

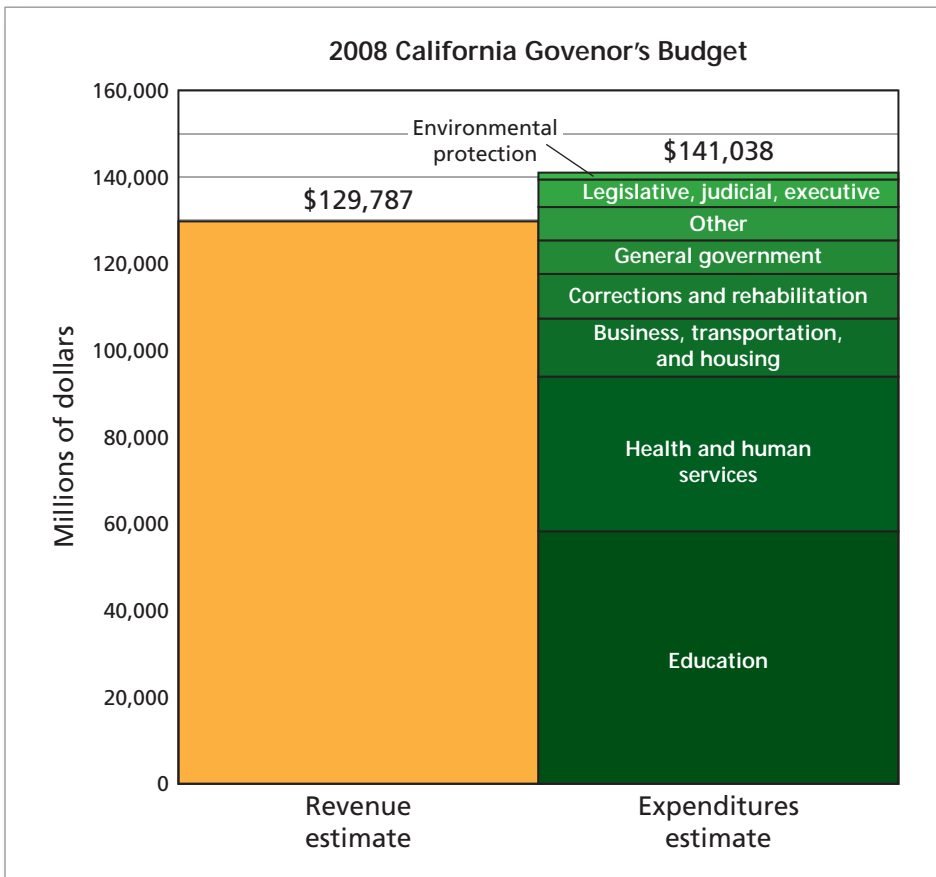
California State Income Tax In Exercises 13 and 14, use the information below. (See Example 5.)

In 2008, the total personal income in California was about \$1.61 trillion. The budgeted income tax revenue was about \$58 billion. You are a member of a committee analyzing California’s state income tax.



13. Discuss using a flat tax on total income to raise this amount of income tax revenue.
14. Discuss using a graduated tax on total income to raise this amount of income tax revenue. Would the marginal tax rates be higher or lower than California’s current graduated tax on taxable income? Explain your reasoning.

California State Budget In Exercises 15 and 16, use the information graphic. (See Example 6.)



15. Estimate how much additional income tax revenue California would have to raise to eliminate its annual deficit. What percent would each taxpayer have to pay in a flat tax system?
16. In the 2008 California state budget, sales taxes were projected to account for 27% of the state’s revenue. Suppose the state eliminated its sales taxes.
 - a. How much additional income tax revenue would California have to raise to match its original revenue estimate? What percent would each taxpayer have to pay in a flat tax system?
 - b. How much additional income tax revenue would California have to raise to eliminate its annual deficit? What percent would each taxpayer have to pay in a flat tax system?