

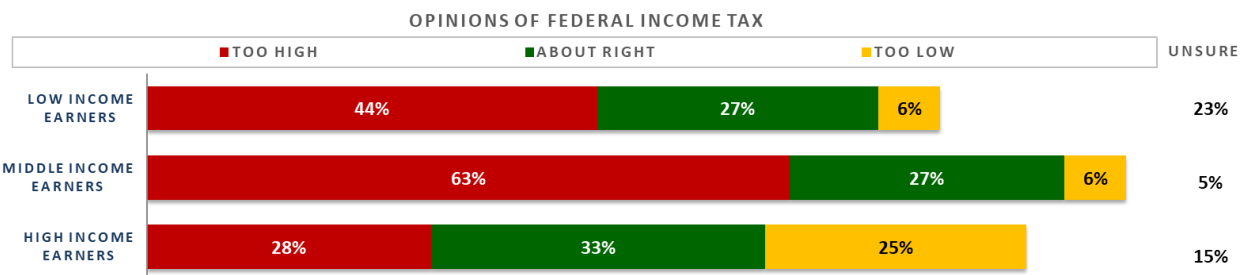
Taxes Too High... or Too Low? Depends on Tax and Who's Being Taxed

Fed's Income Tax is Less Onerous than State's, but Property Tax Burden is Worst of All
Split on Tax Policy to Spur Growth, Little Consensus on Imposing Net Worth Tax

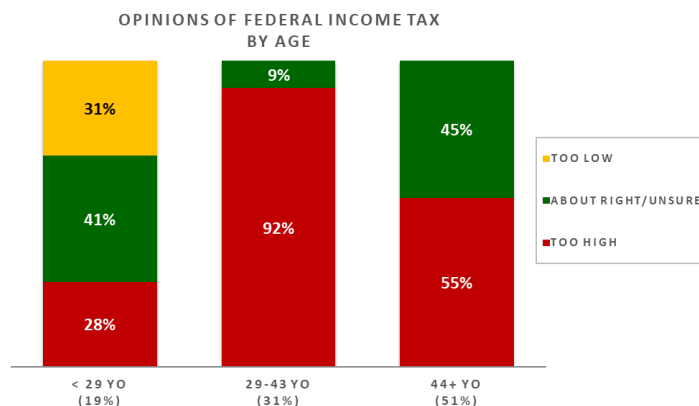
"Nothing is certain but death and taxes." This somewhat grim Benjamin Franklin quote hits home for most Americans every April 15. Although the Internal Revenue Service pushed back this year's filing deadline, how *much* one pays – or *"should"* pay – is a hotly debated topic among both lawmakers and taxpayers. As San Diegans start to file their 2022 income tax returns, what are their thoughts on how much earners – including themselves – pay and what are their tax policy preferences?

Federal Income Taxes

Federal income taxes typically account for the largest share of a household's tax burden. Do San Diegans think folks pay too much? The answer comes down to context. The perception is middle-income earners fork over more than their fair share.



