



# JOIN League of Women Voters of Berkeley, Albany & Emeryville

## REFORM PROPOSITION 13!

In 1978 voters passed Proposition 13 by 2:1 to cap unprecedented increases in their residential property taxes due to rising real estate prices.

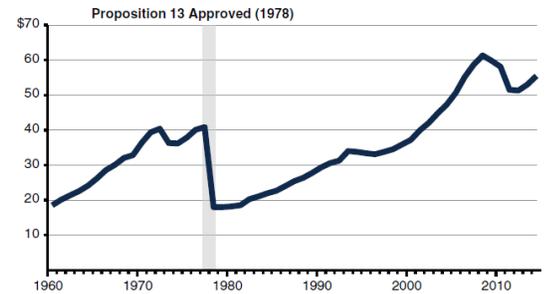
Prop. 13 set the base value for assessing taxes on both residential and commercial properties at their purchase prices in 1975. The base value of properties sold after 1975 would be the purchase price. Thus, rising real estate prices would have no effect on taxes unless the properties were sold. All property taxes were set at 1% of the purchase price. Any annual increase in an owner's property taxes could not exceed 2% (or rate of inflation).

After passage of Prop. 13, revenues of local governments dropped immediately and dramatically (see graph from [lao.ca.gov/publications/Detail/3497](http://lao.ca.gov/publications/Detail/3497)) indicating serious budget shortfalls would occur. Adding to budget concerns was the requirement of Prop. 13 for a 2/3 vote of the state legislature to increase or redistribute revenues and of voters to pass tax measures for local revenue.

Figure 1

### Local Government Revenue Dropped Immediately After Proposition 13

Local Government Annual Property Tax Revenue (In Billions, 2014-15 Dollars)



**Save our Roads,**

**Save our Schools,**

**Save our Healthcare,**

**Save our Kids!**

40 years later, unintended consequences of Prop. 13 include a deteriorated K-12 educational system, a higher education system in decline, decaying roads, bridges, dams and transit networks and diminished city and county services. California K-12 schools have gone from the top to the bottom in the nation in many ways, tuition hikes have made UCs unaffordable for students from low income families, local parcel taxes to repair infrastructure are unable to keep up with need, and services of police and firefighters continually decrease.

After the Nov. election, even Californians' healthcare is threatened by a new federal administration!

A "Reform Prop. 13" campaign is underway to close loopholes used by certain large corporations to avoid paying their fair share of property taxes and thus deprive the state of much needed revenue. Constitutional amendment **SCA-5** will close the loopholes by requiring commercial properties to be assessed by their market value every year, not only at the time of sale. This change will come into effect gradually to minimize hardship, especially for small businesses.

**SCA-5** will NOT affect residential property taxes and spending of the taxes collected will be strictly monitored.

**SCA-5**, pending in the CA legislature, has been estimated by a group at USC to be able to yield **\$9 billion** in state revenue. The table at the right shows increases in revenue for Bay Area counties if **SCA-5** passes.

COUNTY	Estimated Millions of \$ In Revenue To Be Added
Alameda	330 – 413
Contra Costa	235 – 295
Marin	44 – 55
San Francisco	629 – 758
Santa Clara	506 – 632
San Mateo	451 - 539
Solano	65 - 83
Sonoma	76 - 96

[http://dornsife.usc.edu/assets/sites/242/docs/Commercial\\_Property\\_Tax\\_Brief\\_PERE\\_web\\_updated2.pdf](http://dornsife.usc.edu/assets/sites/242/docs/Commercial_Property_Tax_Brief_PERE_web_updated2.pdf)

**Help to "Reform Prop. 13": Lobby your legislators to pass SCA-5 and spread the word to people you know to do the same! Contact LWVBAE at [lwvbae.org](http://lwvbae.org) or (510)843-8824!**

