

APPENDIX A
TABLES 1A, 1B, 1C
Personal Income Tax

SYNOPSIS OF TAX RATES
FOOTNOTES

* Adjusted gross income less deductions.

- a(1). For filing status types Married Filing Jointly (MFJ), Single & Married Filing Separately (S&MFS), and Head of Household (HOH), the graduated tax rates were condensed from 15 to 6 brackets. The tax reduction effects were: no change for taxable incomes to \$5,000; 1% tax decrease for taxable incomes from \$5,000 to \$40,000; 2% decrease for taxable incomes from \$40,000 to \$50,000; 3% decrease for taxable incomes from \$50,000 to \$60,000; 4% tax decrease for taxable incomes from \$60,000 to \$70,000; 5% tax decrease for taxable incomes from \$70,000 to \$80,000; 6% decrease for incomes from \$80,000 to \$100,000; 7% tax decrease for taxable incomes from \$100,000 to \$150,000; 8% tax decrease for taxable incomes from \$150,000 to \$250,000; and 9% tax decrease for taxable incomes over \$250,000.
- a(2). In 1943, the 1% tax reduction for incomes between \$5,000 and \$30,000 was reversed.
- b. Prior to 1952, the tax rate brackets and tax rates were identical for Single & Married Filing Separately (S&MFS) filers, Married Filing Jointly (MFJ) filers, and Head of Household (HOH) filers. The equivalent rates and brackets portrayed an assumption that multi-party family household costs were identical to single party households and thus should be taxed at equivalent rates. In 1952, the tax rate brackets were adjusted to accommodate the income needs of MFJ households by bracketing the taxable income ranges at two times the S&MFS and HOH income ranges.
- c. The tax rate schedules of the three filing status types were increased by adding a seventh tax rate bracket. For MFJ filers, tax rates increased by 1% for taxable incomes from \$5,000 to \$15,000 and incomes over \$50,000; by 2% for taxable incomes from \$15,000 to \$25,000 and from \$40,000 to \$50,000; and by 3% for incomes between \$25,000 and \$40,000. For S&MFS and HOH filers, the 1% tax increase applied to incomes of \$2,500 - \$7,500 and \$25,000 and over; 2% for incomes from \$7,500 to \$12,500 and from \$20,000 to \$25,000; and 3% increase for incomes between \$12,500 and \$20,000.
- d(1). Prior to 1967, taxable income was determined by calculating adjusted gross income (AGI), less deductions, less personal exemptions, less dependent exemptions. The MFJ, S&MFS, and HOH filing status tables each had seven tax rate brackets. For 1967, taxable income was redefined as AGI, less deductions. Net tax liability was redefined as gross tax, less personal exemptions, less dependent exemptions. Three additional tax brackets were added to the seven-bracket tax tables for the three filing statuses. For MFJ returns, the median tax liability effect was a \$454 (45%) tax increase.
- d(2). A special 10% reduction in tax liabilities with a maximum of \$100 for S&MFS and \$200 for MFJ, was effective for the 1969 taxable year.
- d(3). A forgiveness tax credit of 20% was provided with respect to 1971 taxes, along with the enactment of the withholding and declaration of estimated tax program, effective 1972.
- e. The maximum tax rate was increased from 10% to 11%. A special income tax credit ranging from 20% to 100% of the tax liability was effective for the 1973 taxable year.
- f. The tax brackets were eased for heads of household effective with the 1974 taxable year.
- g. Beginning in taxable income year 1978, tax rates are adjusted to compensate for inflationary factors determined by the June to June change in the California Consumer Price Index (less 3% for 1978 and 1979 and full indexing for 1980 and subsequent years (Stats. 1978, Ch. 569)). Tax rates were indexed at 5.22% for 1978, 6.88% for 1979, 17.33% for 1980, 8.26% for 1981, 9.32% for 1982, -1.2% for 1983, 4.6% for 1984 and 1985, and 3.5% for 1986. Indexing was suspended for 1987 by AB 53. For 1988, indexing was reestablished at 4.6%. Indexing was 5.3% for 1989, 4.8% for 1990, 4.3% for 1991, 3.6% for 1992, 2.5% for 1993, 1.2% for 1994, 2.3% for 1995, 1.6% for 1996, 2.2% for 1997, 2.3% for 1998, 2.6% for 1999, 3.7% for 2000, 5.3% for 2001, 1.5% for 2002, 2.2% for 2003, 3.1% for 2004, 2.8% for 2005, 4.8% for 2006, 3.1% for 2007, 5.0% for 2008, and -1.5% for taxable year 2009.
- h. The maximum tax rate was lowered from 11% to 9.3% for the 1987 taxable year. The number of tax brackets was reduced from 11 to 6. The preference tax was replaced with a 7% alternative minimum tax.
- i. For taxable years 1991 through 1995, 10% and 11% tax rates were added, increasing the maximum rate from 9.3% for all filing status types.
- j. Beginning in taxable year 1996, the regular top marginal tax rate was reduced from 11% to 9.3% and alternative minimum tax rate was reduced from 8.5% to 7%.