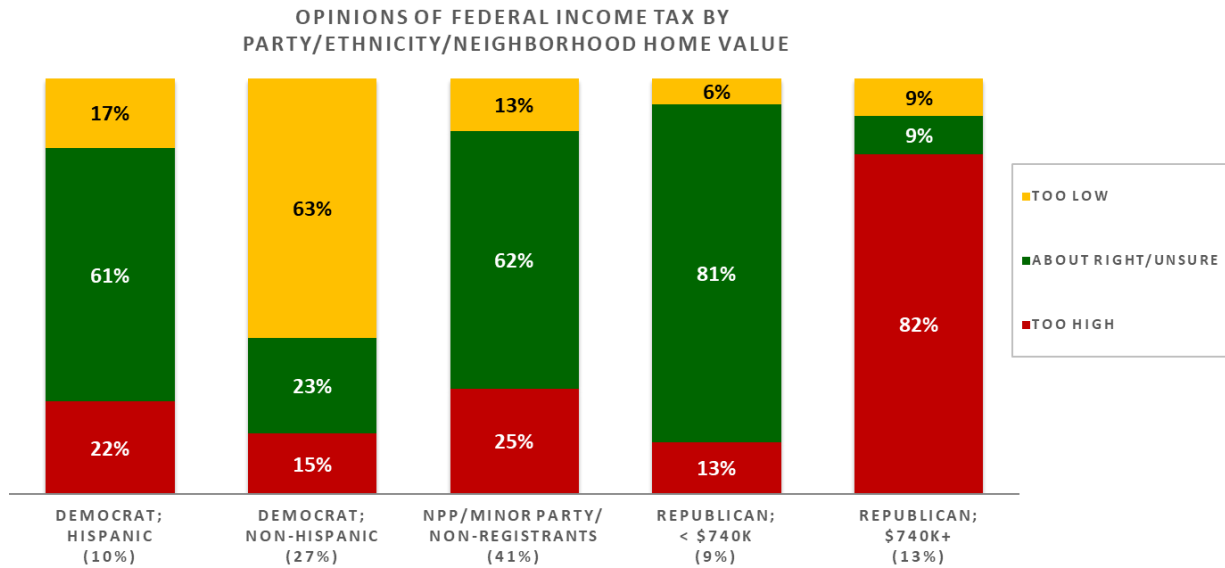
That's driven by residents in their late-20s to early-40s, 95% of whom say federal income taxes on middle income households are too high. Older residents tend to agree, but not to that nearly universal extent. It's younger adults who push back. Lacking consensus, 31% of them feel that federal income taxes on middle earners are too low while 28% say they're too high.



A 44% plurality believes federal taxes on low-income earners are too high, so residents sympathize less with them than mid-income earners. But residents don't think federal taxes paid by low-income earners are too low either – only 6% say that; 23% just don't know what to make of federal income taxes on low wage households.

Things really get interesting where high earners are concerned. San Diegans don't sympathize with the high earners as much, as only 28% say federal income taxes on them are too high and one-quarter say they're too low. The sentiment is more certain than it is when the question centers on other income levels. And partisan fissures appear when asking about high-income earners. Among Democrats, half say federal taxes on affluent households are too low, and that rises to 63% when we isolate non-Hispanic Democrats. Hispanic Democrats think differently: just one-in-six say taxes on high income families are

too low, with most feeling they are about right. Those unaffiliated with a major party – non-partisans, third party voters, and non-registrants – are also in the “about right” camp. However, most Republicans – and 82% of Republicans in upscale areas -- are convinced the feds overtax high earners.



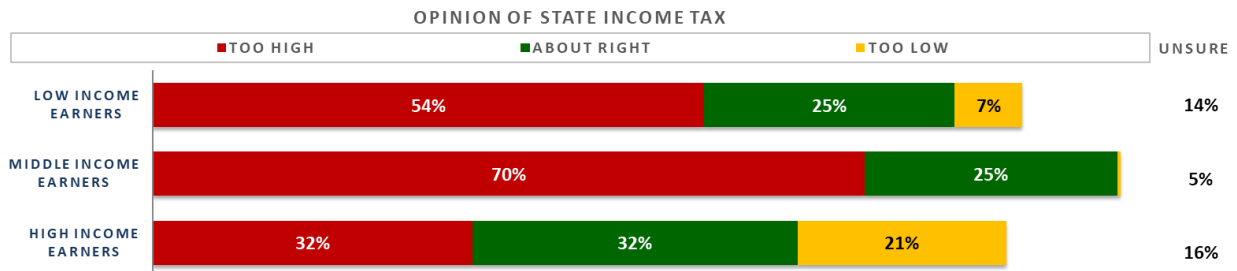
A Closer Look at San Diego’s Communities of Color

- ✓ Latinos more often say lower earners are paying a fair amount, and are less likely than others to say taxes on middle income earners are too high
- ✓ Almost all Asian Americans and Pacific Islanders (AAPI) believe taxes on mid-level earners are too high
- ✓ Opinions among Blacks align with those of the wider population

			White	Latino	Black	Asian	All
Opinion of federal income tax	High-income earners	Too high	20%	26%	32%	21%	28%
		About right/unsure	49%	61%	32%	42%	47%
		Too low	31%	13%	36%	37%	25%
	Middle-income earners	Too high	61%	55%	59%	93%	62%
		About right/unsure	38%	27%	37%	7%	32%
		Too low	1%	18%	5%	0%	6%
	Low-income earners	Too high	53%	28%	42%	64%	44%
		About right/unsure	42%	66%	52%	30%	50%
		Too low	5%	6%	6%	6%	6%

