PROSPERITY FOR US FOUNDATION

SOAKING THE "RICH" in CALIFORNIA with a WEALTH TAX

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Where is Charlie Kirk When We Need Him?

Bob Carlstrom and Dr. Barry W. Poulson

Charlie Kirk challenged the left's attempts to soak the rich with higher taxes as self-defeating. There is no better example of this than the proposed billionaire's tax in California. In the November 2026 election California citizens will vote on a ballot measure that would impose a one-time 5% tax on billionaires. The tax would be due in 2026, but billionaires would have the option of paying the wealth tax in annual installments of 1% over five years. The tax would be based on the worldwide net worth of billionaires valued as of December 31, 2026, excluding real state directly held, pensions, and retirement accounts. Revenue from the wealth tax is earmarked for health care and other state transfers.

It is difficult to imagine a tax more damaging to the growth and prosperity of California – and to the jobs of thousands of California workers as the billionaires' companies move to other states A report by the California Attorney General concluded that it is impossible to know how much revenue would be collected because it is difficult to predict how billionaires would respond to the tax. The Attorney General notes that the wealth tax would generate revenues in the short term, but in the long-term income tax revenues would fall as billionaires leave the state. The report estimates that the wealth tax would decrease state income tax revenues by hundreds of billions of dollars per year as billionaires flee the state. The evidence is already in. A dozen Silicon Valley billionaires are reported to be preparing to leave the state. Google co-founder Larry Page and Oracle founder Lary Ellison are decamping for other states, and other billionaires are expected to follow.

Fortunately, California citizens can impact tax policy directly through the initiative and referendum processes. Over the years California citizens have voted on hundreds of ballot measures proposing increased taxes and debt. While these ballot measures often pass at the local level, few of the state ballot measures are successful. This reflects citizens' greater confidence in local government taxes and spending compared to state government. At the local level there is greater transparency and accountability for government expenditures. We should expect California citizens to defeat the proposed wealth tax as they have similar measures.

The California wealth tax is a classic example of shortsighted tax policy. While in the short term the wealth tax would result in a one-time increase in revenues, in the long term it would decrease income tax revenues as billionaires, their businesses, and employees leave the state. Moreover, as entrepreneurs leave the state, they take with them their expertise and capital. Other states with more business-friendly tax environments such as Texas and Florida would experience a boost in economic growth, while California would continue to experience retardation in economic growth.

California citizens have recourse to protect them from the damaging effects of a wealth tax. This year an initiative will be placed on the ballot prohibiting wealth taxes (see Appendix).

Appendix

THE “2026 NO WEALTH TAX ACT”

The People of California do enact in the Constitution of California as follows:

Sec. 1. Title.
This Act shall be known, and may be cited, as the **2026 No Wealth Tax Act**.

Sec. 2. Findings.

a. State and local government taxation and the imposition of fees on the value of personal and business property and financial assets is an unconstitutional seizure and conscription of property and shall not be authorized or implied under any government authority.

b. Taxing the unrealized or non-liquidated growth or appreciation in value of any property or financial asset shall not be subject to any form of capital gains tax, until such asset is either sold and the sales price establishes the capital gains value or liquidated in which the cash value is realized.

Sec. 3. Purpose and Intent.

The purpose of this amendment is to protect individuals and businesses from excessive and abusive use of the state’s and local governments taxing authorities to assess and take from California residents and businesses a portion of the unrealized value of their real, personal, and financial assets by prohibiting such actions by the state or local governments.

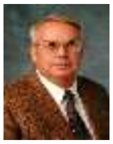
Sec. 4. Sections 1 and 2 of Article XIII of the California Constitution are amended to read:

Sec. 1. Unless otherwise provided by this Constitution or the laws of the United States:

(a) All **real** property is taxable and shall be assessed at the same percentage of fair market value. When a value standard other than fair market value is prescribed by this Constitution or by statute authorized by this Constitution, the same percentage shall be applied to determine the assessed value. The value to which the percentage is applied, whether it be the fair market value or not, shall be known for real property tax purposes as the full value.

(b) All property assessed shall be taxed in proportion to its full value.

Sec. 2. The Legislature nor local governments may not provide for taxation of the unrealized value or gains in value of all forms of real and tangible personal property, financial assets, shares of capital stock, evidences of indebtedness, interest in notes, debentures bonds, solvent credits, deeds of trust, or mortgages, and any legal or equitable interest not realized as actual income.



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