

MEMO# 32550

June 24, 2020

Opposition Letter: California "Headcount" Tax Proposal

[32550]

June 24, 2020 TO: ICI Members
Management Company Tax Subcommittee
Tax Committee SUBJECTS: Investment Advisers
Tax RE: Opposition Letter: California "Headcount" Tax Proposal

The ICI joined a coalition letter organized by CalTax to oppose a proposed new "headcount" tax on California employers with 500 or more employees within the state. The tax rate would be \$275 per employee (\$137,500 for 500 employees) to be paid on an annual basis.

The letter describes that the costs of such a tax would be passed on to Californians and would disincentivize businesses, that already pay some of the highest taxes in the country, to hire a large number of employees. Currently, [AB 398](#) remains in the Senate Rules Committee awaiting committee referral.

Katie Sunderland
Assistant General Counsel

[Attachment No. 1](#)

[Attachment No. 2](#)