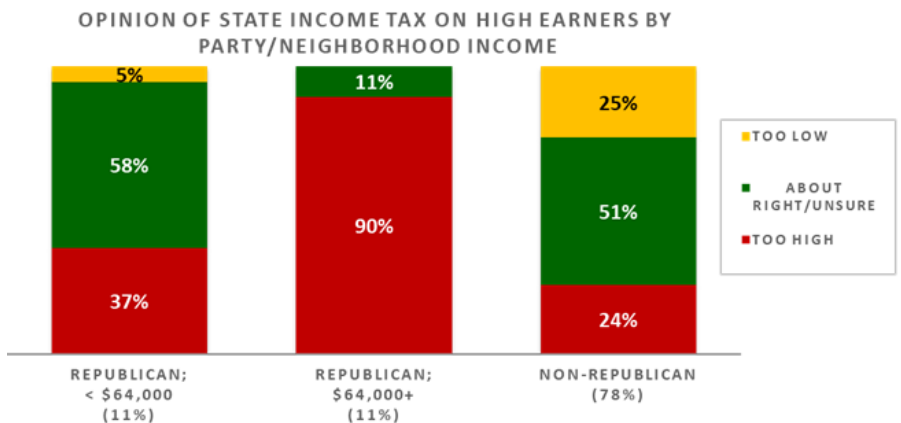
State Income Taxes

California has one of the nation's highest [state income tax rates](#). Residents are apparently aware of that because, regardless of the context, a greater share regards state income taxes as more burdensome than federal income taxes. Most San Diegans contend state taxes on lower-income earners are too much and 70% say the same about taxes on middle-income households. Essentially no one thinks middle-income residents are undertaxed by the state, and the only group not saying they are taxed too much is comprised of Democrats who are reliable or very reliable when it comes to voting. There's also less uncertainty when it comes to state income taxes on low wage households, which suggests California's "brand" is higher taxation than what is warranted.



Residents pity higher earners slightly more when it comes to state taxes; 32% believe they're too high (compared to 28% saying the same about federal taxes). That's how almost all Republicans residing in moderate-to-upper income areas see it. Another third of San

Diego's residents deem state taxes on the affluent to be about right, and if you're not an upscale Republican, this is usually your point of view. Only one-in-five think the wealthy don't pay enough state income tax. Even just 25% of the non-Republicans think the state doesn't tax high earners enough.



A Closer Look at San Diego's Communities of Color

- ✓ AAPI residents overwhelmingly think California overtaxes middle-income earners, while also tending to believe state taxes on the wealthy are lower than they should be
- ✓ Latinos are more convinced low-income earners are paying their fair share
- ✓ Views among African Americans mirror those of the general populace

			White	Latino	Black	Asian	All
Opinion of state income tax	High-income earners	Too high	28%	26%	32%	21%	28%
		About right/unsure	49%	61%	32%	42%	47%
		Too low	22%	13%	36%	37%	25%
	Middle-income earners	Too high	66%	55%	59%	93%	62%
		About right/unsure	33%	27%	37%	7%	32%
		Too low	1%	18%	5%	0%	6%
	Low-income earners	Too high	57%	28%	42%	64%	44%
		About right/unsure	40%	66%	52%	30%	50%
		Too low	4%	6%	6%	6%	6%

