certain tax breaks for a business or commercial entity including a foreign corporation that is conducting business in California, but does not have a physical presence.
- **Research and Development (R&D) Credit** ($1.8 billion annually) – Similar to the federal R&D tax credit, provides a state tax credit as an incentive to those who conduct research and development activities within the state. (The Governor’s May Revision narrows this tax credit to offset no more than $5 million of tax liability per year.)
- **Like-kind exchanges of investment property** ($1.3 billion annually) – Provides tax benefits for exchanging property of the same kind.
- **Subchapter S corporation election** ($250 million annually) – Allows corporations that meet certain requirements (S corporations) to pass business income, losses, deductions, and credits to shareholders.
- **Deduction for dividends paid to Employee Stock Ownership Plans** (Approximately $160 million annually) – Provides tax breaks for employers in offering stock options for employees.

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