

Californians to Save Prop 13 and Stop Higher Property Taxes

*The campaign opposing the \$12.5 billion property tax increase on the
November 3, 2020 statewide ballot*

Ad paid for by Californians to Save Prop 13 and Stop Higher Property Taxes, sponsored by California homeowners, taxpayers, and businesses

Committee major funding from

Vornado Realty Trust

Western Manufactured Housing Communities Association

California Taxpayers Association

Funding details at www.fppc.ca.gov



**CALIFORNIANS
TO SAVE PROP 13**

and Stop Higher Property Taxes

Background: Proposition 13

Prop 13 Has Helped All Californians for More Than 40 Years

- Under Prop 13:
 - Property taxes for both residential and business properties are calculated based on 1% of their purchase price;
 - Annual increases in property taxes are capped at 2% per year, which limits increases in property taxes, especially when property values rise quickly.
- Prop 13 provides certainty to homeowners, renters, farmers and businesses that they will be able to afford their property tax bills in the future.

The Threat: A \$12.5 Billion-A-Year Property Tax Hike

Split-Roll Property Tax Measure Destroys Prop 13

- Special interests already qualified one measure for the November 2020 statewide ballot that will dismantle Prop 13's property tax protections, and now they submitted petitions to qualify a new version....amid an unprecedented economic crisis!
 - Proponents said they will withdraw the 1st initiative once the new measure qualifies
- Both measures will raise taxes on commercial and industrial property by requiring reassessment at current market value *at least* every three years.
- This type of property tax is known as a “**split-roll tax**” because it splits the property tax roll, assessing business property differently than residential property.

Hurts Small Businesses and Makes Our Economic Crisis Worse

- Small businesses are already struggling. This measure will make it even more difficult for them to reopen their doors or stay in business as a result of this economic crisis.
- A study by the National Federation of Independent Business found that only 22% of small businesses own their own property and the remainder rent.
- Most small businesses rent the property on which they operate and have a “triple net lease” where they are responsible for:
 - Property taxes
 - Insurance
 - Maintenance costs
- Many small businesses will be forced to close their doors or leave the state, and an estimated 120,000 jobs will be lost.

Hurts Small Businesses

...Especially Female- and Minority-Owned Small Businesses

- A split-roll property tax will hurt female- and minority-owned businesses the most.
- According to the Harvard Business School, about 42% of new companies are founded by immigrants in California.
- The most recent 2012 Survey of Business Owners by the Census Bureau found that 5% of businesses in the state are owned by African Americans, and 38% of all non-publicly traded businesses were owned by females.
- Most of these businesses start small and stay small, meaning they often rent their property and are subject to higher rents when property taxes increase.

Hurts Farmers

- Current tax law defines “real property” as:
 - 1) Land
 - 2) Improvements
 - 3) Fixtures
- For farmers, this means real agricultural property includes not only the **land**, but also **fixtures** and **improvements** (e.g. barns, processing facilities, silos and even fruit trees and vineyards once they reach maturity).
- If the split-roll measure passes, *only* agricultural **land** will be excluded from reassessment - **not the improvements and fixtures needed to bring food from farm to fork.**

Hurts Consumers By Driving The Cost of Living Even Higher!

- The measure's tax hike on businesses will ultimately get passed on to consumers in the form of increased costs on just about *everything* people buy and use, including:
 - Groceries
 - Fuel
 - Day care
 - Health care
 - Utilities
- California's cost of living is already **among the nation's highest** and a split-roll property tax will drive the cost of living even higher.

No Taxpayer Protections, Transparency or Accountability

- Sacramento politicians can divert the new local government tax money for other purposes that benefit special interests, just like they are trying to do with the gas tax.

How are the funds distributed?

- 1) About **\$1 billion in administrative costs** and payments to the state are paid out first. Then the remaining...
- 2) About 60% goes to unspecified local government services*
- 3) About 40% goes to schools with no guarantee that the money makes it to the classroom*

**distribution will vary widely by county*

Homeowners & Renters Are Under Attack

- If a split-roll property tax measure passes, the sponsors will come after Prop 13 protections on all homeowners next.
- Supporters of the measure even admitted that this initiative was the first step in a plan to end Prop 13, which could mean skyrocketing property tax increases for all California homeowners.
- This will make the housing crisis even worse by increasing the costs of owning and renting a home – it could even force people out of their homes, like what happened before the voters passed Prop 13 in 1978.

Our Coalition Members

- California State Conference of the NAACP
- California State National Action Network
- California Business Roundtable
- California Infill Builders
- California Chamber of Commerce
- California Business Properties Association
- California Taxpayers Association
- California Asian Pacific Chamber of Commerce
- California Black Chamber of Commerce
- California Hispanic Chambers of Commerce
- California Assisted Living Association
- California Farm Bureau Federation
- California Grocers Association
- California Retailers Association
- California Restaurants Association
- California Senior Advocates League
- California Craft Brewers Association
- California Women's Leadership Association
- California Small Business Association
- Family Business Association of California
- National Federation of Independent Business – CA
- Howard Jarvis Taxpayers Association
- Western Agricultural Processors
- Western United Dairies
- California Citrus Mutual
- Building Owners and Managers – California
- Building Owners and Managers – International
- United Latinos Vote
- Bay Area Council
- Central City Association of Los Angeles
- LA BizFed
- Central Valley BizFed
- Orange County Business Council
- Silicon Valley Leadership Group
- San Gabriel Valley Economic Partnership
- Fresno County Farm Bureau
- Kern County Farm Bureau
- Sacramento County Farm Bureau
- Tulare County Farm Bureau
- Valley Industry and Commerce Association
- *...and many more!*

What Can You Do?

- 1) Join the coalition at www.StopHigherPropertyTaxes.org
- 2) Ask your members and friends to join the coalition.
- 3) Make a donation to our campaign.
 - We accept online donations at www.StopHigherPropertyTaxes.org/donation



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Discussion