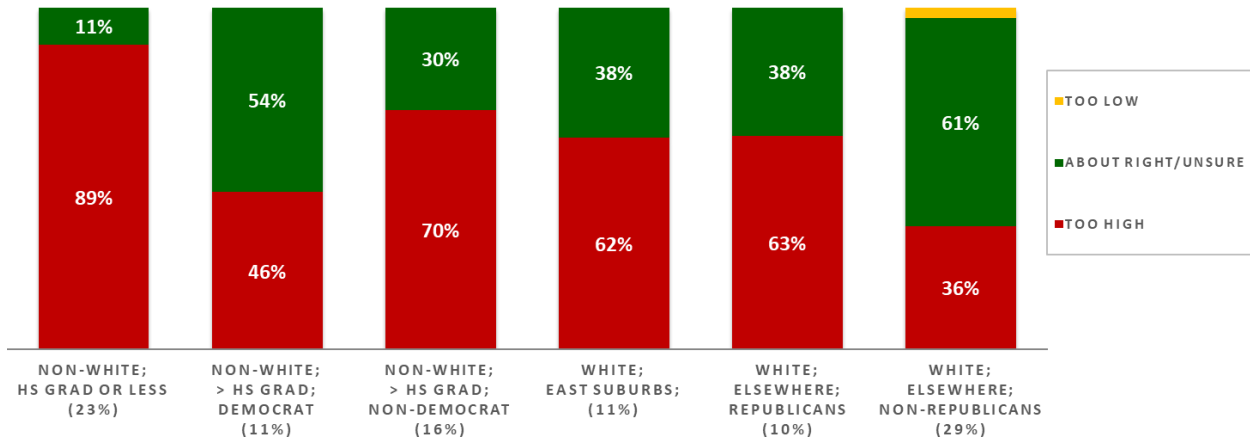
Property Taxes

Although homeowners get the benefit of Prop 13’s protections against property tax increases, California ranks among the top five states with the [highest property taxes](#). With San Diego’s median home price [126% higher](#) than it is nationally, property taxes can be a heavy burden for locals. In fact, most residents – 61% – believe property taxes are too high, while virtually none say the opposite. Twenty-six percent feel property taxes are about right and 13% are unsure.



Positions on property taxes come down to ethnicity, education, location, and partisan leanings. Non-Whites with less formal education are solidly in the “too high” camp; nearly 90% of non-Whites who never attended college say property taxes are too high. Among non-Whites with more education, non-Democrats decidedly believe property taxes are too high, but the Democrats are less upset. Whites generally are about equally likely to feel property taxes are too high as they are to feel they are about right. However, Whites in the eastern suburbs think property taxes are excessive much more often. Among Whites living elsewhere, it’s Republicans who decry high property taxes, while their non-Republican counterparts are typically OK with those tax rates.

OPINION OF PROPERTY TAXES BY ETHNICITY/EDUCATION/LOCATION/PARTY



A Closer Look at San Diego’s Communities of Color

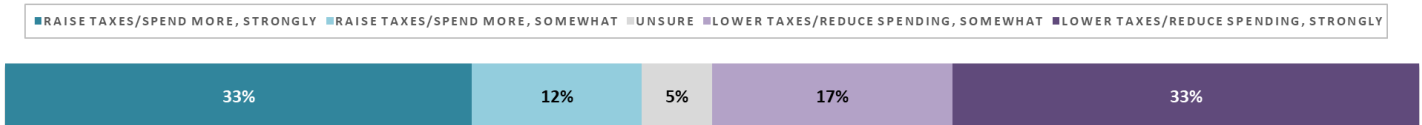
- ✓ More African Americans and Latinos regard property taxes as being too high
- ✓ Opinions among AAPI residents reflect those of all San Diegans

		White	Latino	Black	Asian	All
Opinion of property taxes	Too high	48%	77%	79%	63%	61%
	About right/unsure	50%	23%	21%	38%	26%
	Too low	2%	0%	0%	0%	1%

What’s the Best Tax Policy to Promote Economic Growth?

With talks of a potential recession, national leaders continue to debate methods of spurring economic growth. San Diegans sharply divide between approaches when asked their opinion on the best way to grow. Half prefer an approach that lowers taxes and reduces government spending -- one-third *strongly* favor this – while 46% think it would be best to raise taxes and have government spend more – with one-third *strongly* preferring this method. Only a small 5% are unsure which tactic would be better.

BEST WAY TO PROMOTE ECONOMIC GROWTH IN THE US



Unsurprisingly, preferences for boosting growth primarily fall along partisan lines. Most Democrats favor raising taxes and government spending, while Republicans overwhelmingly prefer lower taxes and reductions in government spending. When taken together, everyone else – nonpartisans, minor party members, and non-registrants – is divided with nearly equal shares in each camp. With most members

of the two major parties *strongly* preferring their chosen approach, it will be difficult to find areas of common ground.

