

Legislative Update by HJTA Legislative Director David Wolfe

- **HAPPY BIRTHDAY PROPOSITION 13!** 41 years in June. What is Proposition 13? What was it like before Proposition 13 Helps renters too. Savior of local governments Non-partisan organization, one-third registered Dems.
- Two major objections to Proposition 13: “that’s not fair” someone owns a similarly priced home as me.
- 2. I only benefit from Proposition 13 if I’ve owned my home since 1978.
- California is in a crisis. 20 percent of the state, 7.8 million people live at or below the poverty line. California has 12 percent of the nation’s population but 33 percent of the welfare caseload. One-third of the state’s population qualifies for Medi-Cal.

Attacks on Prop 13.

ACA 1: Lowers the two-thirds vote for bonds and parcel taxes to 55 percent. Everything is above and beyond 1 percent cap. Parcel taxes very regressive. Importance of maintaining two-thirds vote. Two wolves and a sheep. Everyone votes but only property owners pay.

Split Roll: Numerous different ways to impose a split roll. Prop 13 remains intact, change of ownership. Undermines Prop 13 stability. Market value reset every three years. Any property or string of properties over \$2 million. Doesn’t impact residential, apartment, or agriculture. Estimated to raise \$12B. HJTA concerned about slippery slope, higher taxes for small business passed onto consumers.

New expenditure programs: Health insurance mandate, Medi-Cal to illegal immigrants, free community college, Childcare. Affordable housing.

SCA 3. Sales tax on services.

Current taxes, two recent examples. One thing California politicians are good at is never wasting a crisis as a reason to increase taxes. Indeed, both issues raise public safety concerns and need to be addressed. The current 911 system is decades old, can’t accept texts or videos, and has difficulty pinpointing the location of cell phone users. There are also a million people, predominately in the Central Valley without access to clean drinking water. We agree with Governor Newsom that both issues need to be funded, but that is where the agreement ends.

Historically, HJTA generally trusts the Legislature to prioritize and spend the General Fund budget monies that taxpayers generate. However, we draw the line at necessary public safety improvements being paid for by new and increased taxes. The primary purpose of the General Fund should be to protect public safety and keep taxpayers from harm, and these programs should be funded from there.

. California has a clean water problem. Due to primarily decades of mismanagement there's about a million people, predominantly in the Central Valley, that don't have access to clean water. Fixing the problem will cost about \$120 million about .01 percent of the General Fund. \$1-month water tax. End result: In the first year, Fiscal Year 2019-'20, the safe drinking water funding solution will be funded with \$100 million from the Greenhouse Gas Reduction Fund (GGRF) and \$30 million from the General Fund. This will be part of the 2019-'20 Fiscal Year State Budget. After the first year, the funding will be 5% of the GGRF continuously appropriated – capped at \$130 million per year. The agreement includes General Fund funding as a backstop if 5% of the GGRF is less than \$130 million in any year. The funding will sunset in 2030. The solution does not include a water tax.

Assembly Bill 18: Places a \$25 tax on the sale of a new firearm.

AB 138: Imposes a two cent/fluid ounce tax on a wide variety of sweetened beverages that extend far beyond traditional soda. While two cents an ounce doesn't seem like much, if implemented the tax would generate \$2 billion.

AB 142: Adds an additional \$1 point of sale tax on the purchase of car batteries, and makes this \$2 tax permanent.

AB 755: Increases the existing tire fee for the purchase of new tires from \$1.75 to \$3.25

AB 1468: Imposes a \$100 million tax on opioid manufacturers to pay for opioid prevention and abuse treatment programs.

SB 246: Imposes an oil severance tax (taxing oil as it comes out of the ground) at ten percent. This oil is already subject to property taxes and fees when it's in the ground, and California doesn't currently have an oil severance tax. The only state with a higher tax is Alaska, which doesn't have state income or corporate taxes.

SB 378: Imposes an up to 40 percent California estate tax on estates of 3.5 million to 11.4 million (double those amounts for married couples). Californians voted to repeal the estate tax in 1982, as such, an additional statewide vote would be required to restore it. The tax increase is estimated to be \$1 billion.

SB 522: Currently, sales tax in California only applies to goods and some services. SB 522 would extend the payment of sales tax to almost all business services, resulting in a \$10 billion tax increase.

Gas tax also increasing by five cents/gallon next week.

Membership pitch...