

Tuesday's News Issue - November 10, 2009

'Bah Humbug'

(by Daniel Olasky, WorldMag.com) - LOS ANGELES - In a desperate attempt by the state's government to keep California afloat during its ongoing budget crisis, a new program will have taxpayers making involuntary, no-interest loans to the state.

The program, instituted by the state on Nov. 1, will have state income tax withholding on resident's paychecks increased by 10 percent, even though the state's actual income tax rate will remain at previous levels. And although the money will be returned in 2009 tax refunds, or in the form of a lower tax bill for those who don't qualify for refunds, state residents are still seeing their paychecks shrink during the year's peak shopping season.

"This is a real 'bah humbug' to California taxpayers, who are already overburdened this year," said Jon Coupal, president of the Howard Jarvis Taxpayers Association. "This is precisely what we meant when we said the legislature was kicking the can down the road. Now, at the height of the recession and with the highest unemployment rate in history, the state will gladly pick the pocket of millions of taxpayers this holiday season."

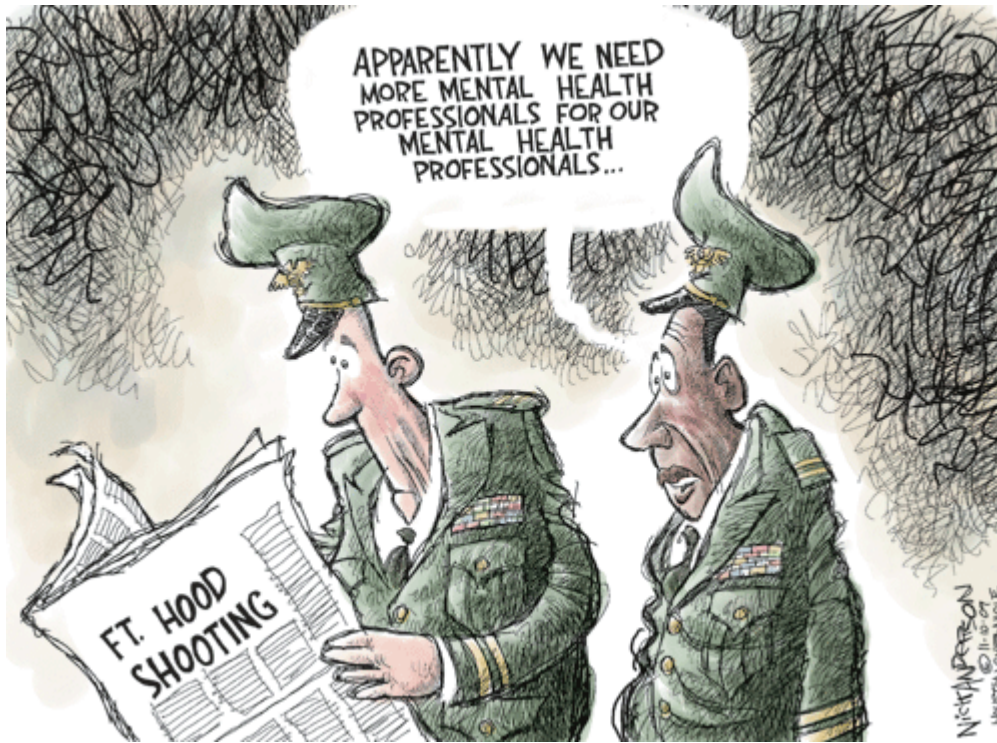
For individual residents, the amount withheld will range from \$10 to \$30 dollars per month, depending on income, with the state's budget drafters hoping to raise \$1.7 billion through the program—a no-interest cash injection into the state's general fund.

While the 10 percent hike in withholding isn't technically a tax increase, California residents' income taxes did rise by 0.25 percent across tax brackets earlier this year. This accompanied an even higher rise in sales tax and vehicle license tax, as well as steep cuts in tax credits and government spending.

Californians can avoid the withholding hike by adjusting their personal withholding allowances through their employers, and even residents sympathetic to the state's budget plight may choose not to wait for the money to be returned in refunds. California issued IOUs instead of checks for last year's tax refunds.

Questions

1. Describe the program that the California state government has implemented to solve its budget crisis (it spends a lot more money than it takes in in taxes).
2. Who decided to implement this program?
3. How will this program affect individual Californians?
4. How can Californians avoid the withholding increase?
5. Why isn't this program considered a tax increase?
6. a) Do you think this program is a good way to solve the state's budget crisis? Explain your answer.
b) Ask a parent the same question.



1. What issue or event does this cartoon deal with?
2. Describe what is happening in the cartoon.
3. What is the message being presented