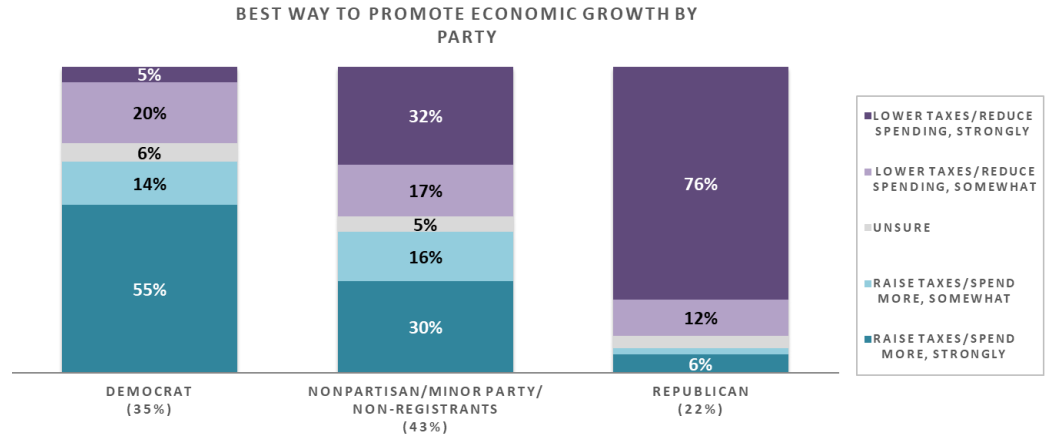
Race and ethnicity also play a role in determining preferences. Residents describing themselves as “multi-racial” are some of the most avid proponents of cutting taxes and government spending.

Eighty-three percent think this conservative solution is best, while only 8% of them say the opposite, none of whom *strongly* want government spending and taxes to increase. Most Whites and AAPI residents also side with this approach – although less staunchly – while most African Americans and Latinos believe raising taxes to pay for more government spending is the way to go.

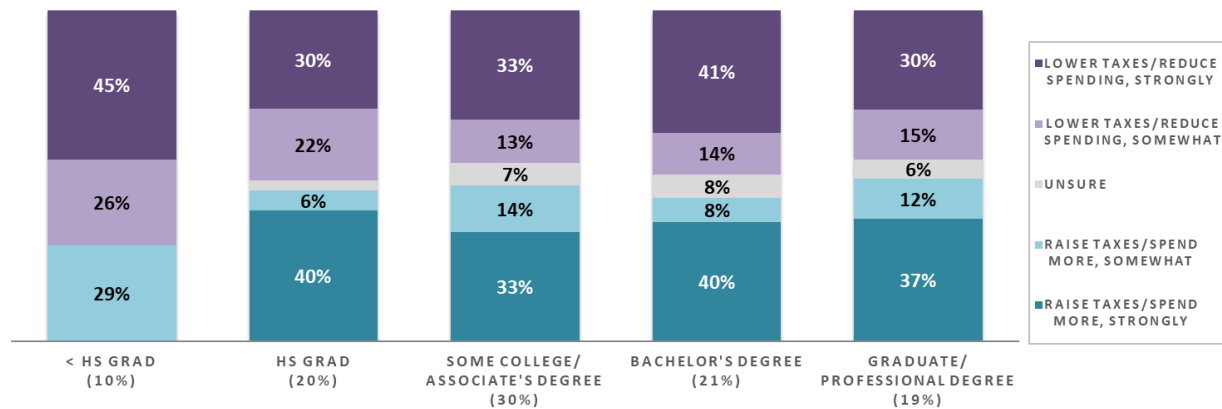
Where one lives is another factor. Those between the I-8 and SR-52 freeways – in areas such as Clairemont, Grossmont, and Tierrasanta – choose the fiscally conservative approach more than twice as often as those elsewhere, with 53% *strongly* preferring lower taxes and less government spending.

Age and gender also impact views, with two-thirds of older San Diegans – particularly men aged 55-plus – preferring reductions.

Finally, adults with no higher education largely side with lower taxes and government spending. Support for low taxes slips among those who graduated high school and eventually almost half of those with college degrees support raising taxes to pay for more government spending.



