

PROPOSITION 15 – BAD POLICY, BAD NEWS!

PROPOSED NEW TAX ON COMMERCIAL AND INDUSTRIAL PROPERTIES (PURPORTEDLY) FOR EDUCATION AND LOCAL GOVERNMENT FUNDING

OCTOBER 1, 2020

Friends and clients – even the name of the initiative is purposely misleading. For “education”...really? Remember all of the promises made to us about The Lottery benefitting our schools. History has shown that to be far from true. On November 3, residents of the State of California are voting on what will be the largest property tax increase in CA State history - Proposition 15. It is a tax on commercial and industrial properties, ostensibly for education (30%) and “local government funding” (70%). It is on the ballot as an initiated constitutional amendment.

A **“YES”** vote supports this constitutional amendment and will require commercial and industrial properties (both owners and most tenants, except those zoned as commercial agriculture) to be taxed based on their market value, rather than their purchase price. Just what CA needs right now in the midst of a devastating pandemic – more financial burden for already embattled businesses to deal with - that is those businesses that can even stay afloat at all. And, for what it’s worth, according to a study by the California State Conference of the NAACP, Prop. 15’s higher property taxes will hurt minority-owned businesses the most.”

A **“NO”** vote (www.noonprop15.org) opposes this constitutional amendment, thus continuing to tax commercial and industrial properties based on approximately 1% of a property’s purchase price, with annual increases capped at the rate of inflation or 2 percent, whichever is lower. That is true fiscal responsibility and allows businesses to plan for the future, and God forbid, maybe even make a profit.

Clearly, passage of this Proposition will likely be the first step to unwinding Prop. 13, passed in 1978 by tax hawk Howard Jarvis. And please don’t fall for the “businesses can afford this” narrative you have been hearing on TV recently. This is undoubtedly



just the first step toward a more sweeping future Sacramento tax grab that will most assuredly include residential real estate (single family homes, condos, and apartments). Why? Because of the unquenchable appetite Sacramento has for more money to feed a wildly out of control budget and fiscal policy.

But please don’t just take my word for it – over 300 local, regional and State organizations of all shapes, sizes and demographics have also come out against this untimely and irresponsible fiscal measure (www.noonprop15.org/coalition-members). Sometimes, even when things are not “perfect,” they do not need to be changed. Prop 13 has served us very well since passed in 1978 – it allows people and businesses to plan their finances, the rules are understandable and simple to implement, and most importantly in my view, it restrains our politicians from spending all of our hard earned money on things most of us don’t care about!

Our current San Diego Mayor Kevin Faulconer recently said, “During this time of pain and uncertainty, Prop. 15 would impose new hardships on consumers, small amid the worst recession in decades. The pandemic is already threatening to extinguish the American Dream for generations of Californians, and we should not make a terrible situation worse by adding higher taxes.”

In conclusion, please do your due diligence, research the issue by whatever resources you have available, but after you do, I am confident you will reach the same conclusion I have – our current Prop 13 real property taxation procedures are fine just the way they are, and will not introduce new unneeded financial burdens to our fragile pandemic recovery.

So I strongly endorse a No on 15 vote and highly recommend you making your own voices known to family, friends and colleagues leading up to Nov 3.