BEST WAY TO PROMOTE ECONOMIC GROWTH BY EDUCATION



A Closer Look at San Diego's Communities of Color

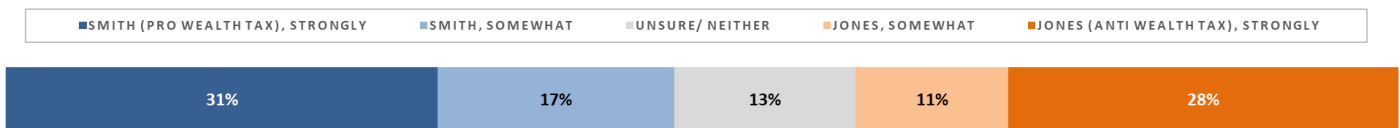
- ✓ Latinos are bigger proponents of raising taxes and government spending to boost growth
- ✓ Preferences among African Americans are on par with the broader population
- ✓ Asian Americans are a bit stronger on reducing taxes and spending

		White	Latino	Black	Asian	All
Best way to promote economic growth in the US	Raise taxes/spend more, strongly	34%	42%	32%	21%	33%
	Raise taxes/spend more, somewhat	10%	13%	18%	21%	12%
	Unsure	8%	2%	4%	5%	5%
	Lower taxes/reduce spending, somewhat	16%	15%	25%	11%	17%
	Lower taxes/reduce spending, strongly	32%	28%	21%	41%	33%

Should California Impose a Net Worth Tax on Uber-Wealthy Households?

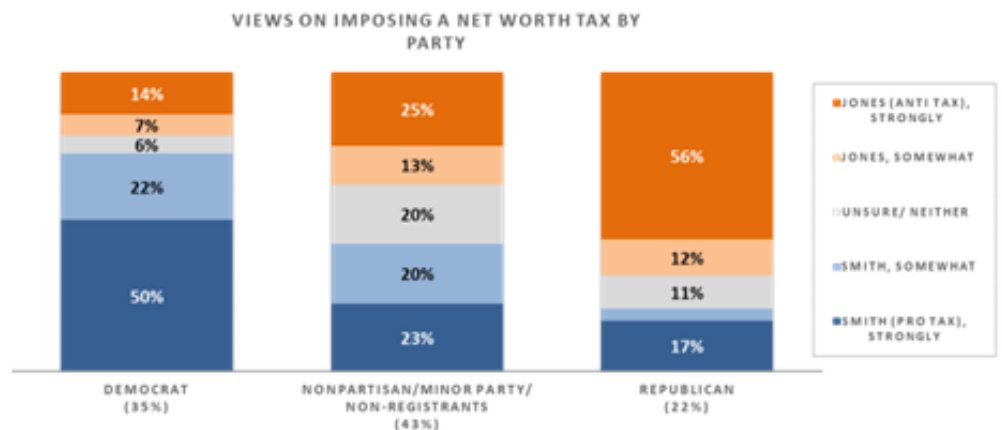
The [Tax Foundation](#) defines a wealth tax as a tax “imposed on an individual’s net wealth, or the market value of their total owned assets minus liabilities.” While there is currently no federal net worth tax, several states – including California – have recently introduced legislation that would impose one on the state’s richest individuals. How do San Diegans feel about this? After hearing arguments from hypothetical residents Smith (pro-net worth tax) and Jones (anti-net worth tax), more residents agree than disagree with the idea of imposing a wealth tax on Californians who have a net worth over \$50 million in addition to the income tax they pay. Agreement, however, fails to reach a majority and only 31% strongly agree with this new proposal. In contrast, 39% side with the claim that a net worth tax is bad. Thirteen percent are either unsure or don’t agree with either argument. San Diegans are flirting with backing this type of tax, but they are not on board yet.

VIEWS ON IMPOSING A NET WORTH TAX ON THE WEALTHIEST CALIFORNIANS



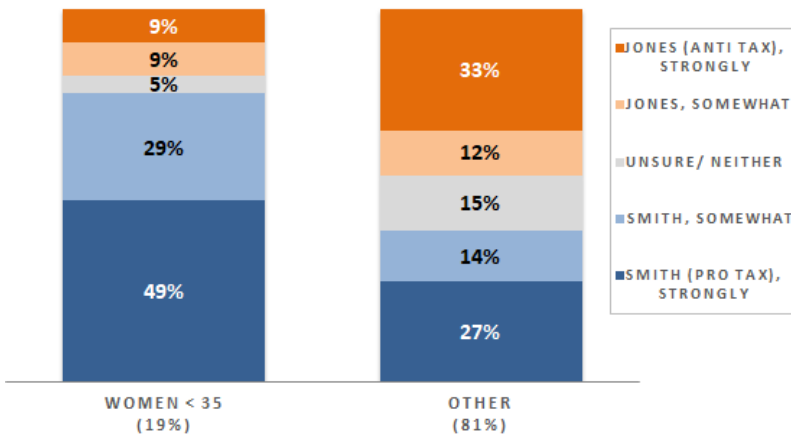
Views on a net worth tax largely hinge on partisanship. Democrats coalesce around it, while most Republicans are opposed.

Nonpartisans, minor party voters, and non-registrants don’t feel particularly strong either way, but they lean slightly toward favoring the tax. Although the idea of a net worth tax isn’t currently “popular” among San Diegans, it may eventually gain majority support because



Democrats already like it and they have a significant registration advantage.

VIEWS ON IMPOSING A NET WORTH TAX BY AGE/GENDER



Gender and age also contribute to opinions. Men gravitate toward the anti-wealth tax argument more often, while women do the opposite. Women younger than 35 are especially keen on the idea. Nearly eight-in-ten like it and a large 49% *strongly* do, making them some of the proposal’s strongest supporters.

The highly educated more often align themselves with Smith’s pro-net worth tax argument, and adults with college degrees do so nearly two-thirds of the time.

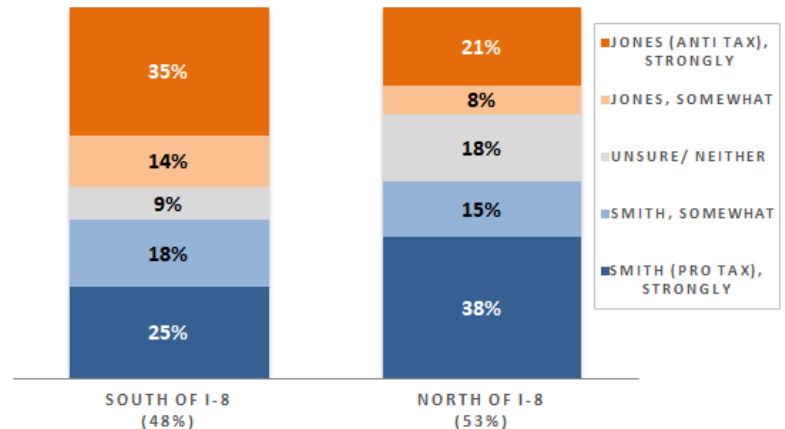
Conversely, only 18% who did not graduate

high school side with Smith, and none of them are strongly in his camp. While support for the tax eclipses 51% among the most educated residents, they only comprise 19% of the population. Among others the proposal receives lukewarm support, at best.

Race and ethnicity also come into play. While Latinos tend to be less fond of Jones’ anti-tax argument, they aren’t necessarily big fans of a wealth tax either. An ample 27% of Latinos are unsure where they stand or prefer neither argument. Latinos account for three-in-ten San Diego residents, so their support or opposition could be vitally important should a net worth tax be on the ballot.

Residents south of I-8 are more supportive. Fifty-four percent favor Smith’s pro-tax argument – 38% *strongly* so – compared to only 43% of residents north of I-8. South county certainly has upscale communities, but north county’s Del Mar, La Jolla, and Rancho Santa Fe are some of the world’s most exclusive communities which are home to those who might be subject to this type of tax.

VIEWS ON IMPOSING A NET WORTH TAX BY LOCATION



A Closer Look at San Diego’s Communities of Color

- ✓ Latinos are 3x more likely than others to be unsure or prefer neither wealth tax argument, but side with pro-tax Smith half the time
- ✓ Blacks heavily favor the net worth tax
- ✓ The AAPI community’s views are more polarized

		White	Latino	Black	Asian	All
Views on imposing a net worth tax on the wealthiest Californians	Smith (pro tax), strongly	32%	29%	39%	35%	31%
	Smith, somewhat	16%	22%	29%	6%	17%
	Unsure/Neither	8%	27%	11%	4%	10%
	Jones, somewhat	12%	11%	7%	15%	11%
	Jones (anti tax), strongly	33%	12%	14%	41